



Executive Committee

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LRB095 10981 AMC 36957 a

1 AMENDMENT TO SENATE BILL 1169

2 AMENDMENT NO. _____. Amend Senate Bill 1169 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Deposit of State Moneys Act is amended by
5 reenacting and changing Section 22.5 as follows:

6 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

7 (For force and effect of certain provisions, see Section 90
8 of P.A. 94-79)

9 Sec. 22.5. Permitted investments. The State Treasurer may,
10 with the approval of the Governor, invest and reinvest any
11 State money in the treasury which is not needed for current
12 expenditures due or about to become due, in obligations of the
13 United States government or its agencies or of National
14 Mortgage Associations established by or under the National
15 Housing Act, 1201 U.S.C. 1701 et seq., or in mortgage
16 participation certificates representing undivided interests in

1 specified, first-lien conventional residential Illinois
2 mortgages that are underwritten, insured, guaranteed, or
3 purchased by the Federal Home Loan Mortgage Corporation or in
4 Affordable Housing Program Trust Fund Bonds or Notes as defined
5 in and issued pursuant to the Illinois Housing Development Act.
6 All such obligations shall be considered as cash and may be
7 delivered over as cash by a State Treasurer to his successor.

8 The State Treasurer may, with the approval of the Governor,
9 purchase any state bonds with any money in the State Treasury
10 that has been set aside and held for the payment of the
11 principal of and interest on the bonds. The bonds shall be
12 considered as cash and may be delivered over as cash by the
13 State Treasurer to his successor.

14 The State Treasurer may, with the approval of the Governor,
15 invest or reinvest any State money in the treasury that is not
16 needed for current expenditure due or about to become due, or
17 any money in the State Treasury that has been set aside and
18 held for the payment of the principal of and the interest on
19 any State bonds, in shares, withdrawable accounts, and
20 investment certificates of savings and building and loan
21 associations, incorporated under the laws of this State or any
22 other state or under the laws of the United States; provided,
23 however, that investments may be made only in those savings and
24 loan or building and loan associations the shares and
25 withdrawable accounts or other forms of investment securities
26 of which are insured by the Federal Deposit Insurance

1 Corporation.

2 The State Treasurer may not invest State money in any
3 savings and loan or building and loan association unless a
4 commitment by the savings and loan (or building and loan)
5 association, executed by the president or chief executive
6 officer of that association, is submitted in the following
7 form:

8 The Savings and Loan (or Building
9 and Loan) Association pledges not to reject arbitrarily
10 mortgage loans for residential properties within any
11 specific part of the community served by the savings and
12 loan (or building and loan) association because of the
13 location of the property. The savings and loan (or building
14 and loan) association also pledges to make loans available
15 on low and moderate income residential property throughout
16 the community within the limits of its legal restrictions
17 and prudent financial practices.

18 The State Treasurer may, with the approval of the Governor,
19 invest or reinvest, at a price not to exceed par, any State
20 money in the treasury that is not needed for current
21 expenditures due or about to become due, or any money in the
22 State Treasury that has been set aside and held for the payment
23 of the principal of and interest on any State bonds, in bonds
24 issued by counties or municipal corporations of the State of
25 Illinois.

26 The State Treasurer may, with the approval of the Governor,

1 invest or reinvest any State money in the Treasury which is not
2 needed for current expenditure, due or about to become due, or
3 any money in the State Treasury which has been set aside and
4 held for the payment of the principal of and the interest on
5 any State bonds, in participations in loans, the principal of
6 which participation is fully guaranteed by an agency or
7 instrumentality of the United States government; provided,
8 however, that such loan participations are represented by
9 certificates issued only by banks which are incorporated under
10 the laws of this State or any other state or under the laws of
11 the United States, and such banks, but not the loan
12 participation certificates, are insured by the Federal Deposit
13 Insurance Corporation.

