

AMENDMENT TO SENATE BILL 1300

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2 AMENDMENT NO. _____. Amend Senate Bill 1300 by replacing
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Finance Authority Act is amended
5 by changing Sections 801-10, 801-40, and 805-20 as follows:

6 (20 ILCS 3501/801-10)

7 Sec. 801-10. Definitions. The following terms, whenever
8 used or referred to in this Act, shall have the following
9 meanings, except in such instances where the context may
10 clearly indicate otherwise:

11 (a) The term "Authority" means the Illinois Finance
12 Authority created by this Act.

13 (b) The term "project" means an industrial project,
14 conservation project, housing project, public purpose project,
15 higher education project, health facility project, cultural
16 institution project, municipal bond program project, PACE

1 Project, agricultural facility or agribusiness, and "project"
2 may include any combination of one or more of the foregoing
3 undertaken jointly by any person with one or more other
4 persons.

5 (c) The term "public purpose project" means (i) any project
6 or facility, including without limitation land, buildings,
7 structures, machinery, equipment and all other real and
8 personal property, which is authorized or required by law to be
9 acquired, constructed, improved, rehabilitated, reconstructed,
10 replaced or maintained by any unit of government or any other
11 lawful public purpose, including provision of working capital,
12 which is authorized or required by law to be undertaken by any
13 unit of government or (ii) costs incurred and other

14 expenditures, including expenditures for management,
15 investment, or working capital costs, incurred in connection
16 with the reform, consolidation, or implementation of the
17 transition process as described in Articles 22B and 22C of the
18 Illinois Pension Code.

19 (d) The term "industrial project" means the acquisition,
20 construction, refurbishment, creation, development or
21 redevelopment of any facility, equipment, machinery, real
22 property or personal property for use by any instrumentality of
23 the State or its political subdivisions, for use by any person
24 or institution, public or private, for profit or not for
25 profit, or for use in any trade or business, including, but not
26 limited to, any industrial, manufacturing or commercial

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1 enterprise that is located within or outside the State,
2 provided that, with respect to a project involving property
3 located outside the State, the property must be owned,
4 operated, leased or managed by an entity located within the
5 State or an entity affiliated with an entity located within the
6 State, and which is (1) a capital project, including, but not
7 limited to: (i) land and any rights therein, one or more
8 buildings, structures or other improvements, machinery and
9 equipment, whether now existing or hereafter acquired, and
10 whether or not located on the same site or sites; (ii) all
11 appurtenances and facilities incidental to the foregoing,
12 including, but not limited to, utilities, access roads,
13 railroad sidings, track, docking and similar facilities,
14 parking facilities, dockage, wharfage, railroad roadbed,
15 track, trestle, depot, terminal, switching and signaling or
16 related equipment, site preparation and landscaping; and (iii)
17 all non-capital costs and expenses relating thereto or (2) any
18 addition to, renovation, rehabilitation or improvement of a
19 capital project or (3) any activity or undertaking within or
20 outside the State, provided that, with respect to a project
21 involving property located outside the State, the property must

22 be owned, operated, leased or managed by an entity located
23 within the State or an entity affiliated with an entity located
24 within the State, which the Authority determines will aid,
25 assist or encourage economic growth, development or
26 redevelopment within the State or any area thereof, will

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1 promote the expansion, retention or diversification of
2 employment opportunities within the State or any area thereof
3 or will aid in stabilizing or developing any industry or
4 economic sector of the State economy. The term "industrial
5 project" also means the production of motion pictures.

6 (e) The term "bond" or "bonds" shall include bonds, notes
7 (including bond, grant or revenue anticipation notes),
8 certificates and/or other evidences of indebtedness
9 representing an obligation to pay money, including refunding
10 bonds.

11 (f) The terms "lease agreement" and "loan agreement" shall
12 mean: (i) an agreement whereby a project acquired by the
13 Authority by purchase, gift or lease is leased to any person,
14 corporation or unit of local government which will use or cause
15 the project to be used as a project as heretofore defined upon
16 terms providing for lease rental payments at least sufficient
17 to pay when due all principal of, interest and premium, if any,
18 on any bonds of the Authority issued with respect to such
19 project, providing for the maintenance, insuring and operation
20 of the project on terms satisfactory to the Authority,
21 providing for disposition of the project upon termination of
22 the lease term, including purchase options or abandonment of
23 the premises, and such other terms as may be deemed desirable
24 by the Authority, or (ii) any agreement pursuant to which the
25 Authority agrees to loan the proceeds of its bonds issued with
26 respect to a project or other funds of the Authority to any

1 person which will use or cause the project to be used as a
2 project as heretofore defined upon terms providing for loan
3 repayment installments at least sufficient to pay when due all
4 principal of, interest and premium, if any, on any bonds of the
5 Authority, if any, issued with respect to the project, and
6 providing for maintenance, insurance and other matters as may
7 be deemed desirable by the Authority.

8 (g) The term "financial aid" means the expenditure of
9 Authority funds or funds provided by the Authority through the
10 issuance of its bonds, notes or other evidences of indebtedness
11 or from other sources for the development, construction,
12 acquisition or improvement of a project.

13 (h) The term "person" means an individual, corporation,
14 unit of government, business trust, estate, trust, partnership
15 or association, 2 or more persons having a joint or common
16 interest, or any other legal entity.

17 (i) The term "unit of government" means the federal
18 government, the State or unit of local government, a school
19 district, or any agency or instrumentality, office, officer,
20 department, division, bureau, commission, college or
21 university thereof.

22 (j) The term "health facility" means: (a) any public or
23 private institution, place, building, or agency required to be
24 licensed under the Hospital Licensing Act; (b) any public or
25 private institution, place, building, or agency required to be
26 licensed under the Nursing Home Care Act, the Specialized

1 Mental Health Rehabilitation Act of 2013, the ID/DD Community
2 Care Act, or the MC/DD Act; (c) any public or licensed private
3 hospital as defined in the Mental Health and Developmental
4 Disabilities Code; (d) any such facility exempted from such
5 licensure when the Director of Public Health attests that such
6 exempted facility meets the statutory definition of a facility

7 subject to licensure; (e) any other public or private health
8 service institution, place, building, or agency which the
9 Director of Public Health attests is subject to certification
10 by the Secretary, U.S. Department of Health and Human Services
11 under the Social Security Act, as now or hereafter amended, or
12 which the Director of Public Health attests is subject to
13 standard-setting by a recognized public or voluntary
14 accrediting or standard-setting agency; (f) any public or
15 private institution, place, building or agency engaged in
16 providing one or more supporting services to a health facility;
17 (g) any public or private institution, place, building or
18 agency engaged in providing training in the healing arts,
19 including, but not limited to, schools of medicine, dentistry,
20 osteopathy, optometry, podiatry, pharmacy or nursing, schools
21 for the training of x-ray, laboratory or other health care
22 technicians and schools for the training of para-professionals
23 in the health care field; (h) any public or private congregate,
24 life or extended care or elderly housing facility or any public
25 or private home for the aged or infirm, including, without
26 limitation, any Facility as defined in the Life Care Facilities

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1 Act; (i) any public or private mental, emotional or physical
2 rehabilitation facility or any public or private educational,
3 counseling, or rehabilitation facility or home, for those
4 persons with a developmental disability, those who are
5 physically ill or disabled, the emotionally disturbed, those
6 persons with a mental illness or persons with learning or
7 similar disabilities or problems; (j) any public or private
8 alcohol, drug or substance abuse diagnosis, counseling
9 treatment or rehabilitation facility, (k) any public or private
10 institution, place, building or agency licensed by the
11 Department of Children and Family Services or which is not so
12 licensed but which the Director of Children and Family Services
13 attests provides child care, child welfare or other services of
14 the type provided by facilities subject to such licensure; (l)

15 any public or private adoption agency or facility; and (m) any
16 public or private blood bank or blood center. "Health facility"
17 also means a public or private structure or structures suitable
18 primarily for use as a laboratory, laundry, nurses or interns
19 residence or other housing or hotel facility used in whole or
20 in part for staff, employees or students and their families,
21 patients or relatives of patients admitted for treatment or
22 care in a health facility, or persons conducting business with
23 a health facility, physician's facility, surgicenter,
24 administration building, research facility, maintenance,
25 storage or utility facility and all structures or facilities
26 related to any of the foregoing or required or useful for the

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1 operation of a health facility, including parking or other
2 facilities or other supporting service structures required or
3 useful for the orderly conduct of such health facility. "Health
4 facility" also means, with respect to a project located outside
5 the State, any public or private institution, place, building,
6 or agency which provides services similar to those described
7 above, provided that such project is owned, operated, leased or
8 managed by a participating health institution located within
9 the State, or a participating health institution affiliated
10 with an entity located within the State.

11 (k) The term "participating health institution" means (i) a
12 private corporation or association or (ii) a public entity of
13 this State, in either case authorized by the laws of this State
14 or the applicable state to provide or operate a health facility
15 as defined in this Act and which, pursuant to the provisions of
16 this Act, undertakes the financing, construction or
17 acquisition of a project or undertakes the refunding or
18 refinancing of obligations, loans, indebtedness or advances as
19 provided in this Act.

20 (l) The term "health facility project", means a specific
21 health facility work or improvement to be financed or
22 refinanced (including without limitation through reimbursement

23 of prior expenditures), acquired, constructed, enlarged,
24 remodeled, renovated, improved, furnished, or equipped, with
25 funds provided in whole or in part hereunder, any accounts
26 receivable, working capital, liability or insurance cost or

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1 operating expense financing or refinancing program of a health
2 facility with or involving funds provided in whole or in part
3 hereunder, or any combination thereof.

4 (m) The term "bond resolution" means the resolution or
5 resolutions authorizing the issuance of, or providing terms and
6 conditions related to, bonds issued under this Act and
7 includes, where appropriate, any trust agreement, trust
8 indenture, indenture of mortgage or deed of trust providing
9 terms and conditions for such bonds.

10 (n) The term "property" means any real, personal or mixed
11 property, whether tangible or intangible, or any interest
12 therein, including, without limitation, any real estate,
13 leasehold interests, appurtenances, buildings, easements,
14 equipment, furnishings, furniture, improvements, machinery,
15 rights of way, structures, accounts, contract rights or any
16 interest therein.

17 (o) The term "revenues" means, with respect to any project,
18 the rents, fees, charges, interest, principal repayments,
19 collections and other income or profit derived therefrom.

20 (p) The term "higher education project" means, in the case
21 of a private institution of higher education, an educational
22 facility to be acquired, constructed, enlarged, remodeled,
23 renovated, improved, furnished, or equipped, or any
24 combination thereof.

25 (q) The term "cultural institution project" means, in the
26 case of a cultural institution, a cultural facility to be

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1 acquired, constructed, enlarged, remodeled, renovated,
2 improved, furnished, or equipped, or any combination thereof.

3 (r) The term "educational facility" means any property
4 located within the State, or any property located outside the
5 State, provided that, if the property is located outside the
6 State, it must be owned, operated, leased or managed by an
7 entity located within the State or an entity affiliated with an
8 entity located within the State, in each case constructed or
9 acquired before or after the effective date of this Act, which
10 is or will be, in whole or in part, suitable for the
11 instruction, feeding, recreation or housing of students, the
12 conducting of research or other work of a private institution
13 of higher education, the use by a private institution of higher
14 education in connection with any educational, research or
15 related or incidental activities then being or to be conducted
16 by it, or any combination of the foregoing, including, without
17 limitation, any such property suitable for use as or in
18 connection with any one or more of the following: an academic
19 facility, administrative facility, agricultural facility,
20 assembly hall, athletic facility, auditorium, boating
21 facility, campus, communication facility, computer facility,
22 continuing education facility, classroom, dining hall,
23 dormitory, exhibition hall, fire fighting facility, fire
24 prevention facility, food service and preparation facility,
25 gymnasium, greenhouse, health care facility, hospital,
26 housing, instructional facility, laboratory, library,

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1 maintenance facility, medical facility, museum, offices,
2 parking area, physical education facility, recreational
3 facility, research facility, stadium, storage facility,
4 student union, study facility, theatre or utility.

5 (s) The term "cultural facility" means any property located
6 within the State, or any property located outside the State,
7 provided that, if the property is located outside the State, it
8 must be owned, operated, leased or managed by an entity located

9 within the State or an entity affiliated with an entity located
10 within the State, in each case constructed or acquired before
11 or after the effective date of this Act, which is or will be,
12 in whole or in part, suitable for the particular purposes or
13 needs of a cultural institution, including, without
14 limitation, any such property suitable for use as or in
15 connection with any one or more of the following: an
16 administrative facility, aquarium, assembly hall, auditorium,
17 botanical garden, exhibition hall, gallery, greenhouse,
18 library, museum, scientific laboratory, theater or zoological
19 facility, and shall also include, without limitation, books,
20 works of art or music, animal, plant or aquatic life or other
21 items for display, exhibition or performance. The term
22 "cultural facility" includes buildings on the National
23 Register of Historic Places which are owned or operated by
24 nonprofit entities.

25 (t) "Private institution of higher education" means a
26 not-for-profit educational institution which is not owned by

1 the State or any political subdivision, agency,
2 instrumentality, district or municipality thereof, which is
3 authorized by law to provide a program of education beyond the
4 high school level and which:

5 (1) Admits as regular students only individuals having
6 a certificate of graduation from a high school, or the
7 recognized equivalent of such a certificate;

8 (2) Provides an educational program for which it awards
9 a bachelor's degree, or provides an educational program,
10 admission into which is conditioned upon the prior
11 attainment of a bachelor's degree or its equivalent, for
12 which it awards a postgraduate degree, or provides not less
13 than a 2-year program which is acceptable for full credit
14 toward such a degree, or offers a 2-year program in
15 engineering, mathematics, or the physical or biological
16 sciences which is designed to prepare the student to work

17 as a technician and at a semiprofessional level in
18 engineering, scientific, or other technological fields
19 which require the understanding and application of basic
20 engineering, scientific, or mathematical principles or
21 knowledge;

22 (3) Is accredited by a nationally recognized
23 accrediting agency or association or, if not so accredited,
24 is an institution whose credits are accepted, on transfer,
25 by not less than 3 institutions which are so accredited,
26 for credit on the same basis as if transferred from an

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1 institution so accredited, and holds an unrevoked
2 certificate of approval under the Private College Act from
3 the Board of Higher Education, or is qualified as a "degree
4 granting institution" under the Academic Degree Act; and

5 (4) Does not discriminate in the admission of students
6 on the basis of race or color. "Private institution of
7 higher education" also includes any "academic
8 institution".

9 (u) The term "academic institution" means any
10 not-for-profit institution which is not owned by the State or
11 any political subdivision, agency, instrumentality, district
12 or municipality thereof, which institution engages in, or
13 facilitates academic, scientific, educational or professional
14 research or learning in a field or fields of study taught at a
15 private institution of higher education. Academic institutions
16 include, without limitation, libraries, archives, academic,
17 scientific, educational or professional societies,
18 institutions, associations or foundations having such
19 purposes.

20 (v) The term "cultural institution" means any
21 not-for-profit institution which is not owned by the State or
22 any political subdivision, agency, instrumentality, district
23 or municipality thereof, which institution engages in the

24 cultural, intellectual, scientific, educational or artistic
25 enrichment of the people of the State. Cultural institutions
26 include, without limitation, aquaria, botanical societies,

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1 historical societies, libraries, museums, performing arts
2 associations or societies, scientific societies and zoological
3 societies.

4 (w) The term "affiliate" means, with respect to financing
5 of an agricultural facility or an agribusiness, any lender, any
6 person, firm or corporation controlled by, or under common
7 control with, such lender, and any person, firm or corporation
8 controlling such lender.

9 (x) The term "agricultural facility" means land, any
10 building or other improvement thereon or thereto, and any
11 personal properties deemed necessary or suitable for use,
12 whether or not now in existence, in farming, ranching, the
13 production of agricultural commodities (including, without
14 limitation, the products of aquaculture, hydroponics and
15 silviculture) or the treating, processing or storing of such
16 agricultural commodities when such activities are customarily
17 engaged in by farmers as a part of farming and which land,
18 building, improvement or personal property is located within
19 the State, or is located outside the State, provided that, if
20 such property is located outside the State, it must be owned,
21 operated, leased, or managed by an entity located within the
22 State or an entity affiliated with an entity located within the
23 State.

24 (y) The term "lender" with respect to financing of an
25 agricultural facility or an agribusiness, means any federal or
26 State chartered bank, Federal Land Bank, Production Credit

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1 Association, Bank for Cooperatives, federal or State chartered

2 savings and loan association or building and loan association,
3 Small Business Investment Company or any other institution
4 qualified within this State to originate and service loans,
5 including, but without limitation to, insurance companies,
6 credit unions and mortgage loan companies. "Lender" also means
7 a wholly owned subsidiary of a manufacturer, seller or
8 distributor of goods or services that makes loans to businesses
9 or individuals, commonly known as a "captive finance company".

