

1 AN ACT concerning finance.

2 WHEREAS, This amendatory Act of the 95th General Assembly
3 may also be cited as an Act to disassociate from genocide and
4 terrorism in Sudan; therefore

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

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

9 (15 ILCS 520/22.5) (from Ch. 130, par. 41a)

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

12 Sec. 22.5. Permitted investments. The State Treasurer may,
13 with the approval of the Governor, invest and reinvest any
14 State money in the treasury which is not needed for current
15 expenditures due or about to become due, in obligations of the
16 United States government or its agencies or of National
17 Mortgage Associations established by or under the National
18 Housing Act, 1201 U.S.C. 1701 et seq., or in mortgage
19 participation certificates representing undivided interests in
20 specified, first-lien conventional residential Illinois
21 mortgages that are underwritten, insured, guaranteed, or
22 purchased by the Federal Home Loan Mortgage Corporation or in

1 Affordable Housing Program Trust Fund Bonds or Notes as defined
2 in and issued pursuant to the Illinois Housing Development Act.
3 All such obligations shall be considered as cash and may be
4 delivered over as cash by a State Treasurer to his successor.

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

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

25 The State Treasurer may not invest State money in any
26 savings and loan or building and loan association unless a

1 commitment by the savings and loan (or building and loan)
2 association, executed by the president or chief executive
3 officer of that association, is submitted in the following
4 form:

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

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

23 The State Treasurer may, with the approval of the Governor,
24 invest or reinvest any State money in the Treasury which is not
25 needed for current expenditure, due or about to become due, or
26 any money in the State Treasury which has been set aside and

1 held for the payment of the principal of and the interest on
2 any State bonds, in participations in loans, the principal of
3 which participation is fully guaranteed by an agency or
4 instrumentality of the United States government; provided,
5 however, that such loan participations are represented by
6 certificates issued only by banks which are incorporated under
7 the laws of this State or any other state or under the laws of
8 the United States, and such banks, but not the loan
9 participation certificates, are insured by the Federal Deposit
10 Insurance Corporation.

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

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

21 (2) Bonds, notes, debentures, or other similar
22 obligations of the United States of America, its agencies,
23 and instrumentalities.

24 (2.5) Bonds, notes, debentures, or other similar
25 obligations of a foreign government, other than the
26 Republic of the Sudan, that are guaranteed by the full

1 faith and credit of that government as to principal and
2 interest, but only if the foreign government has not
3 defaulted and has met its payment obligations in a timely
4 manner on all similar obligations for a period of at least
5 25 years immediately before the time of acquiring those
6 obligations.

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

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

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

23 (6) Bankers' acceptances of banks whose senior
24 obligations are rated in the top 2 rating categories by 2
25 national rating agencies and maintain that rating during
26 the term of the investment.

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

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

22 (9) The Public Treasurers' Investment Pool created
23 under Section 17 of the State Treasurer Act or in a fund
24 managed, operated, and administered by a bank.

25 (10) Repurchase agreements of government securities
26 having the meaning set out in the Government Securities Act

1 of 1986 subject to the provisions of that Act and the
2 regulations issued thereunder.

3 (11) Investments made in accordance with the
4 Technology Development Act.

5 For purposes of this Section, "agencies" of the United
6 States Government includes:

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

12 (ii) the federal home loan banks and the federal home
13 loan mortgage corporation;

14 (iii) the Commodity Credit Corporation; and

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

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

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

1 Section 10. The State Treasurer Act is amended by changing
2 Section 16.5 as follows:

3 (15 ILCS 505/16.5)

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

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

19 New accounts in the College Savings Pool shall be processed
20 through participating financial institutions. "Participating
21 financial institution", as used in this Section, means any
22 financial institution insured by the Federal Deposit Insurance
23 Corporation and lawfully doing business in the State of
24 Illinois and any credit union approved by the State Treasurer
25 and lawfully doing business in the State of Illinois that