14 The State Treasurer may, with the approval of the Governor,
15 invest or reinvest any State money in the Treasury that is not
16 needed for current expenditure, due or about to become due, or
17 any money in the State Treasury that has been set aside and
18 held for the payment of the principal of and the interest on
19 any State bonds, in any of the following:

20 (1) Bonds, notes, certificates of indebtedness,
21 Treasury bills, or other securities now or hereafter issued
22 that are guaranteed by the full faith and credit of the
23 United States of America as to principal and interest.

24 (2) Bonds, notes, debentures, or other similar
25 obligations of the United States of America, its agencies,
26 and instrumentalities.

1 (2.5) Bonds, notes, debentures, or other similar
2 obligations of a foreign government, other than the
3 Republic of the Sudan, that are guaranteed by the full
4 faith and credit of that government as to principal and
5 interest, but only if the foreign government has not
6 defaulted and has met its payment obligations in a timely
7 manner on all similar obligations for a period of at least
8 25 years immediately before the time of acquiring those
9 obligations.

10 (3) Interest-bearing savings accounts,
11 interest-bearing certificates of deposit, interest-bearing
12 time deposits, or any other investments constituting
13 direct obligations of any bank as defined by the Illinois
14 Banking Act.

15 (4) Interest-bearing accounts, certificates of
16 deposit, or any other investments constituting direct
17 obligations of any savings and loan associations
18 incorporated under the laws of this State or any other
19 state or under the laws of the United States.

20 (5) Dividend-bearing share accounts, share certificate
21 accounts, or class of share accounts of a credit union
22 chartered under the laws of this State or the laws of the
23 United States; provided, however, the principal office of
24 the credit union must be located within the State of
25 Illinois.

26 (6) Bankers' acceptances of banks whose senior

1 obligations are rated in the top 2 rating categories by 2
2 national rating agencies and maintain that rating during
3 the term of the investment.

4 (7) Short-term obligations of corporations organized
5 in the United States with assets exceeding \$500,000,000 if
6 (i) the obligations are rated at the time of purchase at
7 one of the 3 highest classifications established by at
8 least 2 standard rating services and mature not later than
9 180 days from the date of purchase, (ii) the purchases do
10 not exceed 10% of the corporation's outstanding
11 obligations, (iii) no more than one-third of the public
12 agency's funds are invested in short-term obligations of
13 corporations, and (iv) the corporation has not been
14 identified as a forbidden entity, as that term is defined
15 in Section 1-110.6 of the Illinois Pension Code, by an
16 independent researching firm that specializes in global
17 security risk that has been engaged by the State Treasurer
18 ~~is not a forbidden entity, as defined in Section 22.6 of~~
19 ~~the Deposit of State Moneys Act.~~

20 (8) Money market mutual funds registered under the
21 Investment Company Act of 1940, provided that the portfolio
22 of the money market mutual fund is limited to obligations
23 described in this Section and to agreements to repurchase
24 such obligations.

25 (9) The Public Treasurers' Investment Pool created
26 under Section 17 of the State Treasurer Act or in a fund

1 managed, operated, and administered by a bank.

2 (10) Repurchase agreements of government securities
3 having the meaning set out in the Government Securities Act
4 of 1986 subject to the provisions of that Act and the
5 regulations issued thereunder.

6 (11) Investments made in accordance with the
7 Technology Development Act.

8 For purposes of this Section, "agencies" of the United
9 States Government includes:

10 (i) the federal land banks, federal intermediate
11 credit banks, banks for cooperatives, federal farm credit
12 banks, or any other entity authorized to issue debt
13 obligations under the Farm Credit Act of 1971 (12 U.S.C.
14 2001 et seq.) and Acts amendatory thereto;

15 (ii) the federal home loan banks and the federal home
16 loan mortgage corporation;

17 (iii) the Commodity Credit Corporation; and

18 (iv) any other agency created by Act of Congress.

19 The Treasurer may, with the approval of the Governor, lend
20 any securities acquired under this Act. However, securities may
21 be lent under this Section only in accordance with Federal
22 Financial Institution Examination Council guidelines and only
23 if the securities are collateralized at a level sufficient to
24 assure the safety of the securities, taking into account market
25 value fluctuation. The securities may be collateralized by cash
26 or collateral acceptable under Sections 11 and 11.1.