10 (z) The term "agribusiness" means any sole proprietorship,
11 limited partnership, co-partnership, joint venture,
12 corporation or cooperative which operates or will operate a
13 facility located within the State or outside the State,
14 provided that, if any facility is located outside the State, it
15 must be owned, operated, leased, or managed by an entity
16 located within the State or an entity affiliated with an entity
17 located within the State, that is related to the processing of
18 agricultural commodities (including, without limitation, the
19 products of aquaculture, hydroponics and silviculture) or the
20 manufacturing, production or construction of agricultural
21 buildings, structures, equipment, implements, and supplies, or
22 any other facilities or processes used in agricultural
23 production. Agribusiness includes but is not limited to the
24 following:

25 (1) grain handling and processing, including grain
26 storage, drying, treatment, conditioning, mailing and

1 packaging;
2 (2) seed and feed grain development and processing;
3 (3) fruit and vegetable processing, including
4 preparation, canning and packaging;
5 (4) processing of livestock and livestock products,
6 dairy products, poultry and poultry products, fish or
7 apiarian products, including slaughter, shearing,
8 collecting, preparation, canning and packaging;
9 (5) fertilizer and agricultural chemical

10 manufacturing, processing, application and supplying;
11 (6) farm machinery, equipment and implement
12 manufacturing and supplying;
13 (7) manufacturing and supplying of agricultural
14 commodity processing machinery and equipment, including
15 machinery and equipment used in slaughter, treatment,
16 handling, collecting, preparation, canning or packaging of
17 agricultural commodities;
18 (8) farm building and farm structure manufacturing,
19 construction and supplying;
20 (9) construction, manufacturing, implementation,
21 supplying or servicing of irrigation, drainage and soil and
22 water conservation devices or equipment;
23 (10) fuel processing and development facilities that
24 produce fuel from agricultural commodities or byproducts;
25 (11) facilities and equipment for processing and
26 packaging agricultural commodities specifically for

1 export;
2 (12) facilities and equipment for forestry product
3 processing and supplying, including sawmilling operations,
4 wood chip operations, timber harvesting operations, and
5 manufacturing of prefabricated buildings, paper, furniture
6 or other goods from forestry products;
7 (13) facilities and equipment for research and
8 development of products, processes and equipment for the
9 production, processing, preparation or packaging of
10 agricultural commodities and byproducts.
11 (aa) The term "asset" with respect to financing of any
12 agricultural facility or any agribusiness, means, but is not
13 limited to the following: cash crops or feed on hand; livestock
14 held for sale; breeding stock; marketable bonds and securities;
15 securities not readily marketable; accounts receivable; notes
16 receivable; cash invested in growing crops; net cash value of

17 life insurance; machinery and equipment; cars and trucks; farm
18 and other real estate including life estates and personal
19 residence; value of beneficial interests in trusts; government
20 payments or grants; and any other assets.

21 (bb) The term "liability" with respect to financing of any
22 agricultural facility or any agribusiness shall include, but
23 not be limited to the following: accounts payable; notes or
24 other indebtedness owed to any source; taxes; rent; amounts
25 owed on real estate contracts or real estate mortgages;
26 judgments; accrued interest payable; and any other liability.

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1 (cc) The term "Predecessor Authorities" means those
2 authorities as described in Section 845-75.

3 (dd) The term "housing project" means a specific work or
4 improvement located within the State or outside the State and
5 undertaken to provide residential dwelling accommodations,
6 including the acquisition, construction or rehabilitation of
7 lands, buildings and community facilities and in connection
8 therewith to provide nonhousing facilities which are part of
9 the housing project, including land, buildings, improvements,
10 equipment and all ancillary facilities for use for offices,
11 stores, retirement homes, hotels, financial institutions,
12 service, health care, education, recreation or research
13 establishments, or any other commercial purpose which are or
14 are to be related to a housing development, provided that any
15 work or improvement located outside the State is owned,
16 operated, leased or managed by an entity located within the
17 State, or any entity affiliated with an entity located within
18 the State.

19 (ee) The term "conservation project" means any project
20 including the acquisition, construction, rehabilitation,
21 maintenance, operation, or upgrade that is intended to create
22 or expand open space or to reduce energy usage through
23 efficiency measures. For the purpose of this definition, "open
24 space" has the definition set forth under Section 10 of the

25 Illinois Open Land Trust Act.

26 (ff) The term "significant presence" means the existence

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1 within the State of the national or regional headquarters of an
2 entity or group or such other facility of an entity or group of
3 entities where a significant amount of the business functions
4 are performed for such entity or group of entities.

5 (gg) The term "municipal bond issuer" means the State or
6 any other state or commonwealth of the United States, or any
7 unit of local government, school district, agency or
8 instrumentality, office, department, division, bureau,
9 commission, college or university thereof located in the State
10 or any other state or commonwealth of the United States.

11 (hh) The term "municipal bond program project" means a
12 program for the funding of the purchase of bonds, notes or
13 other obligations issued by or on behalf of a municipal bond
14 issuer.

15 (ii) The term "participating lender" means any trust
16 company, bank, savings bank, credit union, merchant bank,
17 investment bank, broker, investment trust, pension fund,
18 building and loan association, savings and loan association,
19 insurance company, venture capital company, or other
20 institution approved by the Authority which provides a portion
21 of the financing for a project.

22 (jj) The term "loan participation" means any loan in which
23 the Authority co-operates with a participating lender to
24 provide all or a portion of the financing for a project.

25 (kk) The term "PACE Project" means an energy project as
26 defined in Section 5 of the Property Assessed Clean Energy Act.

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1 (Source: P.A. 99-180, eff. 7-29-15; 100-919, eff. 8-17-18.)

2 (20 ILCS 3501/801-40)

3 Sec. 801-40. In addition to the powers otherwise authorized
4 by law and in addition to the foregoing general corporate
5 powers, the Authority shall also have the following additional
6 specific powers to be exercised in furtherance of the purposes
7 of this Act.

8 (a) The Authority shall have power (i) to accept grants,
9 loans or appropriations from the federal government or the
10 State, or any agency or instrumentality thereof, to be used for
11 the operating expenses of the Authority, or for any purposes of
12 the Authority, including the making of direct loans of such
13 funds with respect to projects, and (ii) to enter into any
14 agreement with the federal government or the State, or any
15 agency or instrumentality thereof, in relationship to such
16 grants, loans or appropriations.

17 (b) The Authority shall have power to procure and enter
18 into contracts for any type of insurance and indemnity
19 agreements covering loss or damage to property from any cause,
20 including loss of use and occupancy, or covering any other
21 insurable risk.

22 (c) The Authority shall have the continuing power to issue
23 bonds for its corporate purposes. Bonds may be issued by the
24 Authority in one or more series and may provide for the payment
25 of any interest deemed necessary on such bonds, of the costs of

1 issuance of such bonds, of any premium on any insurance, or of
2 the cost of any guarantees, letters of credit or other similar
3 documents, may provide for the funding of the reserves deemed
4 necessary in connection with such bonds, and may provide for
5 the refunding or advance refunding of any bonds or for accounts
6 deemed necessary in connection with any purpose of the
7 Authority. The bonds may bear interest payable at any time or
8 times and at any rate or rates, notwithstanding any other
9 provision of law to the contrary, and such rate or rates may be
10 established by an index or formula which may be implemented or

11 established by persons appointed or retained therefor by the
12 Authority, or may bear no interest or may bear interest payable
13 at maturity or upon redemption prior to maturity, may bear such
14 date or dates, may be payable at such time or times and at such
15 place or places, may mature at any time or times not later than
16 40 years from the date of issuance, may be sold at public or
17 private sale at such time or times and at such price or prices,
18 may be secured by such pledges, reserves, guarantees, letters
19 of credit, insurance contracts or other similar credit support
20 or liquidity instruments, may be executed in such manner, may
21 be subject to redemption prior to maturity, may provide for the
22 registration of the bonds, and may be subject to such other
23 terms and conditions all as may be provided by the resolution
24 or indenture authorizing the issuance of such bonds. The holder
25 or holders of any bonds issued by the Authority may bring suits
26 at law or proceedings in equity to compel the performance and

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1 observance by any person or by the Authority or any of its
2 agents or employees of any contract or covenant made with the
3 holders of such bonds and to compel such person or the
4 Authority and any of its agents or employees to perform any
5 duties required to be performed for the benefit of the holders
6 of any such bonds by the provision of the resolution
7 authorizing their issuance, and to enjoin such person or the
8 Authority and any of its agents or employees from taking any
9 action in conflict with any such contract or covenant.
10 Notwithstanding the form and tenor of any such bonds and in the
11 absence of any express recital on the face thereof that it is
12 non-negotiable, all such bonds shall be negotiable
13 instruments. Pending the preparation and execution of any such
14 bonds, temporary bonds may be issued as provided by the
15 resolution. The bonds shall be sold by the Authority in such
16 manner as it shall determine. The bonds may be secured as
17 provided in the authorizing resolution by the receipts,
18 revenues, income and other available funds of the Authority and

19 by any amounts derived by the Authority from the loan agreement
20 or lease agreement with respect to the project or projects; and
21 bonds may be issued as general obligations of the Authority
22 payable from such revenues, funds and obligations of the
23 Authority as the bond resolution shall provide, or may be
24 issued as limited obligations with a claim for payment solely
25 from such revenues, funds and obligations as the bond
26 resolution shall provide. The Authority may grant a specific

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1 pledge or assignment of and lien on or security interest in
2 such rights, revenues, income, or amounts and may grant a
3 specific pledge or assignment of and lien on or security
4 interest in any reserves, funds or accounts established in the
5 resolution authorizing the issuance of bonds. Any such pledge,
6 assignment, lien or security interest for the benefit of the
7 holders of the Authority's bonds shall be valid and binding
8 from the time the bonds are issued without any physical
9 delivery or further act, and shall be valid and binding as
10 against and prior to the claims of all other parties having
11 claims against the Authority or any other person irrespective
12 of whether the other parties have notice of the pledge,
13 assignment, lien or security interest. As evidence of such
14 pledge, assignment, lien and security interest, the Authority
15 may execute and deliver a mortgage, trust agreement, indenture
16 or security agreement or an assignment thereof. A remedy for
17 any breach or default of the terms of any such agreement by the
18 Authority may be by mandamus proceedings in any court of
19 competent jurisdiction to compel the performance and
20 compliance therewith, but the agreement may prescribe by whom
21 or on whose behalf such action may be instituted. It is
22 expressly understood that the Authority may, but need not,
23 acquire title to any project with respect to which it exercises
24 its authority.

25 (d) With respect to the powers granted by this Act, the
26 Authority may adopt rules and regulations prescribing the

1 procedures by which persons may apply for assistance under this
2 Act. Nothing herein shall be deemed to preclude the Authority,
3 prior to the filing of any formal application, from conducting
4 preliminary discussions and investigations with respect to the
5 subject matter of any prospective application.

6 (e) The Authority shall have power to acquire by purchase,
7 lease, gift or otherwise any property or rights therein from
8 any person useful for its purposes, whether improved for the
9 purposes of any prospective project, or unimproved. The
10 Authority may also accept any donation of funds for its
11 purposes from any such source. The Authority shall have no
12 independent power of condemnation but may acquire any property
13 or rights therein obtained upon condemnation by any other
14 authority, governmental entity or unit of local government with
15 such power.

16 (f) The Authority shall have power to develop, construct
17 and improve either under its own direction, or through
18 collaboration with any approved applicant, or to acquire
19 through purchase or otherwise, any project, using for such
20 purpose the proceeds derived from the sale of its bonds or from
21 governmental loans or grants, and to hold title in the name of
22 the Authority to such projects.

23 (g) The Authority shall have power to lease pursuant to a
24 lease agreement any project so developed and constructed or
25 acquired to the approved tenant on such terms and conditions as
26 may be appropriate to further the purposes of this Act and to

1 maintain the credit of the Authority. Any such lease may
2 provide for either the Authority or the approved tenant to
3 assume initially, in whole or in part, the costs of
4 maintenance, repair and improvements during the leasehold

5 period. In no case, however, shall the total rentals from any
6 project during any initial leasehold period or the total loan
7 repayments to be made pursuant to any loan agreement, be less
8 than an amount necessary to return over such lease or loan
9 period (1) all costs incurred in connection with the
10 development, construction, acquisition or improvement of the
11 project and for repair, maintenance and improvements thereto
12 during the period of the lease or loan; provided, however, that
13 the rentals or loan repayments need not include costs met
14 through the use of funds other than those obtained by the
15 Authority through the issuance of its bonds or governmental
16 loans; (2) a reasonable percentage additive to be agreed upon
17 by the Authority and the borrower or tenant to cover a properly
18 allocable portion of the Authority's general expenses,
19 including, but not limited to, administrative expenses,
20 salaries and general insurance, and (3) an amount sufficient to
21 pay when due all principal of, interest and premium, if any on,
22 any bonds issued by the Authority with respect to the project.
23 The portion of total rentals payable under clause (3) of this
24 subsection (g) shall be deposited in such special accounts,
25 including all sinking funds, acquisition or construction
26 funds, debt service and other funds as provided by any

1 resolution, mortgage or trust agreement of the Authority
2 pursuant to which any bond is issued.

3 (h) The Authority has the power, upon the termination of
4 any leasehold period of any project, to sell or lease for a
5 further term or terms such project on such terms and conditions
6 as the Authority shall deem reasonable and consistent with the
7 purposes of the Act. The net proceeds from all such sales and
8 the revenues or income from such leases shall be used to
9 satisfy any indebtedness of the Authority with respect to such
10 project and any balance may be used to pay any expenses of the
11 Authority or be used for the further development, construction,
12 acquisition or improvement of projects. In the event any

13 project is vacated by a tenant prior to the termination of the
14 initial leasehold period, the Authority shall sell or lease the
15 facilities of the project on the most advantageous terms
16 available. The net proceeds of any such disposition shall be
17 treated in the same manner as the proceeds from sales or the
18 revenues or income from leases subsequent to the termination of
19 any initial leasehold period.

20 (i) The Authority shall have the power to make loans, or to
21 purchase loan participations in loans made, to persons to
22 finance a project, to enter into loan agreements or agreements
23 with participating lenders with respect thereto, and to accept
24 guarantees from persons of its loans or the resultant evidences
25 of obligations of the Authority.

26 (j) The Authority may fix, determine, charge and collect

1 any premiums, fees, charges, costs and expenses, including,
2 without limitation, any application fees, commitment fees,
3 program fees, financing charges or publication fees from any
4 person in connection with its activities under this Act.

5 (k) In addition to the funds established as provided
6 herein, the Authority shall have the power to create and
7 establish such reserve funds and accounts as may be necessary
8 or desirable to accomplish its purposes under this Act and to
9 deposit its available monies into the funds and accounts.

10 (l) At the request of the governing body of any unit of
11 local government, the Authority is authorized to market such
12 local government's revenue bond offerings by preparing bond
13 issues for sale, advertising for sealed bids, receiving bids at
14 its offices, making the award to the bidder that offers the
15 most favorable terms or arranging for negotiated placements or
16 underwritings of such securities. The Authority may, at its
17 discretion, offer for concurrent sale the revenue bonds of
18 several local governments. Sales by the Authority of revenue
19 bonds under this Section shall in no way imply State guarantee
20 of such debt issue. The Authority may require such financial

21 information from participating local governments as it deems
22 necessary in order to carry out the purposes of this subsection
23 (1).

24 (m) The Authority may make grants to any county to which
25 Division 5-37 of the Counties Code is applicable to assist in
26 the financing of capital development, construction and

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1 renovation of new or existing facilities for hospitals and
2 health care facilities under that Act. Such grants may only be
3 made from funds appropriated for such purposes from the Build
4 Illinois Bond Fund.

5 (n) The Authority may establish an urban development action
6 grant program for the purpose of assisting municipalities in
7 Illinois which are experiencing severe economic distress to
8 help stimulate economic development activities needed to aid in
9 economic recovery. The Authority shall determine the types of
10 activities and projects for which the urban development action
11 grants may be used, provided that such projects and activities
12 are broadly defined to include all reasonable projects and
13 activities the primary objectives of which are the development
14 of viable urban communities, including decent housing and a
15 suitable living environment, and expansion of economic
16 opportunity, principally for persons of low and moderate
17 incomes. The Authority shall enter into grant agreements from
18 monies appropriated for such purposes from the Build Illinois
19 Bond Fund. The Authority shall monitor the use of the grants,
20 and shall provide for audits of the funds as well as recovery
21 by the Authority of any funds determined to have been spent in
22 violation of this subsection (n) or any rule or regulation
23 promulgated hereunder. The Authority shall provide technical
24 assistance with regard to the effective use of the urban
25 development action grants. The Authority shall file an annual
26 report to the General Assembly concerning the progress of the

1 grant program.