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

17 The Treasurer may invest the moneys in the College Savings
18 Pool in the same manner, in the same types of investments, ~~and~~
19 ~~subject to the same limitations~~ provided for the investment of
20 moneys by the Illinois State Board of Investment. To enhance
21 the safety and liquidity of the College Savings Pool, to ensure
22 the diversification of the investment portfolio of the pool,
23 and in an effort to keep investment dollars in the State of
24 Illinois, the State Treasurer shall make a percentage of each
25 account available for investment in participating financial
26 institutions doing business in the State. The State Treasurer

1 shall deposit with the participating financial institution at
2 which the account was processed the following percentage of
3 each account at a prevailing rate offered by the institution,
4 provided that the deposit is federally insured or fully
5 collateralized and the institution accepts the deposit: 10% of
6 the total amount of each account for which the current age of
7 the beneficiary is less than 7 years of age, 20% of the total
8 amount of each account for which the beneficiary is at least 7
9 years of age and less than 12 years of age, and 50% of the total
10 amount of each account for which the current age of the
11 beneficiary is at least 12 years of age. The State Treasurer
12 shall adjust each account at least annually to ensure
13 compliance with this Section. The Treasurer shall develop,
14 publish, and implement an investment policy covering the
15 investment of the moneys in the College Savings Pool. The
16 policy shall be published (i) at least once each year in at
17 least one newspaper of general circulation in both Springfield
18 and Chicago and (ii) each year as part of the audit of the
19 College Savings Pool by the Auditor General, which shall be
20 distributed to all participants. The Treasurer shall notify all
21 participants in writing, and the Treasurer shall publish in a
22 newspaper of general circulation in both Chicago and
23 Springfield, any changes to the previously published
24 investment policy at least 30 calendar days before implementing
25 the policy. Any investment policy adopted by the Treasurer
26 shall be reviewed and updated if necessary within 90 days

1 following the date that the State Treasurer takes office.

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

1 subject to a penalty of 10% of the earnings unless the
2 beneficiary dies, becomes disabled, or receives a scholarship
3 that equals or exceeds the distribution. Penalties shall be
4 withheld at the time the distribution is made.

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

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

14 The assets of the College Savings Pool and its income and
15 operation shall be exempt from all taxation by the State of
16 Illinois and any of its subdivisions. The accrued earnings on
17 investments in the Pool once disbursed on behalf of a
18 designated beneficiary shall be similarly exempt from all
19 taxation by the State of Illinois and its subdivisions, so long
20 as they are used for qualified expenses. Contributions to a
21 College Savings Pool account during the taxable year may be
22 deducted from adjusted gross income as provided in Section 203
23 of the Illinois Income Tax Act. The provisions of this
24 paragraph are exempt from Section 250 of the Illinois Income
25 Tax Act.

26 The Treasurer shall adopt rules he or she considers

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

22 Upon creating the College Savings Pool, the State Treasurer
23 shall give bond with 2 or more sufficient sureties, payable to
24 and for the benefit of the participants in the College Savings
25 Pool, in the penal sum of \$1,000,000, conditioned upon the
26 faithful discharge of his or her duties in relation to the

1 College Savings Pool.

2 (Source: P.A. 92-16, eff. 6-28-01; 92-439, eff. 8-17-01;
3 92-626, eff. 7-11-02; 93-812, eff. 1-1-05.)

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

6 (40 ILCS 5/1-110.6 new)

7 Sec. 1-110.6. Transactions prohibited by retirement
8 systems; Republic of the Sudan.

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

1 the activities of forbidden entities. The General Assembly
2 further finds and re-affirms that the people of the State,
3 acting through their representatives, do not want to be
4 associated with forbidden entities, genocide, and terrorism.

5 (b) For purposes of this Section:

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

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

23 "Company" is any entity capable of affecting commerce,
24 including but not limited to (i) a government, government
25 agency, natural person, legal person, sole proprietorship,
26 partnership, firm, corporation, subsidiary, affiliate,

1 franchisor, franchisee, joint venture, trade association,
2 financial institution, utility, public franchise, provider of
3 financial services, trust, or enterprise; and (ii) any
4 association thereof.

5 "Department" means the Public Pension Division of the
6 Department of Financial and Professional Regulation.