1 (Source: P.A. 94-79, eff. 1-27-06; for force and effect of
2 certain provisions, see Section 90 of P.A. 94-79.)

3 Section 10. The State Treasurer Act is amended by changing
4 Section 16.5 as follows:

5 (15 ILCS 505/16.5)

6 Sec. 16.5. College Savings Pool. The State Treasurer may
7 establish and administer a College Savings Pool to supplement
8 and enhance the investment opportunities otherwise available
9 to persons seeking to finance the costs of higher education.
10 The State Treasurer, in administering the College Savings Pool,
11 may receive moneys paid into the pool by a participant and may
12 serve as the fiscal agent of that participant for the purpose
13 of holding and investing those moneys.

14 "Participant", as used in this Section, means any person
15 who makes investments in the pool. "Designated beneficiary", as
16 used in this Section, means any person on whose behalf an
17 account is established in the College Savings Pool by a
18 participant. Both in-state and out-of-state persons may be
19 participants and designated beneficiaries in the College
20 Savings Pool.

21 New accounts in the College Savings Pool shall be processed
22 through participating financial institutions. "Participating
23 financial institution", as used in this Section, means any
24 financial institution insured by the Federal Deposit Insurance

1 Corporation and lawfully doing business in the State of
2 Illinois and any credit union approved by the State Treasurer
3 and lawfully doing business in the State of Illinois that
4 agrees to process new accounts in the College Savings Pool.
5 Participating financial institutions may charge a processing
6 fee to participants to open an account in the pool that shall
7 not exceed \$30 until the year 2001. Beginning in 2001 and every
8 year thereafter, the maximum fee limit shall be adjusted by the
9 Treasurer based on the Consumer Price Index for the North
10 Central Region as published by the United States Department of
11 Labor, Bureau of Labor Statistics for the immediately preceding
12 calendar year. Every contribution received by a financial
13 institution for investment in the College Savings Pool shall be
14 transferred from the financial institution to a location
15 selected by the State Treasurer within one business day
16 following the day that the funds must be made available in
17 accordance with federal law. All communications from the State
18 Treasurer to participants shall reference the participating
19 financial institution at which the account was processed.

20 The Treasurer may invest the moneys in the College Savings
21 Pool in the same manner, in the same types of investments, ~~and~~
22 ~~subject to the same limitations~~ provided for the investment of
23 moneys by the Illinois State Board of Investment. To enhance
24 the safety and liquidity of the College Savings Pool, to ensure
25 the diversification of the investment portfolio of the pool,
26 and in an effort to keep investment dollars in the State of

1 Illinois, the State Treasurer shall make a percentage of each
2 account available for investment in participating financial
3 institutions doing business in the State. The State Treasurer
4 shall deposit with the participating financial institution at
5 which the account was processed the following percentage of
6 each account at a prevailing rate offered by the institution,
7 provided that the deposit is federally insured or fully
8 collateralized and the institution accepts the deposit: 10% of
9 the total amount of each account for which the current age of
10 the beneficiary is less than 7 years of age, 20% of the total
11 amount of each account for which the beneficiary is at least 7
12 years of age and less than 12 years of age, and 50% of the total
13 amount of each account for which the current age of the
14 beneficiary is at least 12 years of age. The State Treasurer
15 shall adjust each account at least annually to ensure
16 compliance with this Section. The Treasurer shall develop,
17 publish, and implement an investment policy covering the
18 investment of the moneys in the College Savings Pool. The
19 policy shall be published (i) at least once each year in at
20 least one newspaper of general circulation in both Springfield
21 and Chicago and (ii) each year as part of the audit of the
22 College Savings Pool by the Auditor General, which shall be
23 distributed to all participants. The Treasurer shall notify all
24 participants in writing, and the Treasurer shall publish in a
25 newspaper of general circulation in both Chicago and
26 Springfield, any changes to the previously published

1 investment policy at least 30 calendar days before implementing
2 the policy. Any investment policy adopted by the Treasurer
3 shall be reviewed and updated if necessary within 90 days
4 following the date that the State Treasurer takes office.