2 (o) The Authority may establish a Housing Partnership
3 Program whereby the Authority provides zero-interest loans to
4 municipalities for the purpose of assisting in the financing of
5 projects for the rehabilitation of affordable multi-family
6 housing for low and moderate income residents. The Authority
7 may provide such loans only upon a municipality's providing
8 evidence that it has obtained private funding for the
9 rehabilitation project. The Authority shall provide 3 State
10 dollars for every 7 dollars obtained by the municipality from
11 sources other than the State of Illinois. The loans shall be
12 made from monies appropriated for such purpose from the Build
13 Illinois Bond Fund. The total amount of loans available under
14 the Housing Partnership Program shall not exceed \$30,000,000.
15 State loan monies under this subsection shall be used only for
16 the acquisition and rehabilitation of existing buildings
17 containing 4 or more dwelling units. The terms of any loan made
18 by the municipality under this subsection shall require
19 repayment of the loan to the municipality upon any sale or
20 other transfer of the project. In addition, the Authority may
21 use any moneys appropriated for such purpose from the Build
22 Illinois Bond Fund, including funds loaned under this
23 subsection and repaid as principal or interest, and investment
24 income on such funds, to make the loans authorized by
25 subsection (z), without regard to any restrictions or
26 limitations provided in this subsection.

1 (p) The Authority may award grants to universities and
2 research institutions, research consortiums and other
3 not-for-profit entities for the purposes of: remodeling or
4 otherwise physically altering existing laboratory or research
5 facilities, expansion or physical additions to existing

6 laboratory or research facilities, construction of new
7 laboratory or research facilities or acquisition of modern
8 equipment to support laboratory or research operations
9 provided that such grants (i) be used solely in support of
10 project and equipment acquisitions which enhance technology
11 transfer, and (ii) not constitute more than 60 percent of the
12 total project or acquisition cost.

13 (q) Grants may be awarded by the Authority to units of
14 local government for the purpose of developing the appropriate
15 infrastructure or defraying other costs to the local government
16 in support of laboratory or research facilities provided that
17 such grants may not exceed 40% of the cost to the unit of local
18 government.

19 (r) In addition to the powers granted to the Authority
20 under subsection (i), and in all cases supplemental to it, the
21 Authority may establish a direct loan program to make loans to,
22 or may purchase participations in loans made by participating
23 lenders to, individuals, partnerships, corporations, or other
24 business entities for the purpose of financing an industrial
25 project, as defined in Section 801-10 of this Act. For the
26 purposes of such program and not by way of limitation on any

1 other program of the Authority, including, without limitation,
2 programs established under subsection (i), the Authority shall
3 have the power to issue bonds, notes, or other evidences of
4 indebtedness including commercial paper for purposes of
5 providing a fund of capital from which it may make such loans.
6 The Authority shall have the power to use any appropriations
7 from the State made especially for the Authority's direct loan
8 program, or moneys at any time held by the Authority under this
9 Act outside the State treasury in the custody of either the
10 Treasurer of the Authority or a trustee or depository appointed
11 by the Authority, for additional capital to make such loans or
12 purchase such loan participations, or for the purposes of
13 reserve funds or pledged funds which secure the Authority's

14 obligations of repayment of any bond, note or other form of
15 indebtedness established for the purpose of providing capital
16 for which it intends to make such loans or purchase such loan
17 participations. For the purpose of obtaining such capital, the
18 Authority may also enter into agreements with financial
19 institutions, participating lenders, and other persons for the
20 purpose of administering a loan participation program, selling
21 loans or developing a secondary market for such loans or loan
22 participations. Loans made under the direct loan program
23 specifically established under this subsection (r), including
24 loans under such program made by participating lenders in which
25 the Authority purchases a participation, may be in an amount
26 not to exceed \$600,000 and shall be made for a portion of an

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1 industrial project which does not exceed 50% of the total
2 project. No loan may be made by the Authority unless approved
3 by the affirmative vote of at least 8 members of the board. The
4 Authority shall establish procedures and publish rules which
5 shall provide for the submission, review, and analysis of each
6 direct loan and loan participation application and which shall
7 preserve the ability of each board member and the Executive
8 Director, as applicable, to reach an individual business
9 judgment regarding the propriety of each direct loan or loan
10 participation. The collective discretion of the board to
11 approve or disapprove each loan shall be unencumbered. The
12 Authority may establish and collect such fees and charges,
13 determine and enforce such terms and conditions, and charge
14 such interest rates as it determines to be necessary and
15 appropriate to the successful administration of the direct loan
16 program, including purchasing loan participations. The
17 Authority may require such interests in collateral and such
18 guarantees as it determines are necessary to protect the
19 Authority's interest in the repayment of the principal and
20 interest of each loan and loan participation made under the
21 direct loan program. The restrictions established under this

22 subsection (r) shall not be applicable to any loan or loan
23 participation made under subsection (i) or to any loan or loan
24 participation made under any other Section of this Act.

25 (s) The Authority may guarantee private loans to third
26 parties up to a specified dollar amount in order to promote

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1 economic development in this State.

2 (t) The Authority may adopt rules and regulations as may be
3 necessary or advisable to implement the powers conferred by
4 this Act.

5 (u) The Authority shall have the power to issue bonds,
6 notes or other evidences of indebtedness, which may be used to
7 make loans to units of local government which are authorized to
8 enter into loan agreements and other documents and to issue
9 bonds, notes and other evidences of indebtedness for the
10 purpose of financing the protection of storm sewer outfalls,
11 the construction of adequate storm sewer outfalls, and the
12 provision for flood protection of sanitary sewage treatment
13 plans, in counties that have established a stormwater
14 management planning committee in accordance with Section
15 5-1062 of the Counties Code. Any such loan shall be made by the
16 Authority pursuant to the provisions of Section 820-5 to 820-60
17 of this Act. The unit of local government shall pay back to the
18 Authority the principal amount of the loan, plus annual
19 interest as determined by the Authority. The Authority shall
20 have the power, subject to appropriations by the General
21 Assembly, to subsidize or buy down a portion of the interest on
22 such loans, up to 4% per annum.

23 (v) The Authority may accept security interests as provided
24 in Sections 11-3 and 11-3.3 of the Illinois Public Aid Code.

25 (w) Moral Obligation. In the event that the Authority
26 determines that monies of the Authority will not be sufficient

1 for the payment of the principal of and interest on its bonds
2 during the next State fiscal year, the Chairperson, as soon as
3 practicable, shall certify to the Governor the amount required
4 by the Authority to enable it to pay such principal of and
5 interest on the bonds. The Governor shall submit the amount so
6 certified to the General Assembly as soon as practicable, but
7 no later than the end of the current State fiscal year. This
8 subsection shall apply only to any bonds or notes as to which
9 the Authority shall have determined, in the resolution
10 authorizing the issuance of the bonds or notes, that this
11 subsection shall apply. Whenever the Authority makes such a
12 determination, that fact shall be plainly stated on the face of
13 the bonds or notes and that fact shall also be reported to the
14 Governor. In the event of a withdrawal of moneys from a reserve
15 fund established with respect to any issue or issues of bonds
16 of the Authority to pay principal or interest on those bonds,
17 the Chairperson of the Authority, as soon as practicable, shall
18 certify to the Governor the amount required to restore the
19 reserve fund to the level required in the resolution or
20 indenture securing those bonds. The Governor shall submit the
21 amount so certified to the General Assembly as soon as
22 practicable, but no later than the end of the current State
23 fiscal year. The Authority shall obtain written approval from
24 the Governor for any bonds and notes to be issued under this
25 Section. In addition to any other bonds authorized to be issued
26 under Sections 825-60, 825-65(e), 830-25 and 845-5, the

1 principal amount of Authority bonds outstanding issued under
2 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS
3 360/2-6(c), which have been assumed by the Authority, shall not
4 exceed \$150,000,000. This subsection (w) shall in no way be
5 applied to any bonds issued by the Authority on behalf of the
6 Illinois Power Agency under Section 825-90 of this Act.

7 (x) The Authority may enter into agreements or contracts
8 with any person necessary or appropriate to place the payment
9 obligations of the Authority under any of its bonds in whole or
10 in part on any interest rate basis, cash flow basis, or other
11 basis desired by the Authority, including without limitation
12 agreements or contracts commonly known as "interest rate swap
13 agreements", "forward payment conversion agreements", and
14 "futures", or agreements or contracts to exchange cash flows or
15 a series of payments, or agreements or contracts, including
16 without limitation agreements or contracts commonly known as
17 "options", "puts", or "calls", to hedge payment, rate spread,
18 or similar exposure; provided that any such agreement or
19 contract shall not constitute an obligation for borrowed money
20 and shall not be taken into account under Section 845-5 of this
21 Act or any other debt limit of the Authority or the State of
22 Illinois.

23 (y) The Authority shall publish summaries of projects and
24 actions approved by the members of the Authority on its
25 website. These summaries shall include, but not be limited to,
26 information regarding the:

- 1 (1) project;
- 2 (2) Board's action or actions;
- 3 (3) purpose of the project;
- 4 (4) Authority's program and contribution;
- 5 (5) volume cap;
- 6 (6) jobs retained;
- 7 (7) projected new jobs;
- 8 (8) construction jobs created;
- 9 (9) estimated sources and uses of funds;
- 10 (10) financing summary;
- 11 (11) project summary;
- 12 (12) business summary;
- 13 (13) ownership or economic disclosure statement;
- 14 (14) professional and financial information;

15 (15) service area; and
16 (16) legislative district.

17 The disclosure of information pursuant to this subsection
18 shall comply with the Freedom of Information Act.

19 (z) Consistent with the findings and declaration of policy
20 set forth in item (j) of Section 801-5 of this Act, the
21 Authority shall have the power to make loans to the Police
22 Officers' Pension Investment Fund authorized by Section
23 22B-120 of the Illinois Pension Code and to make loans to the
24 Firefighters' Pension Investment Fund authorized by Section
25 22C-120 of the Illinois Pension Code. Notwithstanding anything
26 in this Act to the contrary, loans authorized by Section

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1 22B-120 and Section 22C-120 of the Illinois Pension Code may be
2 made from any of the Authority's funds, including, but not
3 limited to, funds in its Illinois Housing Partnership Program
4 Fund, its Industrial Project Insurance Fund, or its Illinois
5 Venture Investment Fund.

6 (Source: P.A. 100-919, eff. 8-17-18.)

7 (20 ILCS 3501/805-20)

8 Sec. 805-20. Powers and Duties; Industrial Project
9 Insurance Program. The Authority has the power:

10 (a) to insure and make advance commitments to insure
11 all or any part of the payments required on the bonds
12 issued or a loan made to finance any environmental facility
13 under the Illinois Environmental Facilities Financing Act
14 or for any industrial project upon such terms and
15 conditions as the Authority may prescribe in accordance
16 with this Article. The insurance provided by the Authority
17 shall be payable solely from the Fund created by Section
18 805-15 and shall not constitute a debt or pledge of the
19 full faith and credit of the State, the Authority, or any
20 political subdivision thereof;

21 (b) to enter into insurance contracts, letters of

22 credit or any other agreements or contracts with financial
23 institutions with respect to the Fund and any bonds or
24 loans insured thereunder. Any such agreement or contract
25 may contain terms and provisions necessary or desirable in

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1 connection with the program, subject to the requirements
2 established by this Act, including without limitation
3 terms and provisions relating to loan documentation,
4 review and approval procedures, origination and servicing
5 rights and responsibilities, default conditions,
6 procedures and obligations with respect to insurance
7 contracts made under this Act. The agreements or contracts
8 may be executed on an individual, group or master contract
9 basis with financial institutions;

10 (c) to charge reasonable fees to defray the cost of
11 obtaining letters of credit or other similar documents,
12 other than insurance contracts under paragraph (b). Any
13 such fees shall be payable by such person, in such amounts
14 and at such times as the Authority shall determine, and the
15 amount of the fees need not be uniform among the various
16 bonds or loans insured;

17 (d) to fix insurance premiums for the insurance of
18 payments under the provisions of this Article. Such
19 premiums shall be computed as determined by the Authority.
20 Any premiums for the insurance of loan payments under the
21 provisions of this Act shall be payable by such person, in
22 such amounts and at such times as the Authority shall
23 determine, and the amount of the premiums need not be
24 uniform among the various bonds or loans insured;

25 (e) to establish application fees and prescribe
26 application, notification, contract and insurance forms,

1 rules and regulations it deems necessary or appropriate;
2 (f) to make loans and to issue bonds secured by
3 insurance or other agreements authorized by paragraphs (a)
4 and (b) of this Section 805-20 and to issue bonds secured
5 by loans that are guaranteed by the federal government or
6 agencies thereof;
7 (g) to issue a single bond issue, or a series of bond
8 issues, for a group of industrial projects, a group of
9 corporations, or a group of business entities or any
10 combination thereof insured by insurance or backed by any
11 other agreement authorized by paragraphs (a) and (b) of
12 this Section or secured by loans that are guaranteed by the
13 federal government or agencies thereof;
14 (h) to enter into trust agreements for the management
15 of the Fund created under Section 805-15 of this Act;
16 (i) to exercise such other powers as are necessary or
17 incidental to the powers granted in this Section and to the
18 issuance of State Guarantees under Article 830 of this Act;
19 and
20 (j) at the discretion of the Authority, (i) to insure
21 and make advance commitments to insure, and issue State
22 Guarantees for, all or any part of the payments required on
23 the bonds issued or loans made to finance any agricultural
24 facility, project, farmer, producer, agribusiness,
25 qualified veteran-owned small business, or program under
26 Article 830 or Article 835 of this Act upon such terms and

1 conditions as the Authority may prescribe in accordance
2 with this Article or (ii) to make loans authorized by
3 subsection (z) of Section 801-40 of this Act upon such
4 terms and conditions as the Authority may prescribe,
5 consistent with Sections 22B-120 and 22C-120 of the
6 Illinois Pension Code and without regard to any other

7 restrictions or limitations provided in this Article. The
8 insurance and State Guarantees provided by the Authority
9 may be payable from the Fund created by Section 805-15 and
10 is in addition to and not in replacement of the Illinois
11 Agricultural Loan Guarantee Fund and the Illinois Farmer
12 and Agribusiness Loan Guarantee Fund created under Article
13 830 of this Act.

14 (Source: P.A. 99-509, eff. 6-24-16.)

15 Section 10. The Illinois Pension Code is amended by
16 changing Sections 1-109.3, 1-113.12, 1-160, 1A-102, 1A-104,
17 1A-109, 1A-111, 1A-112, 1A-113, 3-111, 3-112, 3-125, 3-132,
18 4-109, 4-114, 4-118, 4-123, 7-159, 14-110, 14-152.1, 15-120,
19 15-135, 15-136, 15-159, 15-198, 16-163, 16-164, and 16-165 and
20 by adding Sections 1-101.6, 3-124.3, 3-132.1, 4-117.2, and
21 4-123.2 and Articles 22B and 22C as follows:

22 (40 ILCS 5/1-101.6 new)

23 Sec. 1-101.6. Transferor pension fund. "Transferor pension
24 fund" means any pension fund established pursuant to Article 3

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1 or 4 of this Code.

2 (40 ILCS 5/1-109.3)

3 Sec. 1-109.3. Training requirement for pension trustees.

4 (a) All elected and appointed trustees under Article 3 and
5 4 of this Code must participate in a mandatory trustee
6 certification training seminar that consists of at least 16 ~~32~~
7 hours of initial trustee certification at a training facility
8 that is accredited and affiliated with a State of Illinois
9 certified college or university. This training must include
10 without limitation all of the following:

11 (1) Duties and liabilities of a fiduciary with respect
12 to the administration and payment of pension benefits ~~under~~
13 ~~Article 1 of the Illinois Pension Code.~~

14 (2) Adjudication of pension claims.

15 (3) ~~(Blank) Basic accounting and actuarial training.~~

16 (4) Trustee ethics.

17 (5) The Illinois Open Meetings Act.

18 (6) The Illinois Freedom of Information Act.

19 The training required under this subsection (a) must be
20 completed within the first year that a trustee is elected or
21 appointed under an Article 3 or 4 pension fund. Any trustee who
22 has completed the training required under Section 1.05 of the
23 Open Meetings Act shall not be required to participate in
24 training concerning item (5) of this subsection. The elected
25 and appointed trustees of an Article 3 or 4 pension fund who

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1 are police officers (as defined in Section 3-106 of this Code)
2 or firefighters (as defined in Section 4-106 of this Code) or
3 are employed by the municipality shall be permitted time away
4 from their duties to attend such training without reduction of
5 accrued leave or benefit time. Active or appointed trustees
6 serving on the effective date of this amendatory Act of the
7 96th General Assembly shall not be required to attend the
8 training required under this subsection (a).

9 (a-5) In addition to the initial trustee certification
10 training required under subsection (a), all elected and
11 appointed trustees who were elected or appointed on or before
12 the effective date of this amendatory Act of the 101st General
13 Assembly shall also participate in 4 hours of training on the
14 changes made by this amendatory Act of the 101st General
15 Assembly. For trustees of funds under Article 3, this training
16 shall be conducted at a training facility that is accredited
17 and affiliated with a State of Illinois certified college or
18 university. For trustees of funds under Article 4, this
19 training may be conducted by a fund, the Department of
20 Insurance, or both a fund and the Department of Insurance. This
21 training is only required to be completed once by each trustee
22 required to participate.

23 (b) In addition to the initial trustee certification

24 training required under subsection (a), all elected and
25 appointed trustees under Article 3 and 4 of this Code,
26 including trustees serving on the effective date of this

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1 amendatory Act of the 96th General Assembly, shall also
2 participate in a minimum of 8 ~~16~~ hours of continuing trustee
3 education each year after the first year that the trustee is
4 elected or appointed.

