

Firefighters' Pension Investment Fund
2021 Executive Trustee Special Election
Candidate Packet

June 1, 2021

Prospective Candidates,

Thank you for expressing an interest in becoming a candidate for the Firefighters' Pension Investment Fund ("FPIF") Board of Trustees. The Fund has adopted rules and a timeline for a mail ballot election to fill vacant Executive Trustee positions. Ballots will be mailed to eligible voters on August 20, 2021 and must be returned no later than September 24, 2021. The nominating petition period begins June 11, 2021 and ends July 23, 2021. Two trustees will be elected as follows:

- One Executive Trustees shall be elected to serve an unexpired term that ends on January 2, 2025.
- One Executive Trustee shall be elected to serve an unexpired term that ends on January 3, 2023.

Candidates should review the information included in this packet: the 2021 Executive Trustee Special Election Rules; the 2021 Executive Trustee Special Election Schedule; the FPIF's By-Laws; Article 22C of the Illinois Pension Code, and various sections of Article 1 of the Illinois Pension Code that govern the fiduciary duties of trustees.

Trustees serve without compensation but will be reimbursed for expenses necessarily incurred in attending board meetings and carrying out his or her duties as a trustee. The time commitments of trustees are expected to be significant during the transition period. Transferring and investing the assets of 296 firefighter pension funds by June 30, 2022 is no small task. The schedule of Board and Committee meetings is published under the News & Calendar heading on our website.

Trustees are required to file Statements of Economic Interest annually and will be required to take 8 hours of ethics training each year. Trustees are responsible for meeting the ethics training requirements and FPIF will help facilitate ethics trainings.

This packet is intended to provide prospective candidates with an understanding of the duties required of FPIF trustees. This packet is not meant to be comprehensive. Prospective candidates are encouraged to email the Fund at information@ifpif.org to schedule a call if they have questions about the responsibilities of trustees.

Very truly yours,

A handwritten signature in black ink, appearing to read "W. Atwood", is written in a cursive style.

William R. Atwood
Executive Director

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Firefighters' Pension Investment Fund

2021 Executive Trustee Special Election Rules

Firefighters' Pension Investment Fund **2021 Executive Trustee Special Election Rules**

Part I. Definitions

"Board" means the Board of Trustees created by Section 22C-115(b) of the Code.

"Code" means the Illinois Pension Code, 40 ILCS 5.

"Election Date" means September 24, 2021.

"Election Panel" has the meaning given to it in Part XIII.

"Employer Executive" means a person who is a mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality or fire protection district that has a Pension Fund.

"Executive Trustee" means a trustee who is to be elected by the mayors and presidents of municipalities or fire protection districts that have a Pension Fund.

"Fund" means the Firefighters' Pension Investment Fund.

"Illinois Municipal League" means the unincorporated, nonprofit, nonpolitical association of Illinois cities, villages, and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code.

"Pension Fund" means any pension fund established pursuant to Article 4 of the Code.

Part II. Trustee Positions and Terms of Office

These rules shall apply to and govern the election of the following trustee position of the Fund, pursuant to Section 22C-116 of the Code (each, a "Trustee Position"):

- A) One Executive Trustee shall be elected to serve an unexpired term that ends on January 2, 2025.
- B) One Executive Trustee shall be elected to serve an unexpired term that ends on January 3, 2023.

The term for the trustee positions described herein shall commence on the date that the Election Panel certifies the election result pursuant to paragraph (G) of Part XI.

Part III. Candidate Eligibility

A candidate for a Trustee Position described in Part II shall be a person who is:

An Employer Executive in continuing service as an Employer Executive from the date the candidate application is submitted to the Fund through the Election Date. A candidate for Executive Trustee shall be nominated by a petition, conforming to the requirements of Part IV, signed by no fewer than 20 individuals who, as of the date of signing, were mayors or presidents of municipalities or fire protection districts that have a Pension Fund.

- A) All candidates must complete an application in the form provided by the Fund in order to qualify their eligibility. Candidate application forms shall be obtained from the Fund website beginning June 10, 2021.
- B) Candidates shall only be eligible for a single trustee position. A candidate may submit an application for a different trustee position by withdrawing their previous application. All petition signatures collected for the previous trustee position will be considered invalid and shall not be counted toward the petition signature requirement for the subsequent trustee position. A candidate application that has been withdrawn may not be renewed.
- C) The Election Panel shall review candidate applications and determine the eligibility of candidates. If a candidate should become ineligible for the Board position after submission of the candidate application form, but before the election, the Election Panel shall declare the candidate ineligible and remove that candidate from the ballot. If a candidate should become ineligible for the Board position after the printing of the ballots, the ineligible candidate's votes shall not be counted.

Part IV. Nominating Petitions

All petitions for Trustee Positions prescribed in Part II shall be printed in the form provided by the Fund. Petition forms shall be provided to candidates within 1 business day of receipt of their candidate application. The petition forms may be photocopied for use by the candidates.

A valid petition nominating a candidate for an elected Trustee Position prescribed in Part II shall meet the following requirements:

- 1) The petition must bear the requisite number of original signatures of individuals eligible to nominate the candidate, as established by Part III. A valid petition may consist of multiple pages and may contain blank signature lines.
- 2) Each signature of an eligible voter must be accompanied by the signing person's name (printed), public title, public office address (street and city), name of Municipality or Fire Protection District, and the date of signature. Signatures that are not accompanied by at least a partial address will not be accepted.
- 3) Petitions may be circulated for signatures beginning June 11, 2021. Original petitions must be received by the Fund on or before 4:30 pm on July 23, 2021. Petitions filed after the prescribed petition filing period are invalid and will not be counted.
- 4) An individual eligible to sign a petition nominating a candidate for a trustee position on the Board may sign petitions for as many candidates as desired.
- 5) The petition shall bear the notarized signature of the individual who circulated the petition for signatures, verifying that the signatures contained on the petition were signed in that individual's presence and are genuine, and that, to the best of the circulating individual's knowledge, the persons who signed the petition were eligible to do so under Part III.

Part V. Determination of Candidates

The Election Panel shall determine the validity of petitions and notify all candidates on or before July 30, 2021 whether their petitions met all petition requirements. Candidates filing conforming petitions will be added to the slate of candidates on the respective ballot. Candidates and eligible voters shall be given notice of the slate of candidates on the Fund's website on or before July 30, 2021.

A candidate may withdraw his or her candidacy by notifying the Election Panel in writing, in the manner prescribed by the Election Panel. The Election Panel shall remove any withdrawn candidate from the ballot. If a candidate withdraws his or her candidacy after the printing of the ballots, any votes cast in favor of such withdrawn candidate shall not be counted.

For the trustee positions prescribed in Part II, if only one candidate files conforming nominating petitions the Election Panel shall deem that candidate elected. If a candidate is deemed elected under this paragraph of Part V, the Election Panel shall certify the result and no further election for that trustee position shall be administered.

Part VI. Challenge of Nominating Petitions

- A) Any individual may, upon reasonable notice and during normal business hours on or after August 2, 2021 and until August 6, 2021, examine petitions that have been filed; provided, however, that in order to protect the signing participants' and annuitants' privacy and confidentiality, the examination shall be subject to the following limitations:
- 1) Petitions that are examined will be duplicate copies of the original petitions filed, with any confidential information redacted.
 - 2) Petitions may only be examined at the Fund's office.
 - 3) Petitions may not be removed from the Fund's office, copied, or duplicated by any means.
- B) A prospective candidate or eligible voter may challenge the petition validation process for a nominating petition. A challenge shall be submitted in a written statement identifying the specific aspects of the petition validation process that is being challenged.
- C) All challenges shall be submitted to the Election Panel no later than 4:30 pm on August 6, 2021. Any challenge submitted after such time shall not be considered.
- D) The Election Panel shall consider the written statement and proceed to make a final determination with respect to the challenge on or before August 13, 2021.
- E) The Election Panel shall send a written notice of the final determination to the challenger and all candidates.
- F) The Election Panel shall, if necessary, update the slate of candidates on the Fund's website.
- G) The determination of the Election Panel shall constitute a final administrative decision for purposes of the Administrative Review Law, 735 ILCS 5/Art. III.

Part VII. Eligible Voters

Individuals eligible to vote for Executive Trustees shall be mayors and presidents of municipalities or fire protection districts that have a Pension Fund.

For the avoidance of doubt, no voter shall be entitled to cast more than one ballot for any trustee position.

Part VIII. Election Materials

- A) On or before August 20, 2021 the following election materials shall be mailed to the eligible voters' address on file:
- 1) Candidate Biographies in the format and length specified and approved by the Election Panel.
 - 2) Instructions on how to vote by mail ballot.
 - 3) The mail ballot shall contain the names of all candidates in alphabetical order.
 - 4) A pre-printed return envelope.
 - 5) Instructions on how to receive an appropriate mail ballot if an eligible voter did not receive a mail ballot, if an eligible voter received an incorrect mail ballot, or if an eligible voter incorrectly marks or spoils his or her paper ballot prior to returning it.
- B) An eligible voter who has not received any or all of the election materials must contact the Election Panel at least 10 days prior to the Election Date to request that the Election Panel send election materials to him or her.