5 Participants shall be required to use moneys distributed
6 from the College Savings Pool for qualified expenses at
7 eligible educational institutions. "Qualified expenses", as
8 used in this Section, means the following: (i) tuition, fees,
9 and the costs of books, supplies, and equipment required for
10 enrollment or attendance at an eligible educational
11 institution and (ii) certain room and board expenses incurred
12 while attending an eligible educational institution at least
13 half-time. "Eligible educational institutions", as used in
14 this Section, means public and private colleges, junior
15 colleges, graduate schools, and certain vocational
16 institutions that are described in Section 481 of the Higher
17 Education Act of 1965 (20 U.S.C. 1088) and that are eligible to
18 participate in Department of Education student aid programs. A
19 student shall be considered to be enrolled at least half-time
20 if the student is enrolled for at least half the full-time
21 academic work load for the course of study the student is
22 pursuing as determined under the standards of the institution
23 at which the student is enrolled. Distributions made from the
24 pool for qualified expenses shall be made directly to the
25 eligible educational institution, directly to a vendor, or in
26 the form of a check payable to both the beneficiary and the

1 institution or vendor. Any moneys that are distributed in any
2 other manner or that are used for expenses other than qualified
3 expenses at an eligible educational institution shall be
4 subject to a penalty of 10% of the earnings unless the
5 beneficiary dies, becomes disabled, or receives a scholarship
6 that equals or exceeds the distribution. Penalties shall be
7 withheld at the time the distribution is made.

8 The Treasurer shall limit the contributions that may be
9 made on behalf of a designated beneficiary based on an
10 actuarial estimate of what is required to pay tuition, fees,
11 and room and board for 5 undergraduate years at the highest
12 cost eligible educational institution. The contributions made
13 on behalf of a beneficiary who is also a beneficiary under the
14 Illinois Prepaid Tuition Program shall be further restricted to
15 ensure that the contributions in both programs combined do not
16 exceed the limit established for the College Savings Pool. The
17 Treasurer shall provide the Illinois Student Assistance
18 Commission each year at a time designated by the Commission, an
19 electronic report of all participant accounts in the
20 Treasurer's College Savings Pool, listing total contributions
21 and disbursements from each individual account during the
22 previous calendar year. As soon thereafter as is possible
23 following receipt of the Treasurer's report, the Illinois
24 Student Assistance Commission shall, in turn, provide the
25 Treasurer with an electronic report listing those College
26 Savings Pool participants who also participate in the State's

1 prepaid tuition program, administered by the Commission. The
2 Commission shall be responsible for filing any combined tax
3 reports regarding State qualified savings programs required by
4 the United States Internal Revenue Service. The Treasurer shall
5 work with the Illinois Student Assistance Commission to
6 coordinate the marketing of the College Savings Pool and the
7 Illinois Prepaid Tuition Program when considered beneficial by
8 the Treasurer and the Director of the Illinois Student
9 Assistance Commission. The Treasurer's office shall not
10 publicize or otherwise market the College Savings Pool or
11 accept any moneys into the College Savings Pool prior to March
12 1, 2000. The Treasurer shall provide a separate accounting for
13 each designated beneficiary to each participant, the Illinois
14 Student Assistance Commission, and the participating financial
15 institution at which the account was processed. No interest in
16 the program may be pledged as security for a loan.

17 The assets of the College Savings Pool and its income and
18 operation shall be exempt from all taxation by the State of
19 Illinois and any of its subdivisions. The accrued earnings on
20 investments in the Pool once disbursed on behalf of a
21 designated beneficiary shall be similarly exempt from all
22 taxation by the State of Illinois and its subdivisions, so long
23 as they are used for qualified expenses. Contributions to a
24 College Savings Pool account during the taxable year may be
25 deducted from adjusted gross income as provided in Section 203
26 of the Illinois Income Tax Act. The provisions of this

1 paragraph are exempt from Section 250 of the Illinois Income
2 Tax Act.