5 (c) The training required under this Section shall be paid
6 for by the pension fund.

7 (d) Any board member who does not timely complete the
8 training required under this Section is not eligible to serve
9 on the board of trustees of an Article 3 or 4 pension fund,
10 unless the board member completes the missed training within 6
11 months after the date the member failed to complete the
12 required training. In the event of a board member's failure to
13 complete the required training, a successor shall be appointed
14 or elected, as applicable, for the unexpired term. A successor
15 who is elected under such circumstances must be elected at a
16 special election called by the board and conducted in the same
17 manner as a regular election under Article 3 or 4, as
18 applicable.

19 (Source: P.A. 96-429, eff. 8-13-09.)

20 (40 ILCS 5/1-113.12)

21 Sec. 1-113.12. Application.

22 (a) Except as provided in subsection (b) of this Section,
23 Sections 1-113.1 through 1-113.10 apply only to pension funds
24 established under Article 3 or 4 of this Code.

25 (b) Upon the transfer of the securities, funds, assets, and

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1 moneys of a transferor pension fund to a fund created under

2 Article 22B or 22C, that pension fund shall no longer exercise
3 any investment authority with respect to those securities,
4 funds, assets, and moneys and Sections 1-113.1 through 113.10
5 shall not apply to those securities, funds, assets, and moneys.
6 (Source: P.A. 90-507, eff. 8-22-97.)

7 (40 ILCS 5/1-160)

8 Sec. 1-160. Provisions applicable to new hires.

9 (a) The provisions of this Section apply to a person who,
10 on or after January 1, 2011, first becomes a member or a
11 participant under any reciprocal retirement system or pension
12 fund established under this Code, other than a retirement
13 system or pension fund established under Article 2, 3, 4, 5, 6,
14 15 or 18 of this Code, notwithstanding any other provision of
15 this Code to the contrary, but do not apply to any self-managed
16 plan established under this Code, to any person with respect to
17 service as a sheriff's law enforcement employee under Article
18 7, or to any participant of the retirement plan established
19 under Section 22-101. Notwithstanding anything to the contrary
20 in this Section, for purposes of this Section, a person who
21 participated in a retirement system under Article 15 prior to
22 January 1, 2011 shall be deemed a person who first became a
23 member or participant prior to January 1, 2011 under any
24 retirement system or pension fund subject to this Section. The
25 changes made to this Section by Public Act 98-596 are a

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1 clarification of existing law and are intended to be
2 retroactive to January 1, 2011 (the effective date of Public
3 Act 96-889), notwithstanding the provisions of Section 1-103.1
4 of this Code.

5 This Section does not apply to a person who first becomes a
6 noncovered employee under Article 14 on or after the
7 implementation date of the plan created under Section 1-161 for
8 that Article, unless that person elects under subsection (b) of
9 Section 1-161 to instead receive the benefits provided under

10 this Section and the applicable provisions of that Article.

11 This Section does not apply to a person who first becomes a
12 member or participant under Article 16 on or after the
13 implementation date of the plan created under Section 1-161 for
14 that Article, unless that person elects under subsection (b) of
15 Section 1-161 to instead receive the benefits provided under
16 this Section and the applicable provisions of that Article.

17 This Section does not apply to a person who elects under
18 subsection (c-5) of Section 1-161 to receive the benefits under
19 Section 1-161.

20 This Section does not apply to a person who first becomes a
21 member or participant of an affected pension fund on or after 6
22 months after the resolution or ordinance date, as defined in
23 Section 1-162, unless that person elects under subsection (c)
24 of Section 1-162 to receive the benefits provided under this
25 Section and the applicable provisions of the Article under
26 which he or she is a member or participant.

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1 (b) "Final average salary" means the average monthly (or
2 annual) salary obtained by dividing the total salary or
3 earnings calculated under the Article applicable to the member
4 or participant during the 96 consecutive months (or 8
5 consecutive years) of service within the last 120 months (or 10
6 years) of service in which the total salary or earnings
7 calculated under the applicable Article was the highest by the
8 number of months (or years) of service in that period. For the
9 purposes of a person who first becomes a member or participant
10 of any retirement system or pension fund to which this Section
11 applies on or after January 1, 2011, in this Code, "final
12 average salary" shall be substituted for the following:

13 (1) In Article 7 (except for service as sheriff's law
14 enforcement employees), "final rate of earnings".

15 (2) In Articles 8, 9, 10, 11, and 12, "highest average
16 annual salary for any 4 consecutive years within the last
17 10 years of service immediately preceding the date of

18 withdrawal".
19 (3) In Article 13, "average final salary".
20 (4) In Article 14, "final average compensation".
21 (5) In Article 17, "average salary".
22 (6) In Section 22-207, "wages or salary received by him
23 at the date of retirement or discharge".
24 (b-5) Beginning on January 1, 2011, for all purposes under
25 this Code (including without limitation the calculation of
26 benefits and employee contributions), the annual earnings,

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1 salary, or wages (based on the plan year) of a member or
2 participant to whom this Section applies shall not exceed
3 \$106,800; however, that amount shall annually thereafter be
4 increased by the lesser of (i) 3% of that amount, including all
5 previous adjustments, or (ii) one-half the annual unadjusted
6 percentage increase (but not less than zero) in the consumer
7 price index-u for the 12 months ending with the September
8 preceding each November 1, including all previous adjustments.

9 For the purposes of this Section, "consumer price index-u"
10 means the index published by the Bureau of Labor Statistics of
11 the United States Department of Labor that measures the average
12 change in prices of goods and services purchased by all urban
13 consumers, United States city average, all items, 1982-84 =
14 100. The new amount resulting from each annual adjustment shall
15 be determined by the Public Pension Division of the Department
16 of Insurance and made available to the boards of the retirement
17 systems and pension funds by November 1 of each year.

18 (c) A member or participant is entitled to a retirement
19 annuity upon written application if he or she has attained age
20 67 (beginning January 1, 2015, age 65 with respect to service
21 under Article 12 of this Code that is subject to this Section)
22 and has at least 10 years of service credit and is otherwise
23 eligible under the requirements of the applicable Article.

24 A member or participant who has attained age 62 (beginning
25 January 1, 2015, age 60 with respect to service under Article

26 12 of this Code that is subject to this Section) and has at

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1 least 10 years of service credit and is otherwise eligible
2 under the requirements of the applicable Article may elect to
3 receive the lower retirement annuity provided in subsection (d)
4 of this Section.

5 (c-5) A person who first becomes a member or a participant
6 subject to this Section on or after July 6, 2017 (the effective
7 date of Public Act 100-23), notwithstanding any other provision
8 of this Code to the contrary, is entitled to a retirement
9 annuity under Article 8 or Article 11 upon written application
10 if he or she has attained age 65 and has at least 10 years of
11 service credit and is otherwise eligible under the requirements
12 of Article 8 or Article 11 of this Code, whichever is
13 applicable.

14 (d) The retirement annuity of a member or participant who
15 is retiring after attaining age 62 (beginning January 1, 2015,
16 age 60 with respect to service under Article 12 of this Code
17 that is subject to this Section) with at least 10 years of
18 service credit shall be reduced by one-half of 1% for each full
19 month that the member's age is under age 67 (beginning January
20 1, 2015, age 65 with respect to service under Article 12 of
21 this Code that is subject to this Section).

22 (d-5) The retirement annuity payable under Article 8 or
23 Article 11 to an eligible person subject to subsection (c-5) of
24 this Section who is retiring at age 60 with at least 10 years
25 of service credit shall be reduced by one-half of 1% for each
26 full month that the member's age is under age 65.

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1 (d-10) Each person who first became a member or participant
2 under Article 8 or Article 11 of this Code on or after January
3 1, 2011 and prior to the effective date of this amendatory Act

4 of the 100th General Assembly shall make an irrevocable
5 election either:

6 (i) to be eligible for the reduced retirement age
7 provided in subsections (c-5) and (d-5) of this Section,
8 the eligibility for which is conditioned upon the member or
9 participant agreeing to the increases in employee
10 contributions for age and service annuities provided in
11 subsection (a-5) of Section 8-174 of this Code (for service
12 under Article 8) or subsection (a-5) of Section 11-170 of
13 this Code (for service under Article 11); or

14 (ii) to not agree to item (i) of this subsection
15 (d-10), in which case the member or participant shall
16 continue to be subject to the retirement age provisions in
17 subsections (c) and (d) of this Section and the employee
18 contributions for age and service annuity as provided in
19 subsection (a) of Section 8-174 of this Code (for service
20 under Article 8) or subsection (a) of Section 11-170 of
21 this Code (for service under Article 11).

22 The election provided for in this subsection shall be made
23 between October 1, 2017 and November 15, 2017. A person subject
24 to this subsection who makes the required election shall remain
25 bound by that election. A person subject to this subsection who
26 fails for any reason to make the required election within the

1 time specified in this subsection shall be deemed to have made
2 the election under item (ii).

3 (e) Any retirement annuity or supplemental annuity shall be
4 subject to annual increases on the January 1 occurring either
5 on or after the attainment of age 67 (beginning January 1,
6 2015, age 65 with respect to service under Article 12 of this
7 Code that is subject to this Section and beginning on the
8 effective date of this amendatory Act of the 100th General
9 Assembly, age 65 with respect to service under Article 8 or
10 Article 11 for eligible persons who: (i) are subject to
11 subsection (c-5) of this Section; or (ii) made the election

12 under item (i) of subsection (d-10) of this Section) or the
13 first anniversary of the annuity start date, whichever is
14 later. Each annual increase shall be calculated at 3% or
15 one-half the annual unadjusted percentage increase (but not
16 less than zero) in the consumer price index-u for the 12 months
17 ending with the September preceding each November 1, whichever
18 is less, of the originally granted retirement annuity. If the
19 annual unadjusted percentage change in the consumer price
20 index-u for the 12 months ending with the September preceding
21 each November 1 is zero or there is a decrease, then the
22 annuity shall not be increased.

23 For the purposes of Section 1-103.1 of this Code, the
24 changes made to this Section by this amendatory Act of the
25 100th General Assembly are applicable without regard to whether
26 the employee was in active service on or after the effective

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1 date of this amendatory Act of the 100th General Assembly.

2 (f) The initial survivor's or widow's annuity of an
3 otherwise eligible survivor or widow of a retired member or
4 participant who first became a member or participant on or
5 after January 1, 2011 shall be in the amount of 66 2/3% of the
6 retired member's or participant's retirement annuity at the
7 date of death. In the case of the death of a member or
8 participant who has not retired and who first became a member
9 or participant on or after January 1, 2011, eligibility for a
10 survivor's or widow's annuity shall be determined by the
11 applicable Article of this Code. The initial benefit shall be
12 66 2/3% of the earned annuity without a reduction due to age. A
13 child's annuity of an otherwise eligible child shall be in the
14 amount prescribed under each Article if applicable. Any
15 survivor's or widow's annuity shall be increased (1) on each
16 January 1 occurring on or after the commencement of the annuity
17 if the deceased member died while receiving a retirement
18 annuity or (2) in other cases, on each January 1 occurring
19 after the first anniversary of the commencement of the annuity.

20 Each annual increase shall be calculated at 3% or one-half the
21 annual unadjusted percentage increase (but not less than zero)
22 in the consumer price index-u for the 12 months ending with the
23 September preceding each November 1, whichever is less, of the
24 originally granted survivor's annuity. If the annual
25 unadjusted percentage change in the consumer price index-u for
26 the 12 months ending with the September preceding each November

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1 1 is zero or there is a decrease, then the annuity shall not be
2 increased.

3 (g) The benefits in Section 14-110 apply only if the person
4 is a State policeman, a fire fighter in the fire protection
5 service of a department, a conservation police officer, an
6 investigator for the Secretary of State, an arson investigator,
7 a Commerce Commission police officer, a security employee of
8 the Department of Corrections or the Department of Juvenile
9 Justice, or a security employee of the Department of Innovation
10 and Technology, as those terms are defined in subsection (b)
11 and subsection (c) of Section 14-110. A person who meets the
12 requirements of this Section is entitled to an annuity
13 calculated under the provisions of Section 14-110, in lieu of
14 the regular or minimum retirement annuity, only if the person
15 has withdrawn from service with not less than 20 years of
16 eligible creditable service and has attained age 60, regardless
17 of whether the attainment of age 60 occurs while the person is
18 still in service.

19 (h) If a person who first becomes a member or a participant
20 of a retirement system or pension fund subject to this Section
21 on or after January 1, 2011 is receiving a retirement annuity
22 or retirement pension under that system or fund and becomes a
23 member or participant under any other system or fund created by
24 this Code and is employed on a full-time basis, except for
25 those members or participants exempted from the provisions of
26 this Section under subsection (a) of this Section, then the

1 person's retirement annuity or retirement pension under that
2 system or fund shall be suspended during that employment. Upon
3 termination of that employment, the person's retirement
4 annuity or retirement pension payments shall resume and be
5 recalculated if recalculation is provided for under the
6 applicable Article of this Code.

7 If a person who first becomes a member of a retirement
8 system or pension fund subject to this Section on or after
9 January 1, 2012 and is receiving a retirement annuity or
10 retirement pension under that system or fund and accepts on a
11 contractual basis a position to provide services to a
12 governmental entity from which he or she has retired, then that
13 person's annuity or retirement pension earned as an active
14 employee of the employer shall be suspended during that
15 contractual service. A person receiving an annuity or
16 retirement pension under this Code shall notify the pension
17 fund or retirement system from which he or she is receiving an
18 annuity or retirement pension, as well as his or her
19 contractual employer, of his or her retirement status before
20 accepting contractual employment. A person who fails to submit
21 such notification shall be guilty of a Class A misdemeanor and
22 required to pay a fine of \$1,000. Upon termination of that
23 contractual employment, the person's retirement annuity or
24 retirement pension payments shall resume and, if appropriate,
25 be recalculated under the applicable provisions of this Code.

26 (i) (Blank).

1 (j) In the case of a conflict between the provisions of
2 this Section and any other provision of this Code, the
3 provisions of this Section shall control.

4 (Source: P.A. 100-23, eff. 7-6-17; 100-201, eff. 8-18-17;

5 100-563, eff. 12-8-17; 100-611, eff. 7-20-18; 100-1166, eff.
6 1-4-19.)

7 (40 ILCS 5/1A-102)

8 Sec. 1A-102. Definitions. As used in this Article, the
9 following terms have the meanings ascribed to them in this
10 Section, unless the context otherwise requires:

11 "Accrued liability" means the actuarial present value of
12 future benefit payments and appropriate administrative
13 expenses under a plan, reduced by the actuarial present value
14 of all future normal costs (including any participant
15 contributions) with respect to the participants included in the
16 actuarial valuation of the plan.

17 "Actuarial present value" means the single amount, as of a
18 given valuation date, that results from applying actuarial
19 assumptions to an amount or series of amounts payable or
20 receivable at various times.

21 "Actuarial value of assets" means the value assigned by the
22 actuary to the assets of a plan for the purposes of an
23 actuarial valuation.

24 "Basis point" means 1/100th of one percent.

25 "Beneficiary" means a person eligible for or receiving

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1 benefits from a pension fund as provided in the Article of this
2 Code under which the fund is established.

3 "Consolidated Fund" means: (i) with respect to the pension
4 funds established under Article 3 of this Code, the Police
5 Officers' Pension Investment Fund established under Article
6 22B of this Code; and (ii) with respect to the pension funds
7 established under Article 4 of this Code, the Firefighters'
8 Pension Investment Fund established under Article 22C of this
9 Code.

10 "Credited projected benefit" means that portion of a
11 participant's projected benefit based on an allocation taking
12 into account service to date determined in accordance with the

13 terms of the plan based on anticipated future compensation.

14 "Current value" means the fair market value when available;
15 otherwise, the fair value as determined in good faith by a
16 trustee, assuming an orderly liquidation at the time of the
17 determination.

18 "Department" means the Department of Insurance of the State
19 of Illinois.

20 "Director" means the Director of the Department of
21 Insurance.

22 "Division" means the Public Pension Division of the
23 Department of Insurance.

24 "Governmental unit" means the State of Illinois, any
25 instrumentality or agency thereof (except transit authorities
26 or agencies operating within or within and without cities with

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1 a population over 3,000,000), and any political subdivision or
2 municipal corporation that establishes and maintains a public
3 pension fund.

4 "Normal cost" means that part of the actuarial present
5 value of all future benefit payments and appropriate
6 administrative expenses assigned to the current year under the
7 actuarial valuation method used by the plan (excluding any
8 amortization of the unfunded accrued liability).

9 "Participant" means a participating member or deferred
10 pensioner or annuitant of a pension fund as provided in the
11 Article of this Code under which the pension fund is
12 established, or a beneficiary thereof.

13 "Pension fund" means any public pension fund, annuity and
14 benefit fund, or retirement system established under this Code.

15 "Plan year" means the calendar or fiscal year on which the
16 records of a given plan are kept.