7 "Forbidden entity" means any of the following:

8 (1) The government of the Republic of the Sudan and any
9 of its agencies, including but not limited to political
10 units and subdivisions;

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

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

19 (4) Any company (i) identified by the Office of Foreign
20 Assets Control in the United States Department of the
21 Treasury as sponsoring terrorist activities in the
22 Republic of the Sudan; or (ii) fined, penalized, or
23 sanctioned by the Office of Foreign Assets Control in the
24 United States Department of the Treasury for any violation
25 of any United States rules and restrictions relating to the
26 Republic of the Sudan that occurred at any time following

1 the effective date of this Act;

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

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

17 Notwithstanding the foregoing, the term "forbidden entity"
18 shall exclude (A) mutual funds that meet the requirements of
19 item (iii) of paragraph (13) of Section 1-113.2 and (B)
20 companies that transact business in the Republic of the Sudan
21 under the law, license, or permit of the United States,
22 including a license from the United States Department of the
23 Treasury, and companies, except agencies of the Republic of the
24 Sudan, who are certified as Non-Government Organizations by the
25 United Nations, or who engage solely in (i) the provision of
26 goods and services intended to relieve human suffering or to

1 promote welfare, health, religious and spiritual activities,
2 and education or humanitarian purposes; or (ii) journalistic
3 activities.

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

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

13 "Retirement system" means the State Employees' Retirement
14 System of Illinois, the Judges Retirement System of Illinois,
15 the General Assembly Retirement System, the State Universities
16 Retirement System, and the Teachers' Retirement System of the
17 State of Illinois.

18 (c) A retirement system shall not transfer or disburse
19 funds to, deposit into, acquire any bonds or commercial paper
20 from, or otherwise loan to or invest in any entity unless, as
21 provided in this Section, a certifying company certifies to the
22 retirement system that, (1) with respect to investments in a
23 publicly traded company, the certifying company has relied on
24 information provided by an independent researching firm that
25 specializes in global security risk and (2) 100% of the
26 retirement system's assets for which the certifying company

1 provides services or advice are not and have not been invested
2 or reinvested in any forbidden entity at any time after 4
3 months after the effective date of this Section.

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

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

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

22 (2) a certificate in which an expressly authorized
23 officer of the private market fund certifies that the
24 private market fund, based on reasonable due diligence, has
25 determined that, other than direct or indirect investments
26 in companies certified as Non-Government Organizations by

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

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

16 (1) submit to the appropriate certifying company an
17 affidavit or certificate consistent with the requirements
18 pursuant to subsection (d) of this Section; or

19 (2) enter into an enforceable written agreement with
20 the retirement system that provides for remedies
21 consistent with those set forth in subsection (g) of this
22 Section if any of the assets of the retirement system shall
23 be transferred, loaned, or otherwise invested in any
24 company that directly or indirectly (A) has facilities or
25 employees in the Republic of the Sudan or (B) conducts
26 business operations in the Republic of the Sudan.

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

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

26 (h) If a private market fund fails to fulfill its

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

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

21 (j) If any provision of this Section or its application to
22 any person or circumstance is held invalid, the invalidity of
23 that provision or application does not affect other provisions
24 or applications of this Section that can be given effect
25 without the invalid provision or application.

1 (40 ILCS 5/1-110.10 new)

2 Sec. 1-110.10. Servicer certification.

3 (a) For the purposes of this Section:

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

10 "Retirement system or pension fund" means a retirement
11 system or pension fund established under this Code.

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

1 invest or deposit assets with the Illinois finance entity.

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

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

24 (e) 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 (15 ILCS 520/22.6 rep.)

4 Section 90. The Deposit of State Moneys Act is amended by
5 repealing Section 22.6.

6 (40 ILCS 5/1-110.5 rep.)

7 Section 95. The Illinois Pension Code is amended by
8 repealing Section 1-110.5.

9 Section 96. The State Mandates Act is amended by adding
10 Section 8.31 as follows:

11 (30 ILCS 805/8.31 new)

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

16 Section 97. Severability. If any provision of this Act or
17 its application to any person or circumstance is held invalid,
18 the invalidity of that provision or application does not affect
19 other provisions or applications of this Act that can be given
20 effect without the invalid provision or application.

21 Section 99. Effective date. This Act takes effect upon

1 becoming law.