3 The Treasurer shall adopt rules he or she considers
4 necessary for the efficient administration of the College
5 Savings Pool. The rules shall provide whatever additional
6 parameters and restrictions are necessary to ensure that the
7 College Savings Pool meets all of the requirements for a
8 qualified state tuition program under Section 529 of the
9 Internal Revenue Code (26 U.S.C. 529). The rules shall provide
10 for the administration expenses of the pool to be paid from its
11 earnings and for the investment earnings in excess of the
12 expenses and all moneys collected as penalties to be credited
13 or paid monthly to the several participants in the pool in a
14 manner which equitably reflects the differing amounts of their
15 respective investments in the pool and the differing periods of
16 time for which those amounts were in the custody of the pool.
17 Also, the rules shall require the maintenance of records that
18 enable the Treasurer's office to produce a report for each
19 account in the pool at least annually that documents the
20 account balance and investment earnings. Notice of any proposed
21 amendments to the rules and regulations shall be provided to
22 all participants prior to adoption. Amendments to rules and
23 regulations shall apply only to contributions made after the
24 adoption of the amendment.

25 Upon creating the College Savings Pool, the State Treasurer
26 shall give bond with 2 or more sufficient sureties, payable to

1 and for the benefit of the participants in the College Savings
2 Pool, in the penal sum of \$1,000,000, conditioned upon the
3 faithful discharge of his or her duties in relation to the
4 College Savings Pool.

5 (Source: P.A. 92-16, eff. 6-28-01; 92-439, eff. 8-17-01;
6 92-626, eff. 7-11-02; 93-812, eff. 1-1-05.)

7 Section 15. The Illinois Pension Code is amended by adding
8 Sections 1-110.6 and 1-110.10 as follows:

9 (40 ILCS 5/1-110.6 new)

10 Sec. 1-110.6. Transactions prohibited by retirement
11 systems; Republic of the Sudan.

12 (a) The Government of the United States has determined that
13 Sudan is a nation that sponsors terrorism and genocide. The
14 General Assembly finds that acts of terrorism have caused
15 injury and death to Illinois and United States residents who
16 serve in the United States military, and pose a significant
17 threat to safety and health in Illinois. The General Assembly
18 finds that public employees and their families, including
19 police officers and firefighters, are more likely than others
20 to be affected by acts of terrorism. The General Assembly finds
21 that Sudan continues to solicit investment and commercial
22 activities by forbidden entities, including private market
23 funds. The General Assembly finds that investments in forbidden
24 entities are inherently and unduly risky, not in the interests

1 of public pensioners and Illinois taxpayers, and against public
2 policy. The General Assembly finds that Sudan's capacity to
3 sponsor terrorism and genocide depends on or is supported by
4 the activities of forbidden entities. The General Assembly
5 further finds and re-affirms that the people of the State,
6 acting through their representatives, do not want to be
7 associated with forbidden entities, genocide, and terrorism.

8 (b) For purposes of this Section:

9 "Business operations" means maintaining, selling, or
10 leasing equipment, facilities, personnel, or any other
11 apparatus of business or commerce in the Republic of the Sudan,
12 including the ownership or possession of real or personal
13 property located in the Republic of the Sudan.

14 "Certifying company" means a company that (1) directly
15 provides asset management services or advice to a retirement
16 system or (2) as directly authorized or requested by a
17 retirement system (A) identifies particular investment options
18 for consideration or approval; (B) chooses particular
19 investment options; or (C) allocates particular amounts to be
20 invested. If no company meets the criteria set forth in this
21 paragraph, then "certifying company" shall mean the retirement
22 system officer who, as designated by the board, executes the
23 investment decisions made by the board, or, in the alternative,
24 the company that the board authorizes to complete the
25 certification as the agent of that officer.

26 "Company" is any entity capable of affecting commerce,

1 including but not limited to (i) a government, government
2 agency, natural person, legal person, sole proprietorship,
3 partnership, firm, corporation, subsidiary, affiliate,
4 franchisor, franchisee, joint venture, trade association,
5 financial institution, utility, public franchise, provider of
6 financial services, trust, or enterprise; and (ii) any
7 association thereof.