17 "Projected benefits" means benefit amounts under a plan
18 which are expected to be paid at various future times under a
19 particular set of actuarial assumptions, taking into account,
20 as applicable, the effect of advancement in age and past and

21 anticipated future compensation and service credits.
22 "Supplemental annual cost" means that portion of the
23 unfunded accrued liability assigned to the current year under
24 one of the following bases:
25 (1) interest only on the unfunded accrued liability;
26 (2) the level annual amount required to amortize the

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1 unfunded accrued liability over a period not exceeding 40
2 years;
3 (3) the amount required for the current year to
4 amortize the unfunded accrued liability over a period not
5 exceeding 40 years as a level percentage of payroll.
6 "Total annual cost" means the sum of the normal cost plus
7 the supplemental annual cost.
8 "Transition period" means the period described in Section
9 22B-120 with respect to the pension funds established under
10 Article 3 of this Code and the period described in Section
11 22C-120 with respect to the pension funds established under
12 Article 4 of this Code.
13 "Unfunded accrued liability" means the excess of the
14 accrued liability over the actuarial value of the assets of a
15 plan.
16 "Vested pension benefit" means an interest obtained by a
17 participant or beneficiary in that part of an immediate or
18 deferred benefit under a plan which arises from the
19 participant's service and is not conditional upon the
20 participant's continued service for an employer any of whose
21 employees are covered under the plan, and which has not been
22 forfeited under the terms of the plan.
23 (Source: P.A. 90-507, eff. 8-22-97.)
24 (40 ILCS 5/1A-104)
25 Sec. 1A-104. Examinations and investigations.

1 (a) Except as described in the following paragraph with
2 respect to pension funds established under Article 3 or 4 of
3 this Code, the ~~The~~ Division shall make periodic examinations
4 and investigations of all pension funds established under this
5 Code and maintained for the benefit of employees and officers
6 of governmental units in the State of Illinois. However, in
7 lieu of making an examination and investigation, the Division
8 may accept and rely upon a report of audit or examination of
9 any pension fund made by an independent certified public
10 accountant pursuant to the provisions of the Article of this
11 Code governing the pension fund. The acceptance of the report
12 of audit or examination does not bar the Division from making a
13 further audit, examination, and investigation if deemed
14 necessary by the Division.

15 For pension funds established under Article 3 or 4 of this
16 Code: (i) prior to the conclusion of the transition period, the
17 Division shall make the periodic examinations and
18 investigations described in the preceding paragraph; and (ii)
19 after the conclusion of the transition period, the Division may
20 accept and rely upon a report of audit or examination of such
21 pension fund made by an independent certified public accountant
22 retained by the Consolidated Fund. The acceptance of the report
23 of audit or examination does not bar the Division from making a
24 further audit, examination, and investigation if deemed
25 necessary by the Division.

26 The Department may implement a flexible system of

1 examinations under which it directs resources as it deems
2 necessary or appropriate. In consultation with the pension fund
3 being examined, the Division may retain attorneys, independent
4 actuaries, independent certified public accountants, and other
5 professionals and specialists as examiners, the cost of which

6 (except in the case of pension funds established under Article
7 3 or 4) shall be borne by the pension fund that is the subject
8 of the examination.

9 (b) The Division or the Consolidated Fund, as appropriate,
10 shall examine or investigate each pension fund established
11 under Article 3 or Article 4 of this Code. The schedule of each
12 examination shall be such that each fund shall be examined once
13 every 3 years.

14 Each examination shall include the following:

15 (1) an audit of financial transactions, investment
16 policies, and procedures;

17 (2) an examination of books, records, documents,
18 files, and other pertinent memoranda relating to
19 financial, statistical, and administrative operations;

20 (3) a review of policies and procedures maintained for
21 the administration and operation of the pension fund;

22 (4) a determination of whether or not full effect is
23 being given to the statutory provisions governing the
24 operation of the pension fund;

25 (5) a determination of whether or not the
26 administrative policies in force are in accord with the

1 purposes of the statutory provisions and effectively
2 protect and preserve the rights and equities of the
3 participants;

4 (6) a determination of whether or not proper financial
5 and statistical records have been established and adequate
6 documentary evidence is recorded and maintained in support
7 of the several types of annuity and benefit payments being
8 made; and

9 (7) a determination of whether or not the calculations
10 made by the fund for the payment of all annuities and
11 benefits are accurate.

12 In addition, the Division or the Consolidated Fund, as

13 appropriate, may conduct investigations, which shall be
14 identified as such and which may include one or more of the
15 items listed in this subsection.

16 A copy of the report of examination or investigation as
17 prepared by the Division or the Consolidated Fund, as
18 appropriate, shall be submitted to the secretary of the board
19 of trustees of the pension fund examined or investigated and to
20 the chief executive officer of the municipality. The Director,
21 upon request, shall grant a hearing to the officers or trustees
22 of the pension fund and to the officers or trustees of the
23 Consolidated Fund, as appropriate, or their duly appointed
24 representatives, upon any facts contained in the report of
25 examination. The hearing shall be conducted before filing the
26 report or making public any information contained in the

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1 report. The Director may withhold the report from public
2 inspection for up to 60 days following the hearing.
3 (Source: P.A. 95-950, eff. 8-29-08.)

4 (40 ILCS 5/1A-109)

5 Sec. 1A-109. Annual statements by pension funds. Each
6 pension fund shall furnish to the Division an annual statement
7 in a format prepared by the Division.

8 The Division shall design the form and prescribe the
9 content of the annual statement and, at least 60 days prior to
10 the filing date, shall furnish the form to each pension fund
11 for completion. The annual statement shall be prepared by each
12 fund, properly certified by its officers, and submitted to the
13 Division within 6 months following the close of the fiscal year
14 of the pension fund.

15 The annual statement shall include, but need not be limited
16 to, the following:

17 (1) a financial balance sheet as of the close of the
18 fiscal year;

19 (2) a statement of income and expenditures;

- 20 (3) an actuarial balance sheet;
- 21 (4) statistical data reflecting age, service, and
- 22 salary characteristics concerning all participants;
- 23 (5) special facts concerning disability or other
- 24 claims;
- 25 (6) details on investment transactions that occurred

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1 during the fiscal year covered by the report;

2 (7) details on administrative expenses; and

3 (8) such other supporting data and schedules as in the

4 judgement of the Division may be necessary for a proper

5 appraisal of the financial condition of the pension fund

6 and the results of its operations. The annual statement

7 shall also specify the actuarial and interest tables used

8 in the operation of the pension fund.

9 For pension funds under Article 3 or 4 of this Code, after

10 the conclusion of the transition period, the Consolidated Fund

11 shall furnish directly to the Division the information

12 described in items (1) and (6) of this Section and shall

13 otherwise cooperate with the pension fund in the preparation of

14 the annual statement.

15 A pension fund that fails to file its annual statement

16 within the time prescribed under this Section is subject to the

17 penalty provisions of Section 1A-113.

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

19 (40 ILCS 5/1A-111)

20 Sec. 1A-111. Actuarial statements by pension funds

21 established under Article 3 or 4.

22 (a) For each ~~Each~~ pension fund established under Article 3

23 or 4 of this Code, a complete actuarial statement applicable to

24 its plan year shall be included ~~include~~ as part of its annual

25 statement in accordance with the following: ~~a complete~~

1 ~~actuarial statement applicable to the plan year.~~

2 (1) Prior to the conclusion of the transition period,
3 if ~~if~~ the actuarial statement is prepared by a person other
4 than the Department, it shall be filed with the Division
5 within 9 months after the close of the fiscal year of the
6 pension fund. Any pension fund that fails to file within
7 that time shall be subject to the penalty provisions of
8 Section 1A-113. The statement shall be prepared by or under
9 the supervision of a qualified actuary, signed by the
10 qualified actuary, and contain such information as the
11 Division may by rule require.

12 (2) After the conclusion of the transition period, each
13 actuarial statement shall be prepared by or under the
14 supervision of a qualified actuary retained by the
15 Consolidated Fund and signed by the qualified actuary and
16 shall contain such information as the Division may by rule
17 require. The actuarial statement shall be filed with the
18 Division within 9 months after the close of the fiscal year
19 of the pension fund.

20 (a-5) Prior to the conclusion of the transition period, the
21 actuarial statements may be prepared utilizing the method for
22 calculating the actuarially required contribution for the
23 pension fund that was in effect prior to the effective date of
24 this amendatory Act of the 101st General Assembly.

25 After the conclusion of the transition period, the
26 actuarial statements shall be prepared by or under the

1 supervision of a qualified actuary retained by the Consolidated
2 Fund, and if a change occurs in an actuarial or investment
3 assumption that increases or decreases the actuarially
4 required contribution for the pension fund, that change shall
5 be implemented in equal annual amounts over the 3-year period

6 beginning in the fiscal year of the pension fund in which such
7 change first occurs.

8 The actuarially required contribution as described in this
9 subsection shall determine the annual required employer
10 contribution.

11 (b) For the purposes of this Section, "qualified actuary"
12 means (i) a member of the American Academy of Actuaries, or
13 (ii) an individual who has demonstrated to the satisfaction of
14 the Director that he or she has the educational background
15 necessary for the practice of actuarial science and has at
16 least 7 years of actuarial experience.

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

18 (40 ILCS 5/1A-112)

19 Sec. 1A-112. Fees.

20 (a) Every pension fund that is required to file an annual
21 statement under Section 1A-109 shall pay to the Department an
22 annual compliance fee. In the case of a pension fund under
23 Article 3 or 4 of this Code, (i) prior to the conclusion of the
24 transition period, the annual compliance fee shall be 0.02% (2
25 basis points) of the total assets of the pension fund, as

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1 reported in the most current annual statement of the fund, but
2 not more than \$8,000 and (ii) after the conclusion of the
3 transition period, the annual compliance fee shall be \$8,000
4 and shall be paid by the Consolidated Fund. In the case of all
5 other pension funds and retirement systems, the annual
6 compliance fee shall be \$8,000.

7 (b) The annual compliance fee shall be due on June 30 for
8 the following State fiscal year, except that the fee payable in
9 1997 for fiscal year 1998 shall be due no earlier than 30 days
10 following the effective date of this amendatory Act of 1997.

11 (c) Any information obtained by the Division that is
12 available to the public under the Freedom of Information Act
13 and is either compiled in published form or maintained on a

14 computer processible medium shall be furnished upon the written
15 request of any applicant and the payment of a reasonable
16 information services fee established by the Director,
17 sufficient to cover the total cost to the Division of
18 compiling, processing, maintaining, and generating the
19 information. The information may be furnished by means of
20 published copy or on a computer processed or computer
21 processible medium.

22 No fee may be charged to any person for information that
23 the Division is required by law to furnish to that person.

24 (d) Except as otherwise provided in this Section, all fees
25 and penalties collected by the Department under this Code shall
26 be deposited into the Public Pension Regulation Fund.

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1 (e) Fees collected under subsection (c) of this Section and
2 money collected under Section 1A-107 shall be deposited into
3 the Technology Management Revolving Fund and credited to the
4 account of the Department's Public Pension Division. This
5 income shall be used exclusively for the purposes set forth in
6 Section 1A-107. Notwithstanding the provisions of Section
7 408.2 of the Illinois Insurance Code, no surplus funds
8 remaining in this account shall be deposited in the Insurance
9 Financial Regulation Fund. All money in this account that the
10 Director certifies is not needed for the purposes set forth in
11 Section 1A-107 of this Code shall be transferred to the Public
12 Pension Regulation Fund.

13 (f) Nothing in this Code prohibits the General Assembly
14 from appropriating funds from the General Revenue Fund to the
15 Department for the purpose of administering or enforcing this
16 Code.

17 (Source: P.A. 100-23, eff. 7-6-17.)

18 (40 ILCS 5/1A-113)

19 Sec. 1A-113. Penalties.

20 (a) A pension fund that fails, without just cause, to file

21 its annual statement within the time prescribed under Section
22 1A-109 shall pay to the Department a penalty to be determined
23 by the Department, which shall not exceed \$100 for each day's
24 delay.

25 (b) A pension fund that fails, without just cause, to file

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1 its actuarial statement within the time prescribed under
2 Section 1A-110 or 1A-111 shall pay to the Department a penalty
3 to be determined by the Department, which shall not exceed \$100
4 for each day's delay.

5 (c) A pension fund that fails to pay a fee within the time
6 prescribed under Section 1A-112 shall pay to the Department a
7 penalty of 5% of the amount of the fee for each month or part of
8 a month that the fee is late. The entire penalty shall not
9 exceed 25% of the fee due.

10 (d) This subsection applies to any governmental unit, as
11 defined in Section 1A-102, that is subject to any law
12 establishing a pension fund or retirement system for the
13 benefit of employees of the governmental unit.

14 Whenever the Division determines by examination,
15 investigation, or in any other manner that the governing body
16 or any elected or appointed officer or official of a
17 governmental unit has failed to comply with any provision of
18 that law:

19 (1) The Director shall notify in writing the governing
20 body, officer, or official of the specific provision or
21 provisions of the law with which the person has failed to
22 comply.

23 (2) Upon receipt of the notice, the person notified
24 shall take immediate steps to comply with the provisions of
25 law specified in the notice.

26 (3) If the person notified fails to comply within a

1 reasonable time after receiving the notice, the Director
2 may hold a hearing at which the person notified may show
3 cause for noncompliance with the law.

4 (4) If upon hearing the Director determines that good
5 and sufficient cause for noncompliance has not been shown,
6 the Director may order the person to submit evidence of
7 compliance within a specified period of not less than 30
8 days.

9 (5) If evidence of compliance has not been submitted to
10 the Director within the period of time prescribed in the
11 order and no administrative appeal from the order has been
12 initiated, the Director may assess a civil penalty of up to
13 \$2,000 against the governing body, officer, or official for
14 each noncompliance with an order of the Director.

15 The Director shall develop by rule, with as much
16 specificity as practicable, the standards and criteria to be
17 used in assessing penalties and their amounts. The standards
18 and criteria shall include, but need not be limited to,
19 consideration of evidence of efforts made in good faith to
20 comply with applicable legal requirements. This rulemaking is
21 subject to the provisions of the Illinois Administrative
22 Procedure Act.

23 If a penalty is not paid within 30 days of the date of
24 assessment, the Director without further notice shall report
25 the act of noncompliance to the Attorney General of this State.
26 It shall be the duty of the Attorney General or, if the

1 Attorney General so designates, the State's Attorney of the
2 county in which the governmental unit is located to apply
3 promptly by complaint on relation of the Director of Insurance
4 in the name of the people of the State of Illinois, as
5 plaintiff, to the circuit court of the county in which the
6 governmental unit is located for enforcement of the penalty

7 prescribed in this subsection or for such additional relief as
8 the nature of the case and the interest of the employees of the
9 governmental unit or the public may require.

10 (e) Whoever knowingly makes a false certificate, entry, or
11 memorandum upon any of the books or papers pertaining to any
12 pension fund or upon any statement, report, or exhibit filed or
13 offered for file with the Division or the Director of Insurance
14 in the course of any examination, inquiry, or investigation,
15 with intent to deceive the Director, the Division, or any of
16 its employees is guilty of a Class A misdemeanor.

17 (f) Subsections (b) and (c) shall apply to pension funds
18 established under Article 3 or Article 4 of this Code only
19 prior to the conclusion of the transition period, and this
20 Section shall not apply to the Consolidated Funds.

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

22 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)
23 Sec. 3-111. Pension.

24 (a) A police officer age 50 or more with 20 or more years
25 of creditable service, who is not a participant in the

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1 self-managed plan under Section 3-109.3 and who is no longer in
2 service as a police officer, shall receive a pension of 1/2 of
3 the salary attached to the rank held by the officer on the
4 police force for one year immediately prior to retirement or,
5 beginning July 1, 1987 for persons terminating service on or
6 after that date, the salary attached to the rank held on the
7 last day of service or for one year prior to the last day,
8 whichever is greater. The pension shall be increased by 2.5% of
9 such salary for each additional year of service over 20 years
10 of service through 30 years of service, to a maximum of 75% of
11 such salary.

12 The changes made to this subsection (a) by this amendatory
13 Act of the 91st General Assembly apply to all pensions that
14 become payable under this subsection on or after January 1,

15 1999. All pensions payable under this subsection that began on
16 or after January 1, 1999 and before the effective date of this
17 amendatory Act shall be recalculated, and the amount of the
18 increase accruing for that period shall be payable to the
19 pensioner in a lump sum.

20 (a-5) No pension in effect on or granted after June 30,
21 1973 shall be less than \$200 per month. Beginning July 1, 1987,
22 the minimum retirement pension for a police officer having at
23 least 20 years of creditable service shall be \$400 per month,
24 without regard to whether or not retirement occurred prior to
25 that date. If the minimum pension established in Section
26 3-113.1 is greater than the minimum provided in this

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1 subsection, the Section 3-113.1 minimum controls.

2 (b) A police officer mandatorily retired from service due
3 to age by operation of law, having at least 8 but less than 20
4 years of creditable service, shall receive a pension equal to 2
5 1/2% of the salary attached to the rank he or she held on the
6 police force for one year immediately prior to retirement or,
7 beginning July 1, 1987 for persons terminating service on or
8 after that date, the salary attached to the rank held on the
9 last day of service or for one year prior to the last day,
10 whichever is greater, for each year of creditable service.