Part IX. Casting of Ballots

A valid ballot must conform to the following requirements:

- 1) The choice of candidates must be clearly indicated as directed on the voting instructions. If ballots are not marked as directed, the marks are invalid and the associated votes will not be counted.
- 2) Each eligible voter is entitled to only one vote for any candidate.
- 3) If more candidates are selected than the number of positions to be elected, the ballot is invalid and will not be counted.
- 4) Only official paper ballots will be counted. Write-in candidates are invalid and will not be counted.

Part X. Return of Ballots

Upon receipt of the election materials, the eligible voter shall:

- 1) Mark his or her ballot in accordance with Part IX.
- 2) Place the completed ballot into the return envelope provided and seal the envelope.
- 3) Mail, via U.S. mail only, the return envelope to the address on the envelope.
- 4) Ballots must be received by 4:30 pm on September 24, 2021. Ballots received after 4:30 pm on September 24, 2021 are invalid and will not be counted. A record of the receipt date of each ballot will be maintained.

Part XI. Ballot Counting and Certification of Results

- A) The Fund will develop minimum standards to ensure ballots are properly recorded, secured, tabulated and retained.
- B) Ballots delivered to the Fund in bulk, via hand delivery, or any delivery method other than U.S. Mail are invalid and will not be counted.
- C) If multiple ballots are received from an eligible voter, the first ballot received will be counted as the official ballot and any subsequent votes will not be counted. The Fund will develop procedures to ensure that only one ballot may be received from each eligible voter.
- D) Votes received in favor of any candidate who has withdrawn his or her candidacy or is otherwise ineligible will not be counted.
- E) When all eligible ballots have been counted and tabulated, the candidates who have received the greatest number of votes in each Trustee Position will be elected trustees.
- F) In the case of a tie vote, the winner shall be determined in accordance with procedures developed by the Department of Insurance.
- G) The results of the election process shall be certified by the Election Panel, posted on the Fund website, and reported to the Board. The Election Panel will certify the election results by 4:30 pm on October 1, 2021.
- H) The Board shall read the election results into the minutes of the first meeting of the Board following the certification of election results.

Part XII. Challenge of Election Results

Any challenge to the certified election results shall be made in the following manner:

- 1) The challenger shall submit a written statement to the Board Secretary identifying the specific aspects of the election results that are being challenged.
- 2) All challenges shall be submitted to the Board Secretary no later than 7 days after the election results have been certified. Any challenge submitted more than 7 days after the election results have been certified shall not be considered.
- 3) The written statement timely submitted in accordance with item (2) shall be presented to and considered by the Board at the next regularly scheduled meeting of the Board. The challenger shall have no right to make a presentation at the Board meeting. The Board shall, in its sole discretion, determine what steps, if any, need to be taken in response to the challenge, including, but not limited to, modifying the election results declared.
- 4) The election results shall remain valid pending determination of any challenge.
- 5) A written notice of the final determination shall be sent to the challenger and all candidates within 7 days after making the determination. This notice shall constitute a final administrative decision of the Board for purposes of the Administrative Review Law.

Part XIII. Election Panel

An Election Panel shall be appointed by the Board on or before June 18, 2021. The Election Panel shall consist of 3 individuals who shall not be individuals running for any Trustee Position. The Election Panel shall include 1 Participant recommended by a Firefighter Labor Organization and appointed by the Board, 1 Beneficiary recommended by a Firefighter Labor Organization and appointed by the Board, and 1 Employer Executive representative recommended by the Illinois Municipal League and appointed by the Board. A member of the Election Panel who submits a candidate application to run for a trustee position shall immediately be disqualified from serving on the Election Panel. Any vacancy of the Election Panel shall be replaced by Board appointment in a like manner.

The Election Panel shall serve as the election judges and be responsible for ballot tabulation and other responsibilities prescribed by Board rule. The Election Panel shall appoint a clerk for the purposes of taking records of the Election Panel. The clerk shall report the actions taken by the Election Panel at regularly scheduled meetings of the Board.

Firefighters' Pension Investment Fund

2021 Executive Trustee Special Election Schedule

2021 Executive Trustee Special Election Schedule

June 10th

Candidates may submit candidate applications for the trustee position to the Fund.

June 11th - July 23rd

Candidates may circulate nominating petitions for the trustee position beginning June 11th. Nominating petitions and biography forms shall be received by the Election Panel no later than 4:30 pm on July 23rd.

July 30th

The Election Panel will verify the nominating petitions submitted and notify candidates of whether they qualify for their respective ballots on or before July 30th.

August 2nd – August 6th

Any individual may, upon reasonable notice and during normal business hours, examine petitions that have been filed and may challenge the petition validation process.

August 13th

The Election Panel will rule on candidate challenges and finalize ballots, candidate biographies, and voter instructions.

August 20th

Ballots and election materials will be mailed to eligible voters on or before August 20th.

September 24th

Ballots must be received at the return address by 4:30 pm on September 24th.

October 1st

The Election Panel will certify the election results on or before October 1st. The Election Panel will notify all candidates of the final vote.

Any challenge to the election results shall be submitted by the challenger in a written statement to the Board Secretary no later than 7 days following the Election Panel's certification of election results.

Firefighters' Pension Investment Fund

BY-LAWS

By-Laws
of the
Firefighters'
Pension Investment Fund

Adopted on March 30, 2020

[Amended on August 31, 2020 and February 19, 2021]

By-Laws

of the

Firefighters' Pension Investment Fund

These by-laws are adopted by the Board of Trustees (the "**Board**") of the Firefighters' Pension Investment Fund ("**FPIF**"), established under Article 22C of the Illinois Pension Code, to provide for the procedures of its meetings, election of officers, establishment of committees, and generally the conduct of its business. In the event of any inconsistency between these by-laws and the provisions of applicable law, including the Illinois Pension Code and the Illinois Open Meetings Act, the provisions of applicable law shall prevail.

1. MEETINGS

1.1 Schedule

The Chair, in consultation with other members of the Board, shall determine a schedule of dates for regular meeting of the Board for each upcoming calendar year. At least one regular meeting shall be scheduled each calendar quarter. The schedule shall be published as required by Section 2.02 of the Illinois Open Meetings Act.

The annual meeting of the Board shall be the first regular meeting held in the calendar year, unless otherwise agreed upon by the Board. Special or emergency meetings may be called by the Chair or by any three members of the Board. The Board will conduct its meetings in accordance with the Illinois Open Meetings Act.

1.2 Procedure for Meetings

Robert's Rules of Order shall govern the procedure for all meetings of the Board and its Committees, except to the extent otherwise provided in these by-laws or applicable law.

1.3 Quorum and Voting

The presence of six members of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. A majority of the members of a duly authorized Committee of the Board shall constitute a quorum for the transaction of business at any meeting of that Committee. A smaller number of members of the Board or of a Committee may meet and adjourn to some other time or until a quorum is obtained; provided, however, that no motion, resolution or other action shall be effective unless a quorum is present.

Assuming a quorum is present, all actions taken by the Board shall require the affirmative vote of at least five members of the Board, except that the following actions shall require the affirmative vote of at least six trustees: the adoption of actuarial assumptions; the selection of a chief investment officer, fiduciary counsel,

or a consultant as defined under Section 1-101.5 of the Illinois Pension Code; the adoption of rules for the conduct of election of trustees; and the adoption of asset allocation policies and investment policies. Assuming a quorum is present, all actions taken by a Committee shall require the affirmative vote of a majority of members of that Committee.

Votes may be taken by voice vote, except a vote to close a meeting to the public must be taken by recorded roll call (as required by Section 2a of the Illinois Open Meetings Act) and except when a recorded roll call vote is otherwise required by law or requested by the Chair or any other member of the Board or Committee. In the case of a recorded roll call vote, the vote of each member in attendance shall then be recorded in the minutes of the meeting.

1.4 Attendance at Meeting by Audio or Video Conference

Any member of the Board or a Committee may attend any meeting of the Board or a Committee, respectively, whether opened or closed, by video or audio conference if the member is prevented from physically attending the meeting because of (i) personal illness or disability, (ii) employment purposes or the business of FPIF, or (iii) a family or other emergency; provided, however, that such attendance by video or audio conference is permitted by and in compliance with this policy and any applicable laws, including the Section 7 of the Illinois Open Meetings Act.

A member desiring to attend a meeting of the Board or a Committee by video or audio conference must notify the Secretary prior to the meeting. Such notice should state why the member is unable to attend the meeting in-person. Such notice should be given at least 24 hours before the meeting if possible. The member's request to participate by video or audio conference may be denied.

The Secretary shall notify the Board or Committee of any request received to participate in a meeting by video or audio conference at the start of the meeting. After first establishing that a quorum is physically present at the meeting, the Chair or Secretary shall state the request to the Board or Committee. The request shall be granted if approved by a majority of those members of the Board or Committee who are physically present at the meeting.