8 "Department" means the Public Pension Division of the
9 Department of Financial and Professional Regulation.

10 "Forbidden entity" means any of the following:

11 (1) The government of the Republic of the Sudan and any
12 of its agencies, including but not limited to political
13 units and subdivisions;

14 (2) Any company that is wholly or partially managed or
15 controlled by the government of the Republic of the Sudan
16 and any of its agencies, including but not limited to
17 political units and subdivisions;

18 (3) Any company (i) that is established or organized
19 under the laws of the Republic of the Sudan or (ii) whose
20 principal place of business is in the Republic of the
21 Sudan;

22 (4) Any company (i) identified by the Office of Foreign
23 Assets Control in the United States Department of the
24 Treasury as sponsoring terrorist activities in the
25 Republic of the Sudan; or (ii) fined, penalized, or
26 sanctioned by the Office of Foreign Assets Control in the

1 United States Department of the Treasury for any violation
2 of any United States rules and restrictions relating to the
3 Republic of the Sudan that occurred at any time following
4 the effective date of this Act;

5 (5) Any publicly traded company that is individually
6 identified by an independent researching firm that
7 specializes in global security risk and that has been
8 retained by a certifying company as provided in subsection
9 (c) of this Section as being a company that owns or
10 controls property or assets located in, has employees or
11 facilities located in, provides goods or services to,
12 obtains goods or services from, has distribution
13 agreements with, issues credits or loans to, purchases
14 bonds or commercial paper issued by, or invests in (A) the
15 Republic of the Sudan; or (B) any company domiciled in the
16 Republic of the Sudan; and

17 (6) Any private market fund that fails to satisfy the
18 requirements set forth in subsections (d) and (e) of this
19 Section.

20 Notwithstanding the foregoing, the term "forbidden entity"
21 shall exclude (A) mutual funds that meet the requirements of
22 item (iii) of paragraph (13) of Section 1-113.2 and (B)
23 companies that transact business in the Republic of the Sudan
24 under the law, license, or permit of the United States,
25 including a license from the United States Department of the
26 Treasury, and companies, except agencies of the Republic of the

1 Sudan, who are certified as Non-Government Organizations by the
2 United Nations, or who engage solely in (i) the provision of
3 goods and services intended to relieve human suffering or to
4 promote welfare, health, religious and spiritual activities,
5 and education or humanitarian purposes; or (ii) journalistic
6 activities.

7 "Private market fund" means any private equity fund,
8 private equity fund of funds, venture capital fund, hedge fund,
9 hedge fund of funds, real estate fund, or other investment
10 vehicle that is not publicly traded.

11 "Republic of the Sudan" means those geographic areas of the
12 Republic of Sudan that are subject to sanction or other
13 restrictions placed on commercial activity imposed by the
14 United States Government due to an executive or congressional
15 declaration of genocide.

16 "Retirement system" means the State Employees' Retirement
17 System of Illinois, the Judges Retirement System of Illinois,
18 the General Assembly Retirement System, the State Universities
19 Retirement System, and the Teachers' Retirement System of the
20 State of Illinois.

21 (c) A retirement system shall not transfer or disburse
22 funds to, deposit into, acquire any bonds or commercial paper
23 from, or otherwise loan to or invest in any entity unless, as
24 provided in this Section, a certifying company certifies to the
25 retirement system that, (1) with respect to investments in a
26 publicly traded company, the certifying company has relied on

1 information provided by an independent researching firm that
2 specializes in global security risk and (2) 100% of the
3 retirement system's assets for which the certifying company
4 provides services or advice are not and have not been invested
5 or reinvested in any forbidden entity at any time after 4
6 months after the effective date of this Section.

7 The certifying company shall make the certification
8 required under this subsection (c) to a retirement system 6
9 months after the effective date of this Section and annually
10 thereafter. A retirement system shall submit the
11 certifications to the Department, and the Department shall
12 notify the Secretary of Financial and Professional Regulation
13 if a retirement system fails to do so.

