COMMISSION ON GOVERNMENT FORECASTING AND ACCOUNTABILITY

PENSION IMPACT NOTE

99TH GENERAL ASSEMBLY

BILL NO: **SB 2820, as amended by HA1** May 19, 2016

SPONSOR (S): Mulroe (Nekritz – Sente)

SYSTEM(S): Chicago Firefighters

FISCAL IMPACT: According to the Chicago Firefighters Pension Fund, the practice of loaning securities to a borrower has been utilized since 1984, and the proposed legislation is meant to provide the necessary statutory authorization for the Fund. There is no discernible fiscal impact associated with SB 2820, as amended by HA1.

SUBJECT MATTER: SB 2820 grants the Board the right to loan securities, owned by the Chicago Firefighter's pension fund, to a borrower upon a written, mutual agreement. The borrower is required to provide an amount equal to the market value of the securities as a form of collateral. SB 2820, as amended by HA1, allows the board to reproduce records and have those records deemed as original records for all purposes.

COMMENT: SB 2820 will allow the Board to lend securities owned by the Fund to a borrower upon a written, mutual agreement. Such agreement shall provide that during the period of such loan, the Fund shall retain the right to receive, or collect from the borrower, all dividends, interest rights, or any distributions to which the Fund would have otherwise been entitled. The borrower shall deposit with the Fund, as collateral for such loan, cash equal to the market value of the securities at the time the loan is made and shall increase the amount of collateral if and when the Fund requests an additional amount because of subsequent increased market value of the securities. The period for which the securities may be loaned shall not exceed one year.

House Amendment 1

House Amendment 1 is purely a technical addition to SB 2820. It provides that any records kept by the board may be photographed, microfilmed, or digitally or electronically reproduced in accordance with the Local Records Act, and these new records shall be deemed original records and documents for all purposes.

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