11 A police officer who retires or is separated from service
12 having at least 8 years but less than 20 years of creditable
13 service, who is not mandatorily retired due to age by operation
14 of law, and who does not apply for a refund of contributions at
15 his or her last separation from police service, shall receive a
16 pension upon attaining age 60 equal to 2.5% of the salary
17 attached to the rank held by the police officer on the police
18 force for one year immediately prior to retirement or,
19 beginning July 1, 1987 for persons terminating service on or
20 after that date, the salary attached to the rank held on the
21 last day of service or for one year prior to the last day,
22 whichever is greater, for each year of creditable service.

23 (c) A police officer no longer in service who has at least
24 one but less than 8 years of creditable service in a police
25 pension fund but meets the requirements of this subsection (c)
26 shall be eligible to receive a pension from that fund equal to

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1 2.5% of the salary attached to the rank held on the last day of
2 service under that fund or for one year prior to that last day,
3 whichever is greater, for each year of creditable service in
4 that fund. The pension shall begin no earlier than upon
5 attainment of age 60 (or upon mandatory retirement from the
6 fund by operation of law due to age, if that occurs before age
7 60) and in no event before the effective date of this
8 amendatory Act of 1997.

9 In order to be eligible for a pension under this subsection
10 (c), the police officer must have at least 8 years of
11 creditable service in a second police pension fund under this
12 Article and be receiving a pension under subsection (a) or (b)
13 of this Section from that second fund. The police officer need
14 not be in service on or after the effective date of this
15 amendatory Act of 1997.

16 (d) Notwithstanding any other provision of this Article,
17 the provisions of this subsection (d) apply to a person who is
18 not a participant in the self-managed plan under Section
19 3-109.3 and who first becomes a police officer under this
20 Article on or after January 1, 2011.

21 A police officer age 55 or more who has 10 or more years of
22 service in that capacity shall be entitled at his option to
23 receive a monthly pension for his service as a police officer
24 computed by multiplying 2.5% for each year of such service by
25 his or her final average salary.

26 The pension of a police officer who is retiring after

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1 attaining age 50 with 10 or more years of creditable service
2 shall be reduced by one-half of 1% for each month that the
3 police officer's age is under age 55.

4 The maximum pension under this subsection (d) shall be 75%
5 of final average salary.

6 For the purposes of this subsection (d), "final average
7 salary" means the greater of: (i) the average monthly salary
8 obtained by dividing the total salary of the police officer
9 during the 48 ~~96~~ consecutive months of service within the last
10 60 ~~120~~ months of service in which the total salary was the
11 highest by the number of months of service in that period; or
12 (ii) the average monthly salary obtained by dividing the total
13 salary of the police officer during the 96 consecutive months
14 of service within the last 120 months of service in which the
15 total salary was the highest by the number of months of service
16 in that period.

17 Beginning on January 1, 2011, for all purposes under this
18 Code (including without limitation the calculation of benefits
19 and employee contributions), the annual salary based on the
20 plan year of a member or participant to whom this Section
21 applies shall not exceed \$106,800; however, that amount shall
22 annually thereafter be increased by the lesser of (i) 3% of
23 that amount, including all previous adjustments, or (ii)
24 ~~one-half~~ the annual unadjusted percentage increase (but not
25 less than zero) in the consumer price index-u for the 12 months
26 ending with the September preceding each November 1, including

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1 all previous adjustments.

2 Nothing in this amendatory Act of the 101st General
3 Assembly shall cause or otherwise result in any retroactive
4 adjustment of any employee contributions.

5 (Source: P.A. 96-1495, eff. 1-1-11.)

6 (40 ILCS 5/3-112) (from Ch. 108 1/2, par. 3-112)

7 Sec. 3-112. Pension to survivors.

8 (a) Upon the death of a police officer entitled to a
9 pension under Section 3-111, the surviving spouse shall be
10 entitled to the pension to which the police officer was then
11 entitled. Upon the death of the surviving spouse, or upon the
12 remarriage of the surviving spouse if that remarriage
13 terminates the surviving spouse's eligibility under Section
14 3-121, the police officer's unmarried children who are under
15 age 18 or who are dependent because of physical or mental
16 disability shall be entitled to equal shares of such pension.
17 If there is no eligible surviving spouse and no eligible child,
18 the dependent parent or parents of the officer shall be
19 entitled to receive or share such pension until their death or
20 marriage or remarriage after the death of the police officer.
21 Notwithstanding any other provision of this Article, for a
22 person who first becomes a police officer under this Article on
23 or after January 1, 2011, the pension to which the surviving
24 spouse, children, or parents are entitled under this subsection
25 (a) shall be in an ~~the~~ amount equal to the greater of (i) 54% of

1 the police officer's monthly salary at the date of death, or
2 (ii) ~~of~~ 66 2/3% of the police officer's earned pension at the
3 date of death, and, if there is a surviving spouse, 12% of such
4 monthly salary shall be granted to the guardian of any minor
5 child or children, including a child who has been conceived but
6 not yet born, for each such child until attainment of age 18.
7 Upon the death of the surviving spouse leaving one or more
8 minor children, or upon the death of a police officer leaving
9 one or more minor children but no surviving spouse, a monthly
10 pension of 20% of the monthly salary shall be granted to the
11 duly appointed guardian of each such child for the support and
12 maintenance of each such child until the child reaches age 18.
13 The total pension provided under this paragraph shall not
14 exceed 75% of the monthly salary of the deceased police officer
15 (1) when paid to the survivor of a police officer who has
16 attained 20 or more years of service credit and who receives or

17 is eligible to receive a retirement pension under this Article,
18 (2) when paid to the survivor of a police officer who dies as a
19 result of illness or accident, (3) when paid to the survivor of
20 a police officer who dies from any cause while in receipt of a
21 disability pension under this Article, or (4) when paid to the
22 survivor of a deferred pensioner. Nothing in this subsection
23 (a) shall act to diminish the survivor's benefits described in
24 subsection (e) of this Section.

25 Notwithstanding Section 1-103.1, the changes made to this
26 subsection apply without regard to whether the deceased police

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1 officer was in service on or after the effective date of this
2 amendatory Act of the 101st General Assembly.

3 Notwithstanding any other provision of this Article, the
4 monthly pension of a survivor of a person who first becomes a
5 police officer under this Article on or after January 1, 2011
6 shall be increased on the January 1 after attainment of age 60
7 by the recipient of the survivor's pension and each January 1
8 thereafter by 3% or one-half the annual unadjusted percentage
9 increase (but not less than zero) in the consumer price index-u
10 for the 12 months ending with the September preceding each
11 November 1, whichever is less, of the originally granted
12 survivor's pension. If the annual unadjusted percentage change
13 in the consumer price index-u for a 12-month period ending in
14 September is zero or, when compared with the preceding period,
15 decreases, then the survivor's pension shall not be increased.

16 For the purposes of this subsection (a), "consumer price
17 index-u" means the index published by the Bureau of Labor
18 Statistics of the United States Department of Labor that
19 measures the average change in prices of goods and services
20 purchased by all urban consumers, United States city average,
21 all items, 1982-84 = 100. The new amount resulting from each
22 annual adjustment shall be determined by the Public Pension
23 Division of the Department of Insurance and made available to
24 the boards of the pension funds.

25 (b) Upon the death of a police officer while in service,
26 having at least 20 years of creditable service, or upon the

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1 death of a police officer who retired from service with at
2 least 20 years of creditable service, whether death occurs
3 before or after attainment of age 50, the pension earned by the
4 police officer as of the date of death as provided in Section
5 3-111 shall be paid to the survivors in the sequence provided
6 in subsection (a) of this Section.

7 (c) Upon the death of a police officer while in service,
8 having at least 10 but less than 20 years of service, a pension
9 of 1/2 of the salary attached to the rank or ranks held by the
10 officer for one year immediately prior to death shall be
11 payable to the survivors in the sequence provided in subsection
12 (a) of this Section. If death occurs as a result of the
13 performance of duty, the 10 year requirement shall not apply
14 and the pension to survivors shall be payable after any period
15 of service.

16 (d) Beginning July 1, 1987, a minimum pension of \$400 per
17 month shall be paid to all surviving spouses, without regard to
18 the fact that the death of the police officer occurred prior to
19 that date. If the minimum pension established in Section
20 3-113.1 is greater than the minimum provided in this
21 subsection, the Section 3-113.1 minimum controls.

22 (e) The pension of the surviving spouse of a police officer
23 who dies (i) on or after January 1, 2001, (ii) without having
24 begun to receive either a retirement pension payable under
25 Section 3-111 or a disability pension payable under Section
26 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of

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1 sickness, accident, or injury incurred in or resulting from the
2 performance of an act of duty shall not be less than 100% of

3 the salary attached to the rank held by the deceased police
4 officer on the last day of service, notwithstanding any
5 provision in this Article to the contrary.

6 (Source: P.A. 96-1495, eff. 1-1-11.)

7 (40 ILCS 5/3-124.3 new)

8 Sec. 3-124.3. Authority of the fund. Subject to Section
9 3-141.1, the fund shall retain the exclusive authority to
10 adjudicate and award disability benefits pursuant to Sections
11 3-114.1, 3-114.2, and 3-114.3, retirement benefits pursuant to
12 Section 3-111, and survivor benefits under Sections 3-112 and
13 3-113.1 and to issue refunds pursuant to Section 3-124. The
14 exclusive method of judicial review of any final administrative
15 decision of the fund shall be made in accordance with Section
16 3-148. A third party, including the Police Officers' Pension
17 Investment Fund established under Article 22B of this Code,
18 shall not have the authority to control, alter, or modify, or
19 the ability to review or intervene in, the proceedings or
20 decisions of the fund as otherwise provided in this Section.

21 (40 ILCS 5/3-125) (from Ch. 108 1/2, par. 3-125)

22 Sec. 3-125. Financing.

23 (a) The city council or the board of trustees of the
24 municipality shall annually levy a tax upon all the taxable

1 property of the municipality at the rate on the dollar which
2 will produce an amount which, when added to the deductions from
3 the salaries or wages of police officers, and revenues
4 available from other sources, will equal a sum sufficient to
5 meet the annual requirements of the police pension fund. The
6 annual requirements to be provided by such tax levy are equal
7 to (1) the normal cost of the pension fund for the year
8 involved, plus (2) an amount sufficient to bring the total
9 assets of the pension fund up to 90% of the total actuarial
10 liabilities of the pension fund by the end of municipal fiscal
11 year 2040, as annually updated and determined by an enrolled

12 actuary employed by the Illinois Department of Insurance or by
13 an enrolled actuary retained by the pension fund or the
14 municipality. In making these determinations, the required
15 minimum employer contribution shall be calculated each year as
16 a level percentage of payroll over the years remaining up to
17 and including fiscal year 2040 and shall be determined under
18 the projected unit credit actuarial cost method. The tax shall
19 be levied and collected in the same manner as the general taxes
20 of the municipality, and in addition to all other taxes now or
21 hereafter authorized to be levied upon all property within the
22 municipality, and shall be in addition to the amount authorized
23 to be levied for general purposes as provided by Section 8-3-1
24 of the Illinois Municipal Code, approved May 29, 1961, as
25 amended. The tax shall be forwarded directly to the treasurer
26 of the board within 30 business days after receipt by the

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1 county.

2 (b) For purposes of determining the required employer
3 contribution to a pension fund, the value of the pension fund's
4 assets shall be equal to the actuarial value of the pension
5 fund's assets, which shall be calculated as follows:

6 (1) On March 30, 2011, the actuarial value of a pension
7 fund's assets shall be equal to the market value of the
8 assets as of that date.

9 (2) In determining the actuarial value of the System's
10 assets for fiscal years after March 30, 2011, any actuarial
11 gains or losses from investment return incurred in a fiscal
12 year shall be recognized in equal annual amounts over the
13 5-year period following that fiscal year.

14 (c) If a participating municipality fails to transmit to
15 the fund contributions required of it under this Article for
16 more than 90 days after the payment of those contributions is
17 due, the fund may, after giving notice to the municipality,
18 certify to the State Comptroller the amounts of the delinquent
19 payments in accordance with any applicable rules of the

20 Comptroller, and the Comptroller must, beginning in fiscal year
21 2016, deduct and remit to the fund the certified amounts or a
22 portion of those amounts from the following proportions of
23 payments of State funds to the municipality:

- 24 (1) in fiscal year 2016, one-third of the total amount
25 of any payments of State funds to the municipality;
26 (2) in fiscal year 2017, two-thirds of the total amount

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1 of any payments of State funds to the municipality; and
2 (3) in fiscal year 2018 and each fiscal year
3 thereafter, the total amount of any payments of State funds
4 to the municipality.

5 The State Comptroller may not deduct from any payments of
6 State funds to the municipality more than the amount of
7 delinquent payments certified to the State Comptroller by the
8 fund.

9 (d) The police pension fund shall consist of the following
10 moneys which shall be set apart by the treasurer of the
11 municipality:

12 (1) All moneys derived from the taxes levied hereunder;

13 (2) Contributions by police officers under Section
14 3-125.1;

15 (2.5) All moneys received from the Police Officers'
16 Pension Investment Fund as provided in Article 22B of this
17 Code;

18 (3) All moneys accumulated by the municipality under
19 any previous legislation establishing a fund for the
20 benefit of disabled or retired police officers;

21 (4) Donations, gifts or other transfers authorized by
22 this Article.

23 (e) The Commission on Government Forecasting and
24 Accountability shall conduct a study of all funds established
25 under this Article and shall report its findings to the General
26 Assembly on or before January 1, 2013. To the fullest extent

1 possible, the study shall include, but not be limited to, the
2 following:
3 (1) fund balances;
4 (2) historical employer contribution rates for each
5 fund;
6 (3) the actuarial formulas used as a basis for employer
7 contributions, including the actual assumed rate of return
8 for each year, for each fund;
9 (4) available contribution funding sources;
10 (5) the impact of any revenue limitations caused by
11 PTELL and employer home rule or non-home rule status; and
12 (6) existing statutory funding compliance procedures
13 and funding enforcement mechanisms for all municipal
14 pension funds.

15 (Source: P.A. 99-8, eff. 7-9-15.)

16 (40 ILCS 5/3-132) (from Ch. 108 1/2, par. 3-132)
17 Sec. 3-132. To control and manage the Pension Fund. In
18 accordance with the applicable provisions of Articles 1 and 1A
19 and this Article, to control and manage, exclusively, the
20 following:
21 (1) the pension fund,
22 (2) until the board's investment authority is
23 terminated pursuant to Section 3-132.1, investment
24 expenditures and income, including interest dividends,
25 capital gains and other distributions on the investments,

1 and
2 (3) all money donated, paid, assessed, or provided by
3 law for the pensioning of disabled and retired police
4 officers, their surviving spouses, minor children, and

5 dependent parents.

6 All money received or collected shall be credited by the
7 treasurer of the municipality to the account of the pension
8 fund and held by the treasurer of the municipality subject to
9 the order and control of the board. The treasurer of the
10 municipality shall maintain a record of all money received,
11 transferred, and held for the account of the board.

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

13 (40 ILCS 5/3-132.1 new)

14 Sec. 3-132.1. To transfer investment authority to the
15 Police Officers' Pension Investment Fund. As soon as
16 practicable after the effective date of this amendatory Act of
17 the 101st General Assembly, but no later than 30 months after
18 the effective date of this amendatory Act of the 101st General
19 Assembly, each transferor pension fund shall transfer, in
20 accordance with the requirements of Section 22B-120, to the
21 Police Officers' Pension Investment Fund created under Article
22 22B for management and investment all of their securities or
23 for which commitments have been made, and all funds, assets, or
24 moneys representing permanent or temporary investments, or
25 cash reserves maintained for the purpose of obtaining income

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1 thereon. Upon the transfer of such securities, funds, assets,
2 and moneys of a transferor pension fund to the Police Officers'
3 Pension Investment Fund, the transferor pension fund shall not
4 manage or control the same and shall no longer exercise any
5 investment authority pursuant to Section 3-135 of this Code,
6 notwithstanding any other provision of this Article to the
7 contrary.

8 Nothing in this Section prohibits a fund under this Article
9 from maintaining an account, including an interest earning
10 account, for the purposes of benefit payments and other
11 reasonable expenses after the end of the transition period as
12 defined in Section 22B-112, and funds under this Article are

13 encouraged to consider a local bank or financial institution to
14 provide such accounts and related financial services.

15 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

16 Sec. 4-109. Pension.

17 (a) A firefighter age 50 or more with 20 or more years of
18 creditable service, who is no longer in service as a
19 firefighter, shall receive a monthly pension of 1/2 the monthly
20 salary attached to the rank held by him or her in the fire
21 service at the date of retirement.

22 The monthly pension shall be increased by 1/12 of 2.5% of
23 such monthly salary for each additional month over 20 years of
24 service through 30 years of service, to a maximum of 75% of
25 such monthly salary.