14 (d) With respect to a commitment or investment made
15 pursuant to a written agreement executed prior to the effective
16 date of this Section, each private market fund shall submit to
17 the appropriate certifying company, at no additional cost to
18 the retirement system:

19 (1) an affidavit sworn under oath in which an expressly
20 authorized officer of the private market fund avers that
21 the private market fund (A) does not own or control any
22 property or asset located in the Republic of the Sudan and
23 (B) does not conduct business operations in the Republic of
24 the Sudan; or

25 (2) a certificate in which an expressly authorized
26 officer of the private market fund certifies that the

1 private market fund, based on reasonable due diligence, has
2 determined that, other than direct or indirect investments
3 in companies certified as Non-Government Organizations by
4 the United Nations, the private market fund has no direct
5 or indirect investment in any company (A) organized under
6 the laws of the Republic of the Sudan; (B) whose principal
7 place of business is in the Republic of the Sudan; or (C)
8 that conducts business operations in the Republic of the
9 Sudan. Such certificate shall be based upon the periodic
10 reports received by the private market fund, and the
11 private market fund shall agree that the certifying
12 company, directly or through an agent, or the retirement
13 system, as the case may be, may from time to time review
14 the private market fund's certification process.

15 (e) With respect to a commitment or investment made
16 pursuant to a written agreement executed after the effective
17 date of this Section, each private market fund shall, at no
18 additional cost to the retirement system:

19 (1) submit to the appropriate certifying company an
20 affidavit or certificate consistent with the requirements
21 pursuant to subsection (d) of this Section; or

22 (2) enter into an enforceable written agreement with
23 the retirement system that provides for remedies
24 consistent with those set forth in subsection (g) of this
25 Section if any of the assets of the retirement system shall
26 be transferred, loaned, or otherwise invested in any

1 company that directly or indirectly (A) has facilities or
2 employees in the Republic of the Sudan or (B) conducts
3 business operations in the Republic of the Sudan.

4 (f) In addition to any other penalties and remedies
5 available under the law of Illinois and the United States, any
6 transaction, other than a transaction with a private market
7 fund that is governed by subsections (g) and (h) of this
8 Section, that violates the provisions of this Act shall be
9 against public policy and voidable, at the sole discretion of
10 the retirement system.

11 (g) If a private market fund fails to provide the affidavit
12 or certification required in subsections (d) and (e) of this
13 Section, then the retirement system shall, within 90 days,
14 divest, or attempt in good faith to divest, the retirement
15 system's interest in the private market fund, provided that the
16 Board of the retirement system confirms through resolution that
17 the divestment does not have a material and adverse impact on
18 the retirement system. The retirement system shall immediately
19 notify the Department, and the Department shall notify all
20 other retirement systems, as soon as practicable, by posting
21 the name of the private market fund on the Department's
22 Internet website or through e-mail communications. No other
23 retirement system may enter into any agreement under which the
24 retirement system directly or indirectly invests in the private
25 market fund unless the private market fund provides that
26 retirement system with the affidavit or certification required

1 in subsections (d) and (e) of this Section and complies with
2 all other provisions of this Section.

3 (h) If a private market fund fails to fulfill its
4 obligations under any agreement provided for in paragraph (2)
5 of subsection (e) of this Section, the retirement system shall
6 immediately take legal and other action to obtain satisfaction
7 through all remedies and penalties available under the law and
8 the agreement itself. The retirement system shall immediately
9 notify the Department, and the Department shall notify all
10 other retirement systems, as soon as practicable, by posting
11 the name of the private market fund on the Department's
12 Internet website or through e-mail communications, and no other
13 retirement system may enter into any agreement under which the
14 retirement system directly or indirectly invests in the private
15 market fund.

16 (i) This Section shall have full force and effect during
17 any period in which the Republic of the Sudan, or the officials
18 of the government of that Republic, are subject to sanctions
19 authorized under any statute or executive order of the United
20 States or until such time as the State Department of the United
21 States confirms in the federal register or through other means
22 that the Republic of the Sudan is no longer subject to
23 sanctions by the government of the United States.