A member attending the meeting by video or audio conference must be able to communicate effectively with other members of the Board or Committee who are present. All members attending the meeting must be able to hear all communications at the meeting site. The Secretary and FPIF staff will be responsible for providing equipment adequate to facilitate proper communications at the meeting site.

A member attending the meeting by video or audio conference will be counted as "present" for that meeting, permitted to participate in discussion, and permitted to vote on matters considered during the meeting, as and to the extent that the member could so participate and vote if the member were physically present. The minutes of the meeting shall state that the member participated through video or audio conference.

Notwithstanding the foregoing, if the requirement of the Illinois Open Meetings Act that a quorum of members be physically present is waived by executive order of the Governor of Illinois or pursuant to Section 7(e) of the Illinois Open Meetings Act, a member may attend a meeting of the Board or a Committee by video or audio conference for reasons other than those enumerated in clauses (i)-(iii) of the first paragraph of Section 1.4, no prior notice to the Secretary is required to be given, and no approval by the Board shall be required to permit such attendance. The Board or Committee shall ensure that the meeting otherwise complies with applicable law.

2. OFFICERS

The elective officers of the Board shall consist of a Chair, a Vice-Chair, a Treasurer, a Secretary, and an Ethics Officer. The elective officers shall be elected by the Board biennially at the annual meeting in each odd-numbered year. The Chair and Vice-Chair shall be elected from amongst the members of the Board; the Treasurer, Secretary, and Ethics Officer shall be elected from amongst the members of the Board or the staff of FPIF. The same person may not hold two or more elective offices of the Board, except that the same person may serve as Secretary, Treasurer, and Ethics Officer (or a combination thereof) if the Board so desires. Each elective officer shall hold office until the election and qualification of his or her successor, unless he or she earlier resigns, is removed from that office by the Board, or ceases to be a member of the Board for any reason. Any vacancy occurring during a biennial period shall be filled in like manner for the unexpired term of office.

2.1 The Chair

The Chair shall preside at all meetings; announce the business before the Board; announce the question under consideration and the result of the vote taken; recognize members of the Board and others to speak; and ensure an orderly meeting. He or she shall appoint members of the Board to all Standing Committees (as provided in Section 5 of these by-laws) and see that Committee members perform their assigned duties.

2.2 The Vice-Chair

The Vice-Chair shall preside at all meetings of the Board in the absence of the Chair. The Vice-Chair shall assume all of the duties of the Chair if the Chair becomes statutorily ineligible to serve in that capacity or is legally incapacitated or in the event of a vacancy in the Chair position. The Vice-Chair shall relinquish those duties when a new Chair is properly qualified.

2.3 The Treasurer

The Treasurer shall have custody of funds of FPIF. The Treasurer shall have the authority to open, maintain, and close bank, depository, brokerage, and other accounts for depositing, keeping, expending, and investing funds of FPIF in accordance with policies adopted by the Board. The Treasurer shall maintain financial accounts and records of FPIF and report financial information to the Board regularly.

2.4 The Secretary

The Secretary shall authenticate with his or her signature any resolutions of the Board, shall record minutes of meetings of the Board, and shall perform such other duties as may be prescribed by the Board.

2.5 The Ethics Officer

The Ethics Officer shall perform duties set out in the Illinois State Officials and Employees Ethics Act and other applicable law, shall review statements of economic interest and disclosure forms of Board members upon request, shall provide requested guidance to Board members and employees of FPIF in the interpretation and implementation of the FPIF ethics policy, and shall perform such other duties as may be prescribed by the Board.

3. THE EXECUTIVE DIRECTOR

The Executive Director shall act as Chief Executive Officer and Chief Investment Officer of FPIF. He or she shall administer the affairs of FPIF pursuant to the provisions of Article 22C of the Illinois Pension Code and other applicable law, subject to and under supervision of the Board. Consistent with the budget approved by the Board, the Executive Director may employ such personnel, professional or clerical, as may be desirable and necessary, and fix their compensation. The Executive Director shall assign a member of FPIF staff to act as Governmental Liaison. The Executive Director shall be in complete charge of all records, books, files, papers and documents belonging to the Board. The Executive Director shall present to the Board reports summarizing expenses paid against budgeted amounts; shall request any information and reports that may be required during the course of operations to effectuate the objectives of the Board and shall prepare periodic statements and reports to fully carry out the expressed and implied requirements of applicable law. He or she shall perform such other duties that are called for by the rules, orders, directives and resolutions of the Board. The Director shall prepare a budget for the fiscal year commencing July 1 and ending the following June 30 (and for the fiscal year ending June 30, 2020, the period commencing March 1, 2020, and ending on June 30, 2020) and present such budget to the Board for approval prior to the beginning of the upcoming fiscal year. The Director shall submit a monthly report to the Board setting forth by designated categories the cumulative amount of expenditure for the fiscal year to date and the total amount budgeted for each such category.

4. COMMUNICATIONS

The Executive Director shall generally serve as the spokesperson for the FPIF.

5. STANDING COMMITTEES

The Board shall have the following Standing Committees: the Audit and Compliance Committee, the Elections Committee, the Investments and Operations Committee, and the Legislative Committee.

At the annual meeting of the Board each year, the Chair shall recommend to the Board, subject to approval by the Board, the appointment of Board members to the Audit and Compliance Committee, the Elections Committee, and the Investments & Operations Committee. Each Standing Committee shall consist of not less than three members of the Board.

The Legislative Committee shall consist of four members of the Board. The Chair and Vice Chair of the Board shall each serve on the Legislative Committee. At the annual meeting of the Board each year, the Chair and Vice Chair shall each recommend to the Board, subject to the approval of the Board, the appointment of one member to the Legislative Committee. Membership of the Legislative Committee shall consist of two members appointed or elected to represent participants or beneficiaries and two members appointed or elected to represent municipalities and fire protection districts.

Any member of a Standing Committee may resign at any time by giving written notice to the Chair and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. A vacancy on any Standing Committee may be filled at the next meeting of the Board in the same manner as the Standing Committee members are appointed at the annual meeting of the Board.

Each Board member may attend any meeting of any Standing Committee and participate in discussions during any such meeting, even if he or she is not a member of that Standing Committee, but only members of the Standing Committee may vote on matters before the Standing Committee.

Each Standing Committee may fix its own rules and procedures, which shall not be inconsistent with these by-laws or applicable law, including the Illinois Open Meetings Act. Each Standing Committee shall keep regular minutes of its proceedings and shall report to the Board at the meeting of the Board following the Standing Committee's meeting of all actions taken by or recommended by the Standing Committee. The chair of each Standing Committee shall be appointed by a majority of the members of the Standing Committee at the first meeting of the Standing Committee after the annual meeting of the Board each year.

A majority of the members of the Standing Committee shall constitute a quorum. The act of a majority of the Standing Committee members in attendance at a meeting at which a quorum is present shall be the act of the Standing Committee.

The Standing Committees shall meet when necessary. The chair of the Standing Committee may call meetings of the Standing Committee consistent with the requirements of the Illinois Open Meetings Act. Each Standing Committee will have those purposes and responsibilities that are set out in, and otherwise be constituted in accordance with the following subsections of these by-laws.

5.1 Audit and Compliance Committee

In general, the Audit and Compliance Committee shall assist the Board in providing oversight with respect to its statutory responsibilities to audit constituent pension funds, and prepare actuarial statements for constituent pension funds. The Audit Committee shall also monitor the financial reporting process, the system of risk management, the system of internal controls, internal and external audit functions and ensure compliance with applicable laws, rules, regulations and policies.

The Audit and Compliance Committee shall undertake the following responsibilities, which are set forth as a guide. The Audit and Compliance Committee is authorized to carry out these activities and other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the Audit and Compliance Committee shall:

1. Monitor the work of retained audit and actuarial firms, as well as FPIF staff, in meeting statutory obligations related to audits of constituent pension funds, and the preparation of actuarial statements for constituent pension funds;
2. Oversee processes to identify and retain audit and actuarial firms. Work with staff to evaluate the services provided by such firms;
3. Review and oversee the work of the audit, including review of all audit reports and management's follow-up activities, approval and completion of the annual audit plan, ensure compliance with professional standards and ensure that the audit unit's independence and objectivity are maintained;
4. Review audit findings and recommendations, management's responses and actions taken to implement the audit recommendations;

5. Review audit work completed by the auditors, including audit scope and approach, annual audit reports, accounting, compliance and financial reporting issues, difficulties encountered during the audit and all matters required to be communicated to the Board under generally accepted audited standards;
6. Review the effectiveness of FPIF's system for monitoring compliance with laws, regulations, rules, policies and procedures and the results of management's investigation and follow-up of any instances of noncompliance;
7. Oversee responsibility for all matters relating to the FPIF's Ethics Policy;
8. Work with FPIF's legal counsel and the Executive Director to ensure all required FPIF reporting has been completed in compliance with relevant laws, regulations, rules, policies and procedures;
9. Provide oversight of FPIF fiscal operations; and
10. Conduct any other duties as assigned by the Board.