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1 The changes made to this subsection (a) by this amendatory
2 Act of the 91st General Assembly apply to all pensions that
3 become payable under this subsection on or after January 1,
4 1999. All pensions payable under this subsection that began on
5 or after January 1, 1999 and before the effective date of this
6 amendatory Act shall be recalculated, and the amount of the
7 increase accruing for that period shall be payable to the
8 pensioner in a lump sum.

9 (b) A firefighter who retires or is separated from service
10 having at least 10 but less than 20 years of creditable
11 service, who is not entitled to receive a disability pension,
12 and who did not apply for a refund of contributions at his or
13 her last separation from service shall receive a monthly
14 pension upon attainment of age 60 based on the monthly salary
15 attached to his or her rank in the fire service on the date of
16 retirement or separation from service according to the
17 following schedule:

18 For 10 years of service, 15% of salary;

19 For 11 years of service, 17.6% of salary;

20 For 12 years of service, 20.4% of salary;

21 For 13 years of service, 23.4% of salary;
22 For 14 years of service, 26.6% of salary;
23 For 15 years of service, 30% of salary;
24 For 16 years of service, 33.6% of salary;
25 For 17 years of service, 37.4% of salary;
26 For 18 years of service, 41.4% of salary;

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1 For 19 years of service, 45.6% of salary.

2 (c) Notwithstanding any other provision of this Article,
3 the provisions of this subsection (c) apply to a person who
4 first becomes a firefighter under this Article on or after
5 January 1, 2011.

6 A firefighter age 55 or more who has 10 or more years of
7 service in that capacity shall be entitled at his option to
8 receive a monthly pension for his service as a firefighter
9 computed by multiplying 2.5% for each year of such service by
10 his or her final average salary.

11 The pension of a firefighter who is retiring after
12 attaining age 50 with 10 or more years of creditable service
13 shall be reduced by one-half of 1% for each month that the
14 firefighter's age is under age 55.

15 The maximum pension under this subsection (c) shall be 75%
16 of final average salary.

17 For the purposes of this subsection (c), "final average
18 salary" means the greater of: (i) the average monthly salary
19 obtained by dividing the total salary of the firefighter during
20 the ~~48~~ 96 consecutive months of service within the last ~~60~~ 120
21 months of service in which the total salary was the highest by
22 the number of months of service in that period; or (ii) the
23 average monthly salary obtained by dividing the total salary of
24 the firefighter during the 96 consecutive months of service
25 within the last 120 months of service in which the total salary
26 was the highest by the number of months of service in that

1 period.

2 Beginning on January 1, 2011, for all purposes under this
3 Code (including without limitation the calculation of benefits
4 and employee contributions), the annual salary based on the
5 plan year of a member or participant to whom this Section
6 applies shall not exceed \$106,800; however, that amount shall
7 annually thereafter be increased by the lesser of (i) 3% of
8 that amount, including all previous adjustments, or (ii)
9 ~~one-half~~ the annual unadjusted percentage increase (but not
10 less than zero) in the consumer price index-u for the 12 months
11 ending with the September preceding each November 1, including
12 all previous adjustments.

13 Nothing in this amendatory Act of the 101st General
14 Assembly shall cause or otherwise result in any retroactive
15 adjustment of any employee contributions.

16 (Source: P.A. 96-1495, eff. 1-1-11.)

17 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

18 Sec. 4-114. Pension to survivors. If a firefighter who is
19 not receiving a disability pension under Section 4-110 or
20 4-110.1 dies (1) as a result of any illness or accident, or (2)
21 from any cause while in receipt of a disability pension under
22 this Article, or (3) during retirement after 20 years service,
23 or (4) while vested for or in receipt of a pension payable
24 under subsection (b) of Section 4-109, or (5) while a deferred
25 pensioner, having made all required contributions, a pension

1 shall be paid to his or her survivors, based on the monthly
2 salary attached to the firefighter's rank on the last day of
3 service in the fire department, as follows:

4 (a)(1) To the surviving spouse, a monthly pension of
5 40% of the monthly salary, and if there is a surviving
6 spouse, to the guardian of any minor child or children

7 including a child which has been conceived but not yet
8 born, 12% of such monthly salary for each such child until
9 attainment of age 18 or until the child's marriage,
10 whichever occurs first. Beginning July 1, 1993, the monthly
11 pension to the surviving spouse shall be 54% of the monthly
12 salary for all persons receiving a surviving spouse pension
13 under this Article, regardless of whether the deceased
14 firefighter was in service on or after the effective date
15 of this amendatory Act of 1993.

16 (2) Beginning July 1, 2004, unless the amount provided
17 under paragraph (1) of this subsection (a) is greater, the
18 total monthly pension payable under this paragraph (a),
19 including any amount payable on account of children, to the
20 surviving spouse of a firefighter who died (i) while
21 receiving a retirement pension, (ii) while he or she was a
22 deferred pensioner with at least 20 years of creditable
23 service, or (iii) while he or she was in active service
24 having at least 20 years of creditable service, regardless
25 of age, shall be no less than 100% of the monthly
26 retirement pension earned by the deceased firefighter at

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1 the time of death, regardless of whether death occurs
2 before or after attainment of age 50, including any
3 increases under Section 4-109.1. This minimum applies to
4 all such surviving spouses who are eligible to receive a
5 surviving spouse pension, regardless of whether the
6 deceased firefighter was in service on or after the
7 effective date of this amendatory Act of the 93rd General
8 Assembly, and notwithstanding any limitation on maximum
9 pension under paragraph (d) or any other provision of this
10 Article.

11 (3) If the pension paid on and after July 1, 2004 to
12 the surviving spouse of a firefighter who died on or after
13 July 1, 2004 and before the effective date of this

14 amendatory Act of the 93rd General Assembly was less than
15 the minimum pension payable under paragraph (1) or (2) of
16 this subsection (a), the fund shall pay a lump sum equal to
17 the difference within 90 days after the effective date of
18 this amendatory Act of the 93rd General Assembly.

19 The pension to the surviving spouse shall terminate in
20 the event of the surviving spouse's remarriage prior to
21 July 1, 1993; remarriage on or after that date does not
22 affect the surviving spouse's pension, regardless of
23 whether the deceased firefighter was in service on or after
24 the effective date of this amendatory Act of 1993.

25 The surviving spouse's pension shall be subject to the
26 minimum established in Section 4-109.2.

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1 (b) Upon the death of the surviving spouse leaving one
2 or more minor children, or upon the death of a firefighter
3 leaving one or more minor children but no surviving spouse,
4 to the duly appointed guardian of each such child, for
5 support and maintenance of each such child until the child
6 reaches age 18 or marries, whichever occurs first, a
7 monthly pension of 20% of the monthly salary.

8 In a case where the deceased firefighter left one or
9 more minor children but no surviving spouse and the
10 guardian of a child is receiving a pension of 12% of the
11 monthly salary on August 16, 2013 (the effective date of
12 Public Act 98-391), the pension is increased by Public Act
13 98-391 to 20% of the monthly salary for each such child,
14 beginning on the pension payment date occurring on or next
15 following August 16, 2013. The changes to this Section made
16 by Public Act 98-391 apply without regard to whether the
17 deceased firefighter was in service on or after August 16,
18 2013.

19 (c) If a deceased firefighter leaves no surviving
20 spouse or unmarried minor children under age 18, but leaves

21 a dependent father or mother, to each dependent parent a
22 monthly pension of 18% of the monthly salary. To qualify
23 for the pension, a dependent parent must furnish
24 satisfactory proof that the deceased firefighter was at the
25 time of his or her death the sole supporter of the parent
26 or that the parent was the deceased's dependent for federal

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1 income tax purposes.

2 (d) The total pension provided under paragraphs (a),
3 (b) and (c) of this Section shall not exceed 75% of the
4 monthly salary of the deceased firefighter (1) when paid to
5 the survivor of a firefighter who has attained 20 or more
6 years of service credit and who receives or is eligible to
7 receive a retirement pension under this Article, or (2)
8 when paid to the survivor of a firefighter who dies as a
9 result of illness or accident, or (3) when paid to the
10 survivor of a firefighter who dies from any cause while in
11 receipt of a disability pension under this Article, or (4)
12 when paid to the survivor of a deferred pensioner. For all
13 other survivors of deceased firefighters, the total
14 pension provided under paragraphs (a), (b) and (c) of this
15 Section shall not exceed 50% of the retirement annuity the
16 firefighter would have received on the date of death.

17 The maximum pension limitations in this paragraph (d)
18 do not control over any contrary provision of this Article
19 explicitly establishing a minimum amount of pension or
20 granting a one-time or annual increase in pension.

21 (e) If a firefighter leaves no eligible survivors under
22 paragraphs (a), (b) and (c), the board shall refund to the
23 firefighter's estate the amount of his or her accumulated
24 contributions, less the amount of pension payments, if any,
25 made to the firefighter while living.

26 (f) (Blank).

1 (g) If a judgment of dissolution of marriage between a
2 firefighter and spouse is judicially set aside subsequent
3 to the firefighter's death, the surviving spouse is
4 eligible for the pension provided in paragraph (a) only if
5 the judicial proceedings are filed within 2 years after the
6 date of the dissolution of marriage and within one year
7 after the firefighter's death and the board is made a party
8 to the proceedings. In such case the pension shall be
9 payable only from the date of the court's order setting
10 aside the judgment of dissolution of marriage.

11 (h) Benefits payable on account of a child under this
12 Section shall not be reduced or terminated by reason of the
13 child's attainment of age 18 if he or she is then dependent
14 by reason of a physical or mental disability but shall
15 continue to be paid as long as such dependency continues.
16 Individuals over the age of 18 and adjudged as a disabled
17 person pursuant to Article XIa of the Probate Act of 1975,
18 except for persons receiving benefits under Article III of
19 the Illinois Public Aid Code, shall be eligible to receive
20 benefits under this Act.

21 (i) Beginning January 1, 2000, the pension of the
22 surviving spouse of a firefighter who dies on or after
23 January 1, 1994 as a result of sickness, accident, or
24 injury incurred in or resulting from the performance of an
25 act of duty or from the cumulative effects of acts of duty
26 shall not be less than 100% of the salary attached to the

1 rank held by the deceased firefighter on the last day of
2 service, notwithstanding subsection (d) or any other
3 provision of this Article.

4 (j) Beginning July 1, 2004, the pension of the
5 surviving spouse of a firefighter who dies on or after
6 January 1, 1988 as a result of sickness, accident, or
7 injury incurred in or resulting from the performance of an
8 act of duty or from the cumulative effects of acts of duty
9 shall not be less than 100% of the salary attached to the
10 rank held by the deceased firefighter on the last day of
11 service, notwithstanding subsection (d) or any other
12 provision of this Article.

13 Notwithstanding any other provision of this Article, if a
14 person who first becomes a firefighter under this Article on or
15 after January 1, 2011 and who is not receiving a disability
16 pension under Section 4-110 or 4-110.1 dies (1) as a result of
17 any illness or accident, (2) from any cause while in receipt of
18 a disability pension under this Article, (3) during retirement
19 after 20 years service, (4) while vested for or in receipt of a
20 pension payable under subsection (b) of Section 4-109, or (5)
21 while a deferred pensioner, having made all required
22 contributions, then a pension shall be paid to his or her
23 survivors in an the amount equal to the greater of (i) 54% of
24 the firefighter's monthly salary at the date of death, or (ii)
25 of 66 2/3% of the firefighter's earned pension at the date of
26 death, and, if there is a surviving spouse, 12% of such monthly

1 salary shall be granted to the guardian of any minor child or
2 children, including a child who has been conceived but not yet
3 born, for each such child until attainment of age 18. Upon the
4 death of the surviving spouse leaving one or more minor
5 children, or upon the death of a firefighter leaving one or
6 more minor children but no surviving spouse, a monthly pension
7 of 20% of the monthly salary shall be granted to the duly
8 appointed guardian of each such child for the support and
9 maintenance of each such child until the child reaches age 18.
10 The total pension provided under this paragraph shall not
11 exceed 75% of the monthly salary of the deceased firefighter

12 (1) when paid to the survivor of a firefighter who has attained
13 20 or more years of service credit and who receives or is
14 eligible to receive a retirement pension under this Article,
15 (2) when paid to the survivor of a firefighter who dies as a
16 result of illness or accident, (3) when paid to the survivor of
17 a firefighter who dies from any cause while in receipt of a
18 disability pension under this Article, or (4) when paid to the
19 survivor of a deferred pensioner. Nothing in this Section shall
20 act to diminish the survivor's benefits described in subsection
21 (j) of this Section.

22 Notwithstanding Section 1-103.1, the changes made to this
23 subsection apply without regard to whether the deceased
24 firefighter was in service on or after the effective date of
25 this amendatory Act of the 101st General Assembly.

26 Notwithstanding any other provision of this Article, the

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1 monthly pension of a survivor of a person who first becomes a
2 firefighter under this Article on or after January 1, 2011
3 shall be increased on the January 1 after attainment of age 60
4 by the recipient of the survivor's pension and each January 1
5 thereafter by 3% or one-half the annual unadjusted percentage
6 increase in the consumer price index-u for the 12 months ending
7 with the September preceding each November 1, whichever is
8 less, of the originally granted survivor's pension. If the
9 annual unadjusted percentage change in the consumer price
10 index-u for a 12-month period ending in September is zero or,
11 when compared with the preceding period, decreases, then the
12 survivor's pension shall not be increased.

13 For the purposes of this Section, "consumer price index-u"
14 means the index published by the Bureau of Labor Statistics of
15 the United States Department of Labor that measures the average
16 change in prices of goods and services purchased by all urban
17 consumers, United States city average, all items, 1982-84 =
18 100. The new amount resulting from each annual adjustment shall
19 be determined by the Public Pension Division of the Department

20 of Insurance and made available to the boards of the pension
21 funds.

22 (Source: P.A. 98-391, eff. 8-16-13; 98-756, eff. 7-16-14.)

23 (40 ILCS 5/4-117.2 new)

24 Sec. 4-117.2. Authority of the fund. The fund shall retain
25 the exclusive authority to adjudicate and award disability

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1 benefits, retirement benefits, and survivor benefits under
2 this Article and to issue refunds under this Article. The
3 exclusive method of judicial review of any final administrative
4 decision of the fund shall be made in accordance with Section
5 4-139. A third party, including the Firefighters' Pension
6 Investment Fund established under Article 22C of this Code,
7 shall not have the authority to control, alter, or modify, or
8 the ability to review or intervene in, the proceedings or
9 decisions of the fund as otherwise provided in this Section.

10 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

11 Sec. 4-118. Financing.

12 (a) The city council or the board of trustees of the
13 municipality shall annually levy a tax upon all the taxable
14 property of the municipality at the rate on the dollar which
15 will produce an amount which, when added to the deductions from
16 the salaries or wages of firefighters and revenues available
17 from other sources, will equal a sum sufficient to meet the
18 annual actuarial requirements of the pension fund, as
19 determined by an enrolled actuary employed by the Illinois
20 Department of Insurance or by an enrolled actuary retained by
21 the pension fund or municipality. For the purposes of this
22 Section, the annual actuarial requirements of the pension fund
23 are equal to (1) the normal cost of the pension fund, or 17.5%
24 of the salaries and wages to be paid to firefighters for the
25 year involved, whichever is greater, plus (2) an annual amount

1 sufficient to bring the total assets of the pension fund up to
2 90% of the total actuarial liabilities of the pension fund by
3 the end of municipal fiscal year 2040, as annually updated and
4 determined by an enrolled actuary employed by the Illinois
5 Department of Insurance or by an enrolled actuary retained by
6 the pension fund or the municipality. In making these
7 determinations, the required minimum employer contribution
8 shall be calculated each year as a level percentage of payroll
9 over the years remaining up to and including fiscal year 2040
10 and shall be determined under the projected unit credit
11 actuarial cost method. The amount to be applied towards the
12 amortization of the unfunded accrued liability in any year
13 shall not be less than the annual amount required to amortize
14 the unfunded accrued liability, including interest, as a level
15 percentage of payroll over the number of years remaining in the
16 40 year amortization period.

17 (a-2) A municipality that has established a pension fund
18 under this Article and who employs a full-time firefighter, as
19 defined in Section 4-106, shall be deemed a primary employer
20 with respect to that full-time firefighter. Any municipality of
21 5,000 or more inhabitants that employs or enrolls a firefighter
22 while that firefighter continues to earn service credit as a
23 participant in a primary employer's pension fund under this
24 Article shall be deemed a secondary employer and such employees
25 shall be deemed to be secondary employee firefighters. To
26 ensure that the primary employer's pension fund under this

1 Article is aware of additional liabilities and risks to which
2 firefighters are exposed when performing work as firefighters
3 for secondary employers, a secondary employer shall annually
4 prepare a report accounting for all hours worked by and wages
5 and salaries paid to the secondary employee firefighters it

6 receives services from or employs for each fiscal year in which
7 such firefighters are employed and transmit a certified copy of
8 that report to the primary employer's pension fund and the
9 secondary employee firefighter no later than 30 days after the
10 end of any fiscal year in which wages were paid to the
11 secondary employee firefighters.