24 (j) If any provision of this Section or its application to
25 any person or circumstance is held invalid, the invalidity of
26 that provision or application does not affect other provisions

1 or applications of this Section that can be given effect
2 without the invalid provision or application.

3 (40 ILCS 5/1-110.10 new)

4 Sec. 1-110.10. Servicer certification.

5 (a) For the purposes of this Section:

6 "Illinois finance entity" means any entity chartered under
7 the Illinois Banking Act, the Savings Bank Act, the Illinois
8 Credit Union Act, or the Illinois Savings and Loan Act of 1985
9 and any person or entity licensed under the Residential
10 Mortgage License Act of 1987, the Consumer Installment Loan
11 Act, or the Sales Finance Agency Act.

12 "Retirement system or pension fund" means a retirement
13 system or pension fund established under this Code.

14 (b) In order for an Illinois finance entity to be eligible
15 for investment or deposit of retirement system or pension fund
16 assets, the Illinois finance entity must annually certify that
17 it complies with the requirements of the High Risk Home Loan
18 Act and the rules adopted pursuant to that Act that are
19 applicable to that Illinois finance entity. For Illinois
20 finance entities with whom the retirement system or pension
21 fund is investing or depositing assets on the effective date of
22 this Section, the initial certification required under this
23 Section shall be completed within 6 months after the effective
24 date of this Section. For Illinois finance entities with whom
25 the retirement system or pension fund is not investing or

1 depositing assets on the effective date of this Section, the
2 initial certification required under this Section must be
3 completed before the retirement system or pension fund may
4 invest or deposit assets with the Illinois finance entity.

5 (c) A retirement system or pension fund shall submit the
6 certifications to the Public Pension Division of the Department
7 of Financial and Professional Regulation, and the Division
8 shall notify the Secretary of Financial and Professional
9 Regulation if a retirement system or pension fund fails to do
10 so.

11 (d) If an Illinois finance entity fails to provide an
12 initial certification within 6 months after the effective date
13 of this Section or fails to submit an annual certification,
14 then the retirement system or pension fund shall notify the
15 Illinois finance entity. The Illinois finance entity shall,
16 within 30 days after the date of notification, either (i)
17 notify the retirement system or pension fund of its intention
18 to certify and complete certification or (ii) notify the
19 retirement system or pension fund of its intention to not
20 complete certification. If an Illinois finance entity fails to
21 provide certification, then the retirement system or pension
22 fund shall, within 90 days, divest, or attempt in good faith to
23 divest, the retirement system's or pension fund's assets with
24 that Illinois finance entity. The retirement system or pension
25 fund shall immediately notify the Department of the Illinois
26 finance entity's failure to provide certification.

1 (e) If any provision of this Section or its application to
2 any person or circumstance is held invalid, the invalidity of
3 that provision or application does not affect other provisions
4 or applications of this Section that can be given effect
5 without the invalid provision or application.

6 (15 ILCS 520/22.6 rep.)

7 Section 90. The Deposit of State Moneys Act is amended by
8 repealing Section 22.6.

9 (40 ILCS 5/1-110.5 rep.)

10 Section 95. The Illinois Pension Code is amended by
11 repealing Section 1-110.5.

12 Section 96. The State Mandates Act is amended by adding
13 Section 8.31 as follows:

14 (30 ILCS 805/8.31 new)

15 Sec. 8.31. Exempt mandate. Notwithstanding Sections 6 and 8
16 of this Act, no reimbursement by the State is required for the
17 implementation of any mandate created by this amendatory Act of
18 the 95th General Assembly.

19 Section 97. Severability. If any provision of this Act or
20 its application to any person or circumstance is held invalid,
21 the invalidity of that provision or application does not affect

1 other provisions or applications of this Act that can be given
2 effect without the invalid provision or application.

3 Section 99. Effective date. This Act takes effect upon
4 becoming law.".