5.2 Elections Committee

In general, the Elections Committee shall assist the Board in conducting and administering the trustee elections in a manner consistent with 40 ILCS 5/22C-116.

The Elections Committee shall undertake the following responsibilities, which are set forth as a guide. The Elections Committee is authorized to carry out these activities and other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the Elections Committee shall:

1. Assist the Board in reviewing and overseeing the construction and maintenance of a database of eligible voters;
2. Assist the Board in reviewing and overseeing the addition of eligible voters to the database;
3. Assist the Board in reviewing and overseeing the administration of trustee elections, including but not limited to the submission and counting of nominating petitions, the distribution of election materials to eligible voters, the election timeline, the acceptance and counting of ballots, and the selection and monitoring of any third party contracted to conduct the elections;
4. Make recommendations to the Board on appropriate election procedures, including but not limited to the submission of ballots; and
5. Conduct other duties as assigned by the Board.

5.3 Investments and Operations Committee

In general, the Investments and Operations Committee shall assist the Board in overseeing the transfer of assets to, and the investment of assets held by, FPIF and in overseeing other operations of FPIF.

The Investments and Operations Committee shall undertake the following responsibilities, which are set forth as a guide. The Investments and Operations Committee is authorized to carry out these activities and



other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the Investments and Operations Committee shall:

1. Assist the Board in reviewing and overseeing the transfer of assets from local firefighter pension systems (established under Article 4 of the Illinois Pension Code) to FPIF, including recommending policies and rules to facilitate the transfer and appraisal of those assets;
2. Assist the Board in reviewing and overseeing the retention of custodians, investment advisers, consultants, and other professionals to hold and manage assets in the custody of FPIF, in accordance with FPIF's procurement policy and other applicable rules;
3. Assist the Board in reviewing and overseeing the investment of assets, including recommending an investment policy for adoption by the Board and overseeing its proper implementation;
4. Assist the Board in reviewing and overseeing personnel matters, including as provided in FPIF's hiring policy and other applicable rules; and
5. Conduct other duties as assigned by the Board.

5.4 Legislative Committee

In general, the Legislative Committee shall assist the Board in legislative matters relevant to Article 22C of the Illinois Pension Code.

The Legislative Committee shall undertake the following responsibilities, which are set forth as a guide. The Legislative Committee is authorized to carry out these activities and other actions reasonably related to its purposes or assigned by the Board from time to time. To fulfill its purposes, the committee shall:

1. Identify the ongoing needs of the FPIF for future legislative proposals.
2. Analyzing legislative proposals and determine appropriate action to be undertaken.
3. Make recommendations to the Board of Trustees on legislative matters and communications regarding legislative proposals or matters.
4. Be the primary point of contact for and oversee the activity of the Governmental Liaison.
5. Receive reports from the Governmental Liaison.



Firefighters' Pension Investment Fund

Article 22C of the Illinois Pension Code



Introduction to Article 22C of the Illinois Pension Code

Article 22C of the Illinois Pension Code establishes the Firefighters' Pension Investment Fund and its Board of Trustees. Article 22C governs the conduct of the Board of Trustees and establishes the Board's authority to conduct its mandates. Those mandates include but are not limited to the administration of trustee elections and the investment of participating pension funds' assets.

Article 22C of the Illinois Pension Code

(40 ILCS 5/22C-101)

Sec. 22C-101. Establishment. The Firefighters' Pension Investment Fund is created with authority to manage the reserves, funds, assets, securities, properties, and moneys of the firefighter pension funds created pursuant to Article 4 of this Code, all as provided in this Article.

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

(40 ILCS 5/22C-102)

Sec. 22C-102. Definitions. For the purposes of this Article, the following words and phrases shall have the meaning ascribed to them unless the context requires otherwise.

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

(40 ILCS 5/22C-103)

Sec. 22C-103. Fund. "Fund" means the Firefighters' Pension Investment Fund.

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

(40 ILCS 5/22C-104)

Sec. 22C-104. Transferor pension fund. "Transferor pension fund" means any pension fund established pursuant to Article 4 of this Code.

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

(40 ILCS 5/22C-105)

Sec. 22C-105. Participating pension fund. "Participating pension fund" means any pension fund established pursuant to Article 4 of this Code that has transferred securities, funds, assets, and moneys, and responsibility for custody and control of those securities, funds, assets, and moneys, to the Fund pursuant to Section 4-123.2.

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

(40 ILCS 5/22C-106)

Sec. 22C-106. Pension fund assets. "Pension fund assets" means the reserves, funds, assets, securities, and moneys of any transferor pension fund.

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



(40 ILCS 5/22C-107)

Sec. 22C-107. Invest. "Invest" means to acquire, invest, reinvest, exchange, or retain pension fund assets of the transferor pension funds and to sell and manage the reserves, funds, securities, moneys, or assets of the transferor pension fund, all in accordance with this Article.

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

(40 ILCS 5/22C-108)

Sec. 22C-108. Investment advisor. "Investment advisor" means any person or business entity that provides investment advice to the board on a personalized basis and with an understanding of the policies and goals of the board.

"Investment advisor" does not include any person or business entity that provides statistical or general market research data available for purchase or use by others.

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

(40 ILCS 5/22C-112)

Sec. 22C-112. Transition period. "Transition period" means the period immediately following the effective date of this amendatory Act of the 101st General Assembly during which pension fund assets, and responsibility for custody and control of those assets, will be transferred from the transferor pension funds to the board, as described in Section 22C-120.

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

(40 ILCS 5/22C-113)

Sec. 22C-113. Illinois Municipal League. "Illinois Municipal League" means the unincorporated, nonprofit, nonpolitical association of Illinois cities, villages, and incorporated towns described in Section 1-8-1 of the Illinois Municipal Code.

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

(40 ILCS 5/22C-114)

Sec. 22C-114. Purpose, establishment, and governance. The Fund is established to consolidate the transferor pension funds to streamline investments and eliminate unnecessary and redundant administrative costs, thereby ensuring more money is available to fund pension benefits for the beneficiaries of the transferor pension funds. The transition board trustees and permanent board trustees of the Fund shall be fiduciaries for the participants and beneficiaries of the participating pension funds and shall discharge their duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries. Further, the transition board trustees and permanent board trustees, acting prudently and as fiduciaries, shall take all reasonable steps to ensure that all of the transferor pension funds are treated equitably and that the financial condition of one participating pension fund, including, but not limited to, pension benefit funding levels and ratios, will have no effect on the financial condition of any other transferor pension fund.

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



(40 ILCS 5/22C-115)

Sec. 22C-115. Board of Trustees of the Fund.

(a) No later than one month after the effective date of this amendatory Act of the 101st General Assembly or as soon thereafter as may be practicable, the Governor shall appoint, by and with the advice and consent of the Senate, a transition board of trustees consisting of 9 members as follows:

(1) three members representing municipalities and fire protection districts who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities or fire protection districts and appointed from among candidates recommended by the Illinois Municipal League;

(2) three members representing participants who are participants and appointed from among candidates recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor;

(3) one member representing beneficiaries who is a beneficiary and appointed from among the candidate or candidates recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities that is affiliated with the Illinois State Federation of Labor; and

(4) one member recommended by the Illinois Municipal League; and

(5) one member who is a participant recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities and that is affiliated with the Illinois State Federation of Labor.

The transition board members shall serve until the initial permanent board members are elected and qualified.

The transition board of trustees shall select the chairperson of the transition board of trustees from among the trustees for the duration of the transition board's tenure.

(b) The permanent board of trustees shall consist of 9 members comprised as follows:

(1) Three members who are mayors, presidents, chief executive officers, chief financial officers, or other officers, executives, or department heads of municipalities or fire protection districts that have participating pension funds and are elected by the mayors and presidents of municipalities or fire protection districts that have participating pension funds.

(2) Three members who are participants of participating pension funds and elected by the participants of participating pension funds.

(3) One member who is a beneficiary of a participating pension fund and is elected by the beneficiaries of participating pension funds.

(4) One member recommended by the Illinois Municipal League who shall be appointed by the Governor with the advice and consent of the Senate.



(5) One member recommended by the statewide labor organization representing firefighters employed by at least 85 municipalities and that is affiliated with the Illinois State Federation of Labor who shall be appointed by the Governor with the advice and consent of the Senate.

The permanent board of trustees shall select the chairperson of the permanent board of trustees from among the trustees for a term of 2 years. The holder of the office of chairperson shall alternate between a person elected or appointed under item (1) or (4) of this subsection (b) and a person elected or appointed under item (2), (3), or (5) of this subsection (b).

(c) Each trustee shall qualify by taking an oath of office before the Secretary of State stating that he or she will diligently and honestly administer the affairs of the board and will not violate or knowingly permit the violation of any provision of this Article.

