



- Members serve four years, with the exception of the first members who will have terms determined by lot to stagger elections.
- Executive Committee
  - The board shall elect biennially a chairperson, vice chairperson, a recording secretary, and one other member to maintain an Executive Committee
  - This Committee shall operate all the business of the board in between regular meetings and shall report their conduct at the next meeting of the board for ratification.
- The positions on the Downstate Investment Boards are unpaid, except for travel expenses.
- The Boards shall appoint Directors and investment officers.
  - The Director shall maintain personnel as needed to administer the Investment Board.
- Investment restrictions still apply, however the Boards may enter into agreements with national or state banks or trust companies authorized to conduct business in Illinois.
  - The Board may also commingle all or part of invested assets of one or more pension funds under its authority.

#### Shifting Investment Authority

- Eligible Pensions
  - In order to transfer investment authority from the pension fund to the respective Downstate Investment Boards, a pension fund must reach a “threshold amount” of net assets equal to 3 months of current liabilities.
    - Once a fund has reached the threshold amount, future depreciations do not affect the fund’s status in regards to transferring investment authority.
    - Prior to fund transfers, the local board must complete an audit of investment assets.
- Within 18 months of the effective date of this bill, the Department of Insurance shall audit the investment assets of each eligible pension fund and deliver to those funds a certified investment asset list.
  - Once delivered a certified investment asset list, funds must stop investing activity and begin the transfer of assets.
- Eligible funds shall transfer available investments with 30 days of the end of each fiscal year quarter and send written notices to respective Downstate Investment Boards as transfers are made.
  - The bill mandates a full audit within 6 months of the completion of the transfer of assets, completed by the Auditor General’s designated public accountant. The audit includes:
    - i. full description of investments acquired and their average costs;
    - ii. full description of the securities sold or exchanged, showing average proceeds or other conditions of an exchange;
    - iii. gains or losses during the transfer;
    - iv. investment income;

- v. administrative expenses of the board;
- vi. and the proportion of administrative expenses allocable to each pension fund.

#### Local Boards

- Local Pension Boards are not removed under HB 1576.
- HB 1576 mandates that respective Downstate Investment Boards make annual reports to local boards, and that local boards can request reports throughout the year.
  - Respective Downstate Investment Boards shall provide a full receipt to the local board once the transfer of all assets, securities, and other pension investments to respective Downstate Investment Boards is completed.
- The respective Downstate Investment Boards also make deposits into local pension funds, from which benefits are paid.
  - Municipalities with transferred pension funds are required to maintain reserves equal to 3 months' current liabilities.
- Respective Downstate Investment Boards shall provide an annual report to each pension fund concerning investments held, amounts allocable to each fund, comments, and a review of policies, among other financial data.
- Any disputes between local boards and the IMRF shall be resolved by the Director of the Department of Insurance.

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