(d) Trustees shall receive no salary for service on the board but shall be reimbursed for travel expenses incurred while on business for the board according to the standards in effect for members of the Commission on Government Forecasting and Accountability.

A municipality or fire protection district employing a firefighter who is an elected or appointed trustee of the board must allow reasonable time off with compensation for the firefighter to conduct official business related to his or her position on the board, including time for travel. The board shall notify the municipality or fire protection district in advance of the dates, times, and locations of this official business. The Fund shall timely reimburse the municipality or fire protection district for the reasonable costs incurred that are due to the firefighter's absence.

(e) No trustee shall have any interest in any brokerage fee, commission, or other profit or gain arising out of any investment directed by the board. This subsection does not preclude ownership by any member of any minority interest in any common stock or any corporate obligation in which an investment is directed by the board.

(f) Notwithstanding any provision or interpretation of law to the contrary, any member of the transition board may also be elected or appointed as a member of the permanent board.

Notwithstanding any provision or interpretation of law to the contrary, any trustee of a fund established under Article 4 of this Code may also be appointed as a member of the transition board or elected or appointed as a member of the permanent board.

The restriction in Section 3.1 of the Lobbyist Registration Act shall not apply to a member of the transition board appointed pursuant to items (4) or (5) of subsection (a) or to a member of the permanent board appointed pursuant to items (4) or (5) of subsection (b).

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



(40 ILCS 5/22C-116)

Sec. 22C-116. Conduct and administration of elections; terms of office.

(a) For the election of the permanent trustees, the transition board shall administer the initial elections and the permanent board shall administer all subsequent elections. Each board shall develop and implement such procedures as it determines to be appropriate for the conduct of such elections. For the purposes of obtaining information necessary to conduct elections under this Section, participating pension funds shall cooperate with the Fund.

(b) All nominations for election shall be by petition. Each petition for a trustee shall be executed as follows:

(1) for trustees to be elected by the mayors and presidents of municipalities or fire protection districts that have participating pension funds, by at least 20 such mayors and presidents; except that this item (1) shall apply only with respect to participating pension funds;

(2) for trustees to be elected by participants, by at least 400 participants; and

(3) for trustees to be elected by beneficiaries, by at least 100 beneficiaries.

(c) A separate ballot shall be used for each class of trustee. The board shall prepare and send ballots and ballot envelopes to the participants and beneficiaries eligible to vote in accordance with rules adopted by the board. The ballots shall contain the names of all candidates in alphabetical order. The ballot envelope shall have on the outside a form of certificate stating that the person voting the ballot is a participant or beneficiary entitled to vote.

Participants and beneficiaries, upon receipt of the ballot, shall vote the ballot and place it in the ballot envelope, seal the envelope, execute the certificate thereon, and return the ballot to the Fund.

The board shall set a final date for ballot return, and ballots received prior to that date in a ballot envelope with a properly executed certificate and properly voted shall be valid ballots.

The board shall set a day for counting the ballots and name judges and clerks of election to conduct the count of ballots and shall make any rules necessary for the conduct of the count.

The candidate or candidates receiving the highest number of votes for each class of trustee shall be elected. In the case of a tie vote, the winner shall be determined in accordance with procedures developed by the Department of Insurance.

In lieu of conducting elections via mail balloting as described in this Section, the board may instead adopt rules to provide for elections to be carried out solely via Internet balloting or phone balloting. Nothing in this Section prohibits the Fund from contracting with a third party to administer the election in accordance with this Section.

(d) At any election, voting shall be as follows:

(1) Each person authorized to vote for an elected trustee may cast one vote for each related position for which such person is entitled to vote and may cast such



vote for any candidate or candidates on the ballot for such trustee position.

(2) If only one candidate for each position is properly nominated in petitions received, that candidate shall be deemed the winner and no election under this Section shall be required.

(3) The results shall be entered in the minutes of the first meeting of the board following the tally of votes.

(e) The initial election for permanent trustees shall be held and the permanent board shall be seated no later than 12 months after the effective date of this amendatory Act of the 101st General Assembly. Each subsequent election shall be held no later than 30 days prior to the end of the term of the incumbent trustees.

(f) The elected trustees shall each serve for terms of 4 years commencing on the first business day of the first month after election; except that the terms of office of the initially elected trustees shall be as follows:

(1) One trustee elected pursuant to item (1) of subsection (b) of Section 22C-115 shall serve for a term of 2 years and 2 trustees elected pursuant to item (1) of subsection (b) of Section 22C-115 shall serve for a term of 4 years;

(2) One trustee elected pursuant to item (2) of subsection (b) of Section 22C-115 shall serve for a term of 2 years and 2 trustees elected pursuant to item (2) of subsection (b) of Section 22C-115 shall serve for a term of 4 years; and

(3) The trustee elected pursuant to item (3) of subsection (b) of Section 22C-115 shall serve for a term of 2 years.

(g) The trustees appointed pursuant to items (4) and (5) of subsection (b) of Section 22C-115 shall each serve for a term of 4 years commencing on the first business day of the first month after the election of the elected trustees.

(h) A member of the board who was elected pursuant to item (1) of subsection (b) of Section 22C-115 who ceases to serve as a mayor, president, chief executive officer, chief financial officer, or other officer, executive, or department head of a municipality or fire protection district that has a participating pension fund shall not be eligible to serve as a member of the board and his or her position shall be deemed vacant. A member of the board who was elected by the participants of participating pension funds who ceases to be a participant may serve the remainder of his or her elected term.

For a vacancy of an elected trustee occurring with an unexpired term of 6 months or more, an election shall be conducted for the vacancy in accordance with Section 22C-115 and this Section.

For a vacancy of an elected trustee occurring with an unexpired term of less than 6 months, the vacancy shall be filled by appointment by the board for the unexpired term as follows: a vacancy of a member elected pursuant to item (1) of subsection (b) of Section 22C-115 shall be filled by a mayor, president, chief executive officer, chief financial officer,



or other officer, executive, or department head of a municipality or fire protection district that has a participating pension fund; a vacancy of a member elected pursuant to item (2) of subsection (b) of Section 22C-115 shall be filled by a participant of a participating pension fund; and a vacancy of a member elected under item (3) of subsection (b) of Section 22C-115 shall be filled by a beneficiary of a participating pension fund.

Vacancies among the appointed trustees shall be filled for unexpired terms by appointment in like manner as for the original appointments.

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

(40 ILCS 5/22C-117)

Sec. 22C-117. Meetings of the board.

(a) The transition board and the permanent board shall each meet at least quarterly and otherwise upon written request of either the Chairperson or 3 other members. The Chairperson shall preside over meetings of the board. The executive director and personnel of the board shall prepare agendas and materials and required postings for meetings of the board.

(b) Six members of the board shall constitute a quorum.

(c) All actions taken by the transition board and the permanent board shall require a vote of least 5 trustees, except that the following shall require a vote of at least 6 trustees: the adoption of actuarial assumptions; the selection of the chief investment officer, fiduciary counsel, or a consultant as defined under Section 1-101.5 of this Code; the adoption of rules for the conduct of election of trustees; and the adoption of asset allocation policies and investment policies.

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

(40 ILCS 5/22C-118)

Sec. 22C-118. Operation and administration of the Fund.

(a) The operation and administration of the Fund shall be managed by an executive director. No later than 2 months after the transition board is appointed or as soon thereafter as may be practicable, the transition board shall appoint an interim executive director who shall serve until a permanent executive director is appointed by the board, with such appointment to be made no later than 6 months after the end of the transition period. The executive director shall act subject to and under the supervision of the board and the board shall fix the compensation of the executive director.

(b) The board may appoint one or more custodians to facilitate the transfer of pension fund assets during the transition period, and subsequently to provide custodial and related fiduciary services on behalf of the board, and enter into contracts for such services. The board may also appoint external legal counsel and an independent auditing firm and may appoint investment advisors and other consultants as it determines to be appropriate and enter into contracts for such services. With approval of the board, the executive director may retain such other consultants, advisors, fiduciaries, and



service providers as may be desirable and enter into contracts for such services.

(c) The board shall separately calculate account balances for each participating pension fund. The operations and financial condition of each participating pension fund account shall not affect the account balance of any other participating pension fund. Further, investment returns earned by the Fund shall be allocated and distributed pro rata among each participating pension fund account in accordance with the value of the pension fund assets attributable to each fund.

(d) With approval of the board, the executive director may employ such personnel, professional or clerical, as may be desirable and fix their compensation. The appointment and compensation of the personnel, including the executive director, shall not be subject to the Personnel Code.

(e) The board shall annually adopt a budget to support its operations and administration. The board shall apply moneys derived from the pension fund assets transferred and under its control to pay the costs and expenses incurred in the operation and administration of the Fund. The board shall from time to time transfer moneys and other assets to the participating pension funds as required for the participating pension funds to pay expenses, benefits, and other required payments to beneficiaries in the amounts and at the times prescribed in this Code.

(f) The board may exercise any of the powers granted to boards of trustees of pension funds under Sections 1-107 and 1-108 of this Code and may by resolution provide for the indemnification of its members and any of its officers, advisors, or employees in a manner consistent with those Sections.

(g) An office for meetings of the board and for its administrative personnel shall be established at any suitable place within the State as may be selected by the board. All books and records of the board shall be kept in such office.

(h) The board shall contract for a blanket fidelity bond in the penal sum of not less than \$1,000,000 to cover members of the board of trustees, the executive director, and all other employees of the board, conditioned for the faithful performance of the duties of their respective offices, the premium on which shall be paid by the board.

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

(40 ILCS 5/22C-119)

Sec. 22C-119. Adoption of rules. The board shall adopt such rules (not inconsistent with this Code) as in its judgment are desirable to implement and properly administer this Article. Such rules shall specifically provide for the following: (1) the implementation of the transition process described in Section 22C-120; (2) the process by which the participating pension funds may request transfer of funds; (3) the process for the transfer in, receipt for, and investment of pension assets received by the Fund after the transition period from the participating pension funds; (4) the process by which contributions from municipalities and fire protection districts for the benefit of the participating pension funds



may, but are not required to, be directly transferred to the Fund; and (5) compensation and benefits for its employees. A copy of the rules adopted by the Fund shall be filed with the Secretary of State and the Department of Insurance. The adoption and effectiveness of such rules shall not be subject to Article 5 of the Illinois Administrative Procedure Act. (Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/22C-120)

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

(a) The transition period shall commence on the effective date of this amendatory Act of the 101st General Assembly and shall end as determined by the board, consistent with and in the application of its fiduciary responsibilities, but in no event later than 30 months thereafter.

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

(c) As soon as practicable after the effective date of this amendatory Act of the 101st General Assembly, the board, in cooperation with the Department of Insurance, shall audit the investment assets of each transferor pension fund to determine a certified investment asset list for each transferor pension fund. The audit shall be performed by a certified public accountant engaged by the board, and the board shall be responsible for payment of the costs and expenses associated with the audit. Upon completion of the audit for any transferor pension fund, the board and the Department of Insurance shall provide the certified investment asset list to that transferor pension fund. Upon determination of the certified investment asset list for any transferor pension fund, the board shall, within 10 business days or as soon thereafter as may be practicable, as determined by the board, initiate the transfer of assets from that transferor pension fund. Further and to maintain accuracy of the certified investment asset list, upon determination of the certified investment asset list for a transferor pension fund, that fund shall not purchase or sell any of its pension fund assets.

(d) When the Fund is prepared to receive pension fund assets from any transferor pension fund, the executive director shall notify in writing the board of trustees of that transferor pension fund of the Fund's intent to assume fiduciary control of those pension fund assets, and the date at which it will assume such control and that the transferor pension fund will cease to exercise fiduciary responsibility. This letter shall be transmitted no less than 30 days prior to the transfer date. A copy of the letter shall be transmitted to the Department of Insurance. Upon receipt of the letter, the transferor pension fund shall promptly notify its custodian, as well as any and all entities with fiduciary



control of any portion of the pension assets. Each transferor pension fund shall have sole fiduciary and statutory responsibility for the management of its pension assets until the start of business on the transfer date. At the start of business on the transfer date, statutory and fiduciary responsibility for the investment of pension fund assets shall shift exclusively to the Fund and the Fund shall promptly and prudently transfer all such pension fund assets to the board and terminate the relationship with the local custodian of that transferor pension fund. The Fund shall provide a receipt for the transfer to the transferor pension fund within 30 days of the transfer date.

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

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

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

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

(h) To provide funds for payment of the ordinary and regular costs associated with the implementation of this transition process, the Illinois Finance Authority is authorized to loan to the Fund up to \$7,500,000 of any of the Authority's funds, including, but not limited to, funds in its Illinois Housing Partnership Program Fund, its Industrial Project Insurance Fund, or its Illinois Venture Investment Fund, for such purpose. Such loan shall be repaid by the Fund with an interest rate tied to the Federal Funds Rate or an equivalent market established variable rate. The Fund and the Illinois Finance Authority shall enter into a loan or similar agreement that specifies the period of the loan, the payment interval, procedures for making periodic loans, the variable rate methodology to which the interest rate for loans should



be tied, the funds of the Illinois Finance Authority that will be used to provide the loan, and such other terms that the Fund and the Illinois Finance Authority reasonably believe to be mutually beneficial. Such agreement shall be a public record and the Fund shall post the terms of the agreement on its official website.

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

(40 ILCS 5/22C-121)

Sec. 22C-121. Management and direction of investments.

(a) The board shall have the authority to manage the pension fund assets of the transferor pension funds for the purpose of obtaining a total return on investments for the long term.

(b) The authority of the board to manage pension fund assets and the liability shall begin when there has been a physical transfer of the pension fund assets to the Fund and placed in the custody of the Fund's custodian or custodians, as described in Section 22C-123.

(c) The pension fund assets of the Fund shall be maintained in accounts held outside the State treasury. Moneys in those accounts are not subject to administrative charges or chargebacks, including, but not limited to, those authorized under the State Finance Act.

(d) The board may not delegate its management functions, but it may, but is not required to, arrange to compensate for personalized investment advisory service for any or all investments under its control with any national or state bank or trust company authorized to do a trust business and domiciled in Illinois, other financial institution organized under the laws of Illinois, or an investment advisor who is qualified under the federal Investment Advisers Act of 1940 and is registered under the Illinois Securities Law of 1953. Nothing contained in this Article prevents the board from subscribing to general investment research services available for purchase or use by others. The board shall also have the authority to compensate for accounting services.

(e) This Section does not prohibit the board from directly investing pension fund assets in public market investments, private investments, real estate investments, or other investments authorized by this Code.

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

(40 ILCS 5/22C-122)

Sec. 22C-122. Investment authority. The Fund shall have the authority to invest funds, subject to the requirements and restrictions set forth in Sections 1-109, 1-109.1, 1-109.2, 1-110, 1-111, 1-114, and 1-115 of this Code.

The Fund shall not be subject to any of the limitations applicable to investments of pension fund assets by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of this Code. The Fund shall not, for purposes of Article 1 of this Code, be deemed to be a retirement system, pension fund, or investment board whose investments are restricted by Section 1-113.2 of this Code, and, as a result, the Fund shall be subject to the provisions



of Section 1-109.1, including, but not limited to: utilization of emerging investment managers; increasing racial, ethnic, and gender diversity of its fiduciaries; utilization of businesses owned by minorities, women, and persons with disabilities; utilization of minority broker-dealers; utilization of minority investment managers; and applicable reporting requirements.

No bank or savings and loan association shall receive investment funds as permitted by this Section, unless it has complied with the requirements established pursuant to Section 6 of the Public Funds Investment Act. The limitations set forth in Section 6 of the Public Funds Investment Act shall be applicable only at the time of investment and shall not require the liquidation of any investment at any time.

The Fund shall have the authority to enter into such agreements and to execute such documents as it determines to be necessary to complete any investment transaction.

All investments shall be clearly held and accounted for to indicate ownership by the Fund. The Fund may direct the registration of securities in its own name or in the name of a nominee created for the express purpose of registration of securities by a national or state bank or trust company authorized to conduct a trust business in the State of Illinois.

Investments shall be carried at cost or at a value determined in accordance with generally accepted accounting principles and accounting procedures approved by the Fund. (Source: P.A. 101-610, eff. 1-1-20.)

(40 ILCS 5/22C-123)

Sec. 22C-123. Custodian. The pension fund assets transferred to or otherwise acquired by the Fund shall be placed in the custody of a custodian who shall provide adequate safe deposit facilities for those assets and hold all such securities, funds, and other assets subject to the order of the Fund.

Each custodian shall furnish a corporate surety bond of such amount as the board designates, which bond shall indemnify the Fund, the board, and the officers and employees of the Fund against any loss that may result from any action or failure to act by the custodian or any of the custodian's agents. All charges incidental to the procuring and giving of any bond shall be paid by the board and each bond shall be in the custody of the board.

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

(40 ILCS 5/22C-124)

Sec. 22C-124. Accounting for pension fund assets. In the management of the pension fund assets of the transferor pension funds, the Fund:

(1) shall carry all pension fund assets at fair market value determined in accordance with generally accepted accounting principles and accounting procedures approved by the board. Each investment initially transferred to the Fund by a transferor pension fund shall be similarly valued, except that the board may elect to



place such value on any investment conditionally in which case, the amount of any later realization of such asset in cash that is in excess of or is less than the amount so credited shall be credited or charged to the account maintained for the transferor pension fund that made the transfer;

(2) shall keep proper books of account that shall reflect at all times the value of all investments held by the Fund; and

(3) shall charge all distributions made by the Fund to or for a transferor pension fund to the account maintained for that fund.

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

(40 ILCS 5/22C-125)

Sec. 22C-125. Audits and reports.

(a) At least annually, the books, records, accounts, and securities of the Fund shall be audited by a certified public accountant selected by the board and conducted in accordance with the rules and procedures promulgated by the Governmental Accounting Standards Board. The audit opinion shall be published as a part of the annual report of the Fund, which shall be submitted to the transferor pension funds and to the Department of Insurance.

(b) For the quarterly periods ending September 30, December 31, and March 31, the Fund shall submit to the participating pension funds and to the Department of Insurance a report providing, among other things, the following information:

(1) a full description of the investments acquired, showing average costs;

(2) a full description of the securities sold or exchanged, showing average proceeds or other conditions of an exchange;

(3) gains or losses realized during the period;

(4) income from investments; and

(5) administrative expenses.

(c) An annual report shall be prepared by the Fund for submission to the participating pension funds and to the Department of Insurance within 6 months after the close of each fiscal year. A fiscal year shall date from July 1 of one year to June 30 of the year next following. This report shall contain full information concerning the results of investment operations of the Fund. This report shall include the information described in subsection (b) and, in addition thereto, the following information:

(1) a listing of the investments held by the Fund at the end of the year, showing their book values and market values and their income yields on market values;

(2) comments on the pertinent factors affecting such investments;

(3) a review of the policies maintained by the Fund and any changes that occurred during the year;

(4) a copy of the audited financial statements for the year;

(5) recommendations for possible changes in this



Article or otherwise governing the operations of the Fund;
and

(6) a listing of the names of securities brokers and dealers dealt with during the year showing the total amount of commissions received by each on transactions with the Fund.

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



Firefighters' Pension Investment Fund

Article 1 of the Illinois Pension Code

Fiduciary Duties



Article 1 of the Illinois Pension Code: Fiduciary Duties

Article 1 of the Illinois Pension Code governs establishes the fiduciary duties of the Board of Trustees, its staff, and its external fiduciaries.

The Board of Trustees is responsible for investing the assets of the participating pension funds for the exclusive benefit of the members of the participating pension funds. Article 1 of the Illinois Pension Code governs the Board of Trustees as fiduciaries, and states:

A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

(a) For the exclusive purpose of:

- (1) Providing benefits to participants and their beneficiaries; and
- (2) Defraying reasonable expenses of administering the retirement system or pension fund;

(b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

(c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

Article 1 of the Pension Code: Fiduciary Duties

(40 ILCS 5/1-101.1) (from Ch. 108 1/2, par. 1-101.1)

Sec. 1-101.1. Definitions. For purposes of this Article, unless the context otherwise requires, the words defined in the Sections following this Section and preceding Section 1-102 shall have meanings given in those Sections.

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

(40 ILCS 5/1-101.2)

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

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

(2) renders investment advice or renders advice on the selection of fiduciaries for a fee or other compensation, direct or indirect, with respect to any moneys or other property of the pension fund or retirement



system, or has any authority or responsibility to do so;
or

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

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-101.3)

Sec. 1-101.3. Party in interest. A person is a "party in interest" with respect to a pension fund or retirement system established under this Code if the person is:

(1) a fiduciary, counsel, or employee of the pension fund or retirement system, or a relative of such a person;

(2) a person providing services to the pension fund or retirement system, or a relative of such a person;

(3) an employer, any of whose employees are covered by the pension fund or retirement system;

(4) an employee organization, any members of which are covered by the pension fund or retirement system; or

(5) an employee, officer, or director (or an individual having powers or responsibilities similar to those of an officer or director) of the pension fund or retirement system or of a person described under item (2), (3), or (4) of this Section.

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

(40 ILCS 5/1-101.4)

Sec. 1-101.4. Investment adviser. A person is an "investment adviser", "investment advisor", or "investment manager" with respect to a pension fund or retirement system established under this Code if the person:

(1) is a fiduciary appointed by the board of trustees of the pension fund or retirement system in accordance with Section 1-109.1;

(2) has the power to manage, acquire, or dispose of any asset of the retirement system or pension fund;

(3) has acknowledged in writing that he or she is a fiduciary with respect to the pension fund or retirement system; and

(4) is at least one of the following: (i) registered as an investment adviser under the federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.); (ii) registered as an investment adviser under the Illinois Securities Law of 1953; (iii) a bank, as defined in the Investment Advisers Act of 1940; or (iv) an insurance company authorized to transact business in this State.

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

(40 ILCS 5/1-101.5)

Sec. 1-101.5. Consultant. "Consultant" means any person or entity retained or employed by the board of a retirement system, pension fund, or investment board to make recommendations in developing an investment strategy, assist with finding appropriate investment advisers, or monitor the board's investments. "Consultant" does not include non-



investment related professionals or professionals offering services that are not directly related to the investment of assets, such as legal counsel, actuary, proxy-voting services, services used to track compliance with legal standards, and investment fund of funds where the board has no direct contractual relationship with the investment advisers or partnerships. "Investment adviser" has the meaning ascribed to it in Section 1-101.4.

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-107) (from Ch. 108 1/2, par. 1-107)

Sec. 1-107. Indemnification of trustees, consultants and employees of retirement systems and pension funds. Every retirement system, pension fund or other system or fund established under this Code may indemnify and protect the trustees, staff and consultants against all damage claims and suits, including defense thereof, when damages are sought for negligent or wrongful acts alleged to have been committed in the scope of employment or under the direction of the trustees. However, the trustees, staff and consultants shall not be indemnified for wilful misconduct and gross negligence. Each board is authorized to insure against loss or liability of the trustees, staff and consultants which may result from these damage claims. This insurance shall be carried in a company which is licensed to write such coverage in this State.

(Source: P.A. 80-1364.)

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

Sec. 1-109. Duties of Fiduciaries. A fiduciary with respect to a retirement system or pension fund established under this Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:

(a) For the exclusive purpose of:

(1) Providing benefits to participants and their beneficiaries; and

(2) Defraying reasonable expenses of administering the retirement system or pension fund;

(b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;

(c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) In accordance with the provisions of the Article of the Pension Code governing the retirement system or pension fund.

(Source: P.A. 82-960.)

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

Sec. 1-109.1. Allocation and delegation of fiduciary duties.



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

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

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

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

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

(4) For the purposes of this Code, "emerging investment manager" means a qualified investment adviser that manages an investment portfolio of at least \$10,000,000 but less than \$10,000,000,000 and is a "minority-owned business", "women-owned business" or "business owned by a person with a disability" as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

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

On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those



whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for utilization of emerging investment managers. This policy shall include quantifiable goals for the management of assets in specific asset classes by emerging investment managers. The retirement system, pension fund, or investment board shall establish 3 separate goals for: (i) emerging investment managers that are minority-owned businesses; (ii) emerging investment managers that are women-owned businesses; and (iii) emerging investment managers that are businesses owned by a person with a disability. The goals established shall be based on the percentage of total dollar amount of investment service contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established under this subsection.

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

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

(5) Each retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall establish a policy that sets forth goals for increasing the racial, ethnic, and gender diversity of its fiduciaries, including its consultants and senior staff. Each retirement system, pension fund, or investment board shall make its best efforts to ensure that the racial and ethnic makeup of its senior administrative staff represents the racial and ethnic makeup of its membership. Each system, fund, and investment board shall annually review the goals established under this subsection.

(6) On or before January 1, 2010, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for utilization of businesses owned by minorities, women, and persons with disabilities for all contracts and services. The goals established shall be based on the percentage of total dollar amount of all contracts let to minority-owned businesses, women-owned businesses, and businesses owned by a person with a disability, as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. The retirement system, pension fund, or investment board shall annually review the goals established



under this subsection.

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

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

(9) On or before February 1, 2015, a retirement system, pension fund, or investment board subject to this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall adopt a policy that sets forth goals for increasing the utilization of minority investment managers. For the purposes of this Code, "minority investment manager" means a qualified investment manager that manages an investment portfolio and meets the definition of "minority-owned business", "women-owned business", or "business owned by a person with a disability", as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act.

It is hereby declared to be the public policy of the State of Illinois to encourage the trustees of public employee retirement systems, pension funds, and investment boards to use minority investment managers in managing their systems' assets, encompassing all asset classes, and to increase the racial, ethnic, and gender diversity of their fiduciaries, to the greatest extent feasible within the bounds of financial and fiduciary prudence, and to take affirmative steps to remove any barriers to the full participation in investment opportunities afforded by those retirement systems, pension funds, and investment boards.

The retirement system, pension fund, or investment board shall establish 3 separate goals for: (i) minority investment



managers that are minority-owned businesses; (ii) minority investment managers that are women-owned businesses; and (iii) minority investment managers that are businesses owned by a person with a disability. The retirement system, pension fund, or investment board shall annually review the goals established under this Section.

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

The use of a minority investment manager does not constitute a transfer of investment authority for the purposes of subsection (2) of this Section.

(10) Beginning January 1, 2016, it shall be the aspirational goal for a retirement system, pension fund, or investment board subject to this Code to use emerging investment managers for not less than 20% of the total funds under management. Furthermore, it shall be the aspirational goal that not less than 20% of investment advisors be minorities, women, and persons with disabilities as those terms are defined in the Business Enterprise for Minorities, Women, and Persons with Disabilities Act. It shall be the aspirational goal to utilize businesses owned by minorities, women, and persons with disabilities for not less than 20% of contracts awarded for "information technology services", "accounting services", "insurance brokers", "architectural and engineering services", and "legal services" as those terms are defined in the Act.

(Source: P.A. 99-462, eff. 8-25-15; 100-391, eff. 8-25-17; 100-902, eff. 8-17-18.)

(40 ILCS 5/1-109.2) (from Ch. 108 1/2, par. 1-109.2)

Sec. 1-109.2. Extent of Cofiduciary Duties. (a) (1) Except to the extent otherwise required in subsection (b) of this Section, a fiduciary of a retirement system or pension fund to whom a specified duty has not been allocated shall not be responsible or liable for an act or omission, in connection with that duty, by the fiduciary to whom that duty has been allocated, except to the extent that the allocation, or the continuation thereof, is a violation of Section 1-109 of this Code. Nothing in this paragraph (1) shall be construed to relieve a fiduciary from responsibility or liability for any act by that fiduciary.

(2) Except to the extent otherwise required in subsection (b) of this Section a fiduciary shall not be responsible or liable for an act or omission, in connection with a specific fiduciary activity, by any other person who has been designated to carry out that fiduciary activity, except to the extent that the designation, or the continuation thereof at any time under the circumstances then prevailing, is a



violation of Section 1-109 of this Code. Nothing in this paragraph (2) shall be construed to relieve a fiduciary from responsibility for any act by that fiduciary.

(b) With respect to any retirement system or pension fund established under this Code:

(1) Each trustee shall use reasonable care to prevent any other trustee from committing a breach of duty; and

(2) Subject to the provisions of Section 22A-113 of this Code, all trustees shall jointly manage and control the assets of the retirement system or pension fund.

Nothing in this subsection (b) shall be construed to attribute a duty to a trustee which would be inconsistent with the appointment of, and delegation of authority to, an investment manager in accordance with paragraph (a) of Section 1-109.1 of this Code.

(Source: P.A. 82-960.)

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

Sec. 1-110. Prohibited Transactions.

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

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

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

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

(4) Transfer to, or use by or for the benefit of, a party in interest of any assets of a retirement system or pension fund for less than adequate consideration.

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

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

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

(3) Receive any consideration for his own personal



account from any party dealing with the retirement system or pension fund in connection with a transaction involving the assets of the retirement system or pension fund.

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

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

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

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

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

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

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

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

(Source: P.A. 95-950, eff. 8-29-08; 96-6, eff. 4-3-09.)

(40 ILCS 5/1-111) (from Ch. 108 1/2, par. 1-111)

Sec. 1-111. Ten Per Cent Limitation of Employer Securities. A plan may not acquire a security issued by an employer of employees covered by the retirement system or pension fund, if immediately after such acquisition, the aggregate fair market value of such employer securities held by the retirement system or pension fund exceed 10 per cent of the fair market value of the assets of the retirement system or pension fund.

(Source: P.A. 81-948.)



(40 ILCS 5/1-113.6)

Sec. 1-113.6. Investment policies. Every board of trustees of a pension fund shall adopt a written investment policy and file a copy of that policy with the Department of Insurance within 30 days after its adoption. Whenever a board changes its investment policy, it shall file a copy of the new policy with the Department within 30 days.

The investment policy shall include a statement that material, relevant, and decision-useful sustainability factors have been or are regularly considered by the board, within the bounds of financial and fiduciary prudence, in evaluating investment decisions. Such factors include, but are not limited to: (1) corporate governance and leadership factors; (2) environmental factors; (3) social capital factors; (4) human capital factors; and (5) business model and innovation factors, as provided under the Illinois Sustainable Investing Act.

(Source: P.A. 101-473, eff. 1-1-20.)

(40 ILCS 5/1-113.9)

Sec. 1-113.9. Illegal investments. A person registered as a dealer, salesperson, or investment adviser under the Illinois Securities Law of 1953 who sells a pension fund a security, or engages in a transaction with a pension fund, that is not authorized by this Code, shall be subject to the penalty provisions of Subsection E of Section 8 of the Illinois Securities Law of 1953, if (1) the dealer, salesperson, or investment adviser has discretionary authority or control over the fund's assets and has acknowledged in writing that it is acting in a fiduciary capacity for the fund, (2) the fund has requested the investment advice of the dealer, salesperson, or investment adviser and has provided the dealer, salesperson, or investment adviser with its investment policy, and the dealer, salesperson, or investment adviser acknowledges in writing that the fund is relying primarily on the investment advice of that dealer, salesperson, or investment adviser, or (3) the dealer, salesperson, or investment adviser knows or has reason to know that the fund is not capable of independently evaluating investment risk or exercising independent judgment with respect to a particular securities transaction, and nonetheless recommends that the fund engage in that transaction.

A bank or trust company authorized to conduct a trust business in Illinois or a broker-dealer, and any officer, director, or employee thereof, that advises or causes a pension fund to make an investment or engages in a transaction not authorized by this Code is subject to the penalty provisions of Article V of the Corporate Fiduciary Act.

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

(40 ILCS 5/1-113.16)

Sec. 1-113.16. Investment transparency.

(a) The purpose of this Section is to provide for transparency in the investment of retirement or pension funds



and require the reporting of full and complete information regarding the investments by pension funds, retirement systems, and investment boards.

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

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

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

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

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

(3) Current and historic return information.

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

(5) Performance of investments compared against established benchmarks.

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

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

(8) Any requests for investment services.

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

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

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

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

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

(Source: P.A. 96-6, eff. 4-3-09.)

(40 ILCS 5/1-113.18)

Sec. 1-113.18. Ethics training. All board members of a retirement system, pension fund, or investment board created under this Code must attend ethics training of at least 8 hours per year. The training required under this Section shall



include training on ethics, fiduciary duty, and investment issues and any other curriculum that the board of the retirement system, pension fund, or investment board establishes as being important for the administration of the retirement system, pension fund, or investment board. The Supreme Court of Illinois shall be responsible for ethics training and curriculum for judges designated by the Court to serve as members of a retirement system, pension fund, or investment board. Each board shall annually certify its members' compliance with this Section and submit an annual certification to the Division of Insurance of the Department of Financial and Professional Regulation. Judges shall annually certify compliance with the ethics training requirement and shall submit an annual certification to the Chief Justice of the Supreme Court of Illinois. For an elected or appointed trustee under Article 3 or 4 of this Code, fulfillment of the requirements of Section 1-109.3 satisfies the requirements of this Section.

(Source: P.A. 100-904, eff. 8-17-18.)

(40 ILCS 5/1-113.20)

Sec. 1-113.20. Investment strategies; explicit and implicit costs. Every pension fund, retirement system, and investment board created under this Code, except those whose investments are restricted by Section 1-113.2 of this Code, shall instruct the fund's, system's, or board's investment advisors to utilize investment strategies designed to ensure that all securities transactions are executed in such a manner that the total explicit and implicit costs and total proceeds in every transaction are the most favorable under the circumstances.

(Source: P.A. 96-753, eff. 8-25-09.)

(40 ILCS 5/1-114) (from Ch. 108 1/2, par. 1-114)

Sec. 1-114. Liability for Breach of Fiduciary Duty.

(a) Any person who is a fiduciary with respect to a retirement system or pension fund established under this Code who breaches any duty imposed upon fiduciaries by this Code, including, but not limited to, a failure to report a reasonable suspicion of a false statement specified in Section 1-135 of this Code, shall be personally liable to make good to such retirement system or pension fund any losses to it resulting from each such breach, and to restore to such retirement system or pension fund any profits of such fiduciary which have been made through use of assets of the retirement system or pension fund by the fiduciary, and shall be subject to such equitable or remedial relief as the court may deem appropriate, including the removal of such fiduciary.

(b) No person shall be liable with respect to a breach of fiduciary duty under this Code if such breach occurred before such person became a fiduciary or after such person ceased to be a fiduciary.

(Source: P.A. 97-651, eff. 1-5-12.)

(40 ILCS 5/1-115) (from Ch. 108 1/2, par. 1-115)

Sec. 1-115. Civil enforcement. A civil action may be



brought by the Attorney General or by a participant, beneficiary or fiduciary in order to:

(a) Obtain appropriate relief under Section 1-114 of this Code;

(b) Enjoin any act or practice which violates any provision of this Code; or

(c) Obtain other appropriate equitable relief to redress any such violation or to enforce any such provision.

Notwithstanding any other provision of the Administrative Review Law or this Code to the contrary, a civil action may be brought by the Attorney General to enjoin the payment of benefits under this Code to any person who is convicted of any felony relating to or arising out of or in connection with that person's service as an employee under this Code.

(Source: P.A. 98-1137, eff. 6-1-15.)