12 Nothing in this Section shall be construed to allow a
13 secondary employee to qualify for benefits or creditable
14 service for employment as a firefighter for a secondary
15 employer.

16 (a-5) For purposes of determining the required employer
17 contribution to a pension fund, the value of the pension fund's
18 assets shall be equal to the actuarial value of the pension
19 fund's assets, which shall be calculated as follows:

20 (1) On March 30, 2011, the actuarial value of a pension
21 fund's assets shall be equal to the market value of the
22 assets as of that date.

23 (2) In determining the actuarial value of the pension
24 fund's assets for fiscal years after March 30, 2011, any
25 actuarial gains or losses from investment return incurred
26 in a fiscal year shall be recognized in equal annual

1 amounts over the 5-year period following that fiscal year.

2 (b) The tax shall be levied and collected in the same
3 manner as the general taxes of the municipality, and shall be
4 in addition to all other taxes now or hereafter authorized to
5 be levied upon all property within the municipality, and in
6 addition to the amount authorized to be levied for general
7 purposes, under Section 8-3-1 of the Illinois Municipal Code or
8 under Section 14 of the Fire Protection District Act. The tax
9 shall be forwarded directly to the treasurer of the board
10 within 30 business days of receipt by the county (or, in the
11 case of amounts added to the tax levy under subsection (f),
12 used by the municipality to pay the employer contributions
13 required under subsection (b-1) of Section 15-155 of this

14 Code).

15 (b-5) If a participating municipality fails to transmit to
16 the fund contributions required of it under this Article for
17 more than 90 days after the payment of those contributions is
18 due, the fund may, after giving notice to the municipality,
19 certify to the State Comptroller the amounts of the delinquent
20 payments in accordance with any applicable rules of the
21 Comptroller, and the Comptroller must, beginning in fiscal year
22 2016, deduct and remit to the fund the certified amounts or a
23 portion of those amounts from the following proportions of
24 payments of State funds to the municipality:

25 (1) in fiscal year 2016, one-third of the total amount
26 of any payments of State funds to the municipality;

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1 (2) in fiscal year 2017, two-thirds of the total amount
2 of any payments of State funds to the municipality; and
3 (3) in fiscal year 2018 and each fiscal year
4 thereafter, the total amount of any payments of State funds
5 to the municipality.

6 The State Comptroller may not deduct from any payments of
7 State funds to the municipality more than the amount of
8 delinquent payments certified to the State Comptroller by the
9 fund.

10 (c) The board shall make available to the membership and
11 the general public for inspection and copying at reasonable
12 times the most recent Actuarial Valuation Balance Sheet and Tax
13 Levy Requirement issued to the fund by the Department of
14 Insurance.

15 (d) The firefighters' pension fund shall consist of the
16 following moneys which shall be set apart by the treasurer of
17 the municipality: (1) all moneys derived from the taxes levied
18 hereunder; (2) contributions by firefighters as provided under
19 Section 4-118.1; (2.5) all moneys received from the
20 Firefighters' Pension Investment Fund as provided in Article
21 22C of this Code; (3) all rewards in money, fees, gifts, and

22 emoluments that may be paid or given for or on account of
23 extraordinary service by the fire department or any member
24 thereof, except when allowed to be retained by competitive
25 awards; and (4) any money, real estate or personal property
26 received by the board.

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1 (e) For the purposes of this Section, "enrolled actuary"
2 means an actuary: (1) who is a member of the Society of
3 Actuaries or the American Academy of Actuaries; and (2) who is
4 enrolled under Subtitle C of Title III of the Employee
5 Retirement Income Security Act of 1974, or who has been engaged
6 in providing actuarial services to one or more public
7 retirement systems for a period of at least 3 years as of July
8 1, 1983.

9 (f) The corporate authorities of a municipality that
10 employs a person who is described in subdivision (d) of Section
11 4-106 may add to the tax levy otherwise provided for in this
12 Section an amount equal to the projected cost of the employer
13 contributions required to be paid by the municipality to the
14 State Universities Retirement System under subsection (b-1) of
15 Section 15-155 of this Code.

16 (g) The Commission on Government Forecasting and
17 Accountability shall conduct a study of all funds established
18 under this Article and shall report its findings to the General
19 Assembly on or before January 1, 2013. To the fullest extent
20 possible, the study shall include, but not be limited to, the
21 following:

22 (1) fund balances;

23 (2) historical employer contribution rates for each
24 fund;

25 (3) the actuarial formulas used as a basis for employer
26 contributions, including the actual assumed rate of return

1 for each year, for each fund;
2 (4) available contribution funding sources;
3 (5) the impact of any revenue limitations caused by
4 PTELL and employer home rule or non-home rule status; and
5 (6) existing statutory funding compliance procedures
6 and funding enforcement mechanisms for all municipal
7 pension funds.

8 (Source: P.A. 101-522, eff. 8-23-19.)

9 (40 ILCS 5/4-123) (from Ch. 108 1/2, par. 4-123)
10 Sec. 4-123. To control and manage the Pension Fund. In
11 accordance with the applicable provisions of Articles 1 and 1A
12 and this Article, to control and manage, exclusively, the
13 following:

14 (1) the pension fund,
15 (2) until the board's investment authority is
16 terminated pursuant to Section 4-123.2, investment
17 expenditures and income, including interest dividends,
18 capital gains, and other distributions on the investments,
19 and
20 (3) all money donated, paid, assessed, or provided by
21 law for the pensioning of disabled and retired
22 firefighters, their surviving spouses, minor children, and
23 dependent parents.

24 All money received or collected shall be credited by the
25 treasurer of the municipality to the account of the pension

1 fund and held by the treasurer of the municipality subject to
2 the order and control of the board. The treasurer of the
3 municipality shall maintain a record of all money received,
4 transferred, and held for the account of the board.

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

6 (40 ILCS 5/4-123.2 new)

7 Sec. 4-123.2. To transfer investment authority to the
8 Firefighters' Pension Investment Fund. As soon as practicable
9 after the effective date of this amendatory Act of the 101st
10 General Assembly, but no later than 30 months after the
11 effective date of this amendatory Act of the 101st General
12 Assembly, each transferor pension fund shall transfer, in
13 accordance with the requirements of Section 22C-120 to the
14 Firefighters' Pension Investment Fund created under Article
15 22C for management and investment all of their securities or
16 for which commitments have been made, and all funds, assets, or
17 moneys representing permanent or temporary investments, or
18 cash reserves maintained for the purpose of obtaining income
19 thereon. Upon the transfer of such securities, funds, assets,
20 and moneys of a transferor pension fund to the Firefighters'
21 Pension Investment Fund, the transferor pension fund shall not
22 manage or control the same and shall no longer exercise any
23 investment authority pursuant to Section 4-128 of this Code,
24 notwithstanding any other provision of this Article to the
25 contrary.

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1 Nothing in this Section prohibits a fund under this Article
2 from maintaining an account, including an interest earning
3 account, for the purposes of benefit payments and other
4 reasonable expenses after the end of the transition period as
5 defined in Section 22C-112, and funds under this Article are
6 encouraged to consider a local bank or financial institution to
7 provide such accounts and related financial services.

8 (40 ILCS 5/7-159) (from Ch. 108 1/2, par. 7-159)

9 Sec. 7-159. Surviving spouse annuity - refund of survivor
10 credits.

11 (a) Any employee annuitant who (1) upon the date a
12 retirement annuity begins is not then married, or (2) is
13 married to a person who would not qualify for surviving spouse
14 annuity if the person died on such date, is entitled to a

15 refund of the survivor credits including interest accumulated
16 on the date the annuity begins, excluding survivor credits and
17 interest thereon credited during periods of disability, and no
18 spouse shall have a right to any surviving spouse annuity from
19 this Fund. If the employee annuitant reenters service and upon
20 subsequent retirement has a spouse who would qualify for a
21 surviving spouse annuity, the employee annuitant may pay the
22 fund the amount of the refund plus interest at the effective
23 rate at the date of payment. The payment shall qualify the
24 spouse for a surviving spouse annuity and the amount paid shall
25 be considered as survivor contributions.

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1 (b) Instead of a refund under subsection (a), the retiring
2 employee may elect to convert the amount of the refund into an
3 annuity, payable separately from the retirement annuity. If the
4 annuitant dies before the guaranteed amount has been
5 distributed, the remainder shall be paid in a lump sum to the
6 designated beneficiary of the annuitant. The Board shall adopt
7 any rules necessary for the implementation of this subsection.

8 (c) An annuitant who retired prior to June 1, 2011 and
9 received a refund of survivor credits under subsection (a), and
10 who thereafter became, and remains, either:

11 (1) a party to a civil union or a party to a legal
12 relationship that is recognized as a civil union or
13 marriage under the Illinois Religious Freedom Protection
14 and Civil Union Act on or after June 1, 2011; or

15 (2) a party to a marriage under the Illinois Marriage
16 and Dissolution of Marriage Act on or after February 26,
17 2014; or

18 (3) a party to a marriage, civil union or other legal
19 relationship that, at the time it was formed, was not
20 legally recognized in Illinois but was subsequently
21 recognized as a civil union or marriage under the Illinois
22 Religious Freedom Protection and Civil Union Act on or
23 after June 1, 2011, a marriage under the Illinois Marriage

24 and Dissolution of Marriage Act on or after February 26,
25 2014, or both;
26 may, within a period of one year beginning 5 months after the

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1 effective date of this amendatory Act of the 99th General
2 Assembly, make an election to re-establish rights to a
3 surviving spouse annuity under Sections 7-154 through 7-158
4 (notwithstanding the eligibility requirements of paragraph
5 (a)(1) of Section 7-154), by paying to the Fund: (1) the total
6 amount of the refund received for survivor credits; and (2)
7 interest thereon at the actuarially assumed rate of return from
8 the date of the refund to the date of payment. Such election
9 must be made prior to the date of death of the annuitant.

10 The Fund may allow the annuitant to repay this refund over
11 a period of not more than 24 months. To the extent permitted by
12 the Internal Revenue Code of 1986, as amended, for federal and
13 State tax purposes, if a member pays in monthly installments by
14 reducing the monthly benefit by the amount of the otherwise
15 applicable contribution, the monthly amount by which the
16 annuitant's benefit is reduced shall not be treated as a
17 contribution by the annuitant but rather as a reduction of the
18 annuitant's monthly benefit.

19 If an annuitant makes an election under this subsection (c)
20 and the contributions required are not paid in full, an
21 otherwise qualifying spouse shall be given the option to make
22 an additional lump sum payment of the remaining contributions
23 and qualify for a surviving spouse annuity. Otherwise, an
24 additional refund representing contributions made hereunder
25 shall be paid at the annuitant's death and there shall be no
26 surviving spouse annuity paid.

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1 (d) Any surviving spouse of an annuitant who (1) retired

2 prior to June 1, 2011, (2) was not married on the date the
3 retirement annuity began, (3) received a refund of survivor
4 credits under subsection (a), and (4) died prior to the
5 implementation of Public Act 99-682 on December 29, 2016 may,
6 within a period of one year beginning 5 months after the
7 effective date of this amendatory Act of the 101st General
8 Assembly, make an election to re-establish rights to a
9 surviving spouse annuity under Sections 7-154 through 7-158
10 (notwithstanding the eligibility requirements of paragraph (a)
11 of subsection (1) of Section 7-154), by paying to the Fund: (i)
12 the total amount of the refund received for survivor credits;
13 and (ii) interest thereon at the actuarially assumed rate of
14 return from the date of the refund to the date of payment. The
15 surviving spouse must also provide documentation proving he or
16 she was married to the annuitant or a party to a civil union
17 with the annuitant at the time of death and has not
18 subsequently remarried. This proof must include a marriage
19 certificate or a certificate for a civil union and any other
20 supporting documents deemed necessary by the Fund.
21 (Source: P.A. 99-682, eff. 7-29-16.)

22 (40 ILCS 5/14-110) (from Ch. 108 1/2, par. 14-110)
23 Sec. 14-110. Alternative retirement annuity.

24 (a) Any member who has withdrawn from service with not less
25 than 20 years of eligible creditable service and has attained

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1 age 55, and any member who has withdrawn from service with not
2 less than 25 years of eligible creditable service and has
3 attained age 50, regardless of whether the attainment of either
4 of the specified ages occurs while the member is still in
5 service, shall be entitled to receive at the option of the
6 member, in lieu of the regular or minimum retirement annuity, a
7 retirement annuity computed as follows:

8 (i) for periods of service as a noncovered employee: if
9 retirement occurs on or after January 1, 2001, 3% of final

10 average compensation for each year of creditable service;
11 if retirement occurs before January 1, 2001, 2 1/4% of
12 final average compensation for each of the first 10 years
13 of creditable service, 2 1/2% for each year above 10 years
14 to and including 20 years of creditable service, and 2 3/4%
15 for each year of creditable service above 20 years; and

16 (ii) for periods of eligible creditable service as a
17 covered employee: if retirement occurs on or after January
18 1, 2001, 2.5% of final average compensation for each year
19 of creditable service; if retirement occurs before January
20 1, 2001, 1.67% of final average compensation for each of
21 the first 10 years of such service, 1.90% for each of the
22 next 10 years of such service, 2.10% for each year of such
23 service in excess of 20 but not exceeding 30, and 2.30% for
24 each year in excess of 30.

25 Such annuity shall be subject to a maximum of 75% of final
26 average compensation if retirement occurs before January 1,

1 2001 or to a maximum of 80% of final average compensation if
2 retirement occurs on or after January 1, 2001.

3 These rates shall not be applicable to any service
4 performed by a member as a covered employee which is not
5 eligible creditable service. Service as a covered employee
6 which is not eligible creditable service shall be subject to
7 the rates and provisions of Section 14-108.

8 (b) For the purpose of this Section, "eligible creditable
9 service" means creditable service resulting from service in one
10 or more of the following positions:

- 11 (1) State policeman;
- 12 (2) fire fighter in the fire protection service of a
13 department;
- 14 (3) air pilot;
- 15 (4) special agent;
- 16 (5) investigator for the Secretary of State;
- 17 (6) conservation police officer;

- 18 (7) investigator for the Department of Revenue or the
19 Illinois Gaming Board;
20 (8) security employee of the Department of Human
21 Services;
22 (9) Central Management Services security police
23 officer;
24 (10) security employee of the Department of
25 Corrections or the Department of Juvenile Justice;
26 (11) dangerous drugs investigator;

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- 1 (12) investigator for the Department of State Police;
2 (13) investigator for the Office of the Attorney
3 General;
4 (14) controlled substance inspector;
5 (15) investigator for the Office of the State's
6 Attorneys Appellate Prosecutor;
7 (16) Commerce Commission police officer;
8 (17) arson investigator;
9 (18) State highway maintenance worker;
10 (19) security employee of the Department of Innovation
11 and Technology; or
12 (20) transferred employee.

13 A person employed in one of the positions specified in this
14 subsection is entitled to eligible creditable service for
15 service credit earned under this Article while undergoing the
16 basic police training course approved by the Illinois Law
17 Enforcement Training Standards Board, if completion of that
18 training is required of persons serving in that position. For
19 the purposes of this Code, service during the required basic
20 police training course shall be deemed performance of the
21 duties of the specified position, even though the person is not
22 a sworn peace officer at the time of the training.

23 A person under paragraph (20) is entitled to eligible
24 creditable service for service credit earned under this Article
25 on and after his or her transfer by Executive Order No.

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2 (c) For the purposes of this Section:

3 (1) The term "State policeman" includes any title or
4 position in the Department of State Police that is held by
5 an individual employed under the State Police Act.

6 (2) The term "fire fighter in the fire protection
7 service of a department" includes all officers in such fire
8 protection service including fire chiefs and assistant
9 fire chiefs.

10 (3) The term "air pilot" includes any employee whose
11 official job description on file in the Department of
12 Central Management Services, or in the department by which
13 he is employed if that department is not covered by the
14 Personnel Code, states that his principal duty is the
15 operation of aircraft, and who possesses a pilot's license;
16 however, the change in this definition made by this
17 amendatory Act of 1983 shall not operate to exclude any
18 noncovered employee who was an "air pilot" for the purposes
19 of this Section on January 1, 1984.

20 (4) The term "special agent" means any person who by
21 reason of employment by the Division of Narcotic Control,
22 the Bureau of Investigation or, after July 1, 1977, the
23 Division of Criminal Investigation, the Division of
24 Internal Investigation, the Division of Operations, or any
25 other Division or organizational entity in the Department
26 of State Police is vested by law with duties to maintain

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1 public order, investigate violations of the criminal law of
2 this State, enforce the laws of this State, make arrests

3 and recover property. The term "special agent" includes any
4 title or position in the Department of State Police that is
5 held by an individual employed under the State Police Act.

6 (5) The term "investigator for the Secretary of State"
7 means any person employed by the Office of the Secretary of
8 State and vested with such investigative duties as render
9 him ineligible for coverage under the Social Security Act
10 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
11 218(1)(1) of that Act.

12 A person who became employed as an investigator for the
13 Secretary of State between January 1, 1967 and December 31,
14 1975, and who has served as such until attainment of age
15 60, either continuously or with a single break in service
16 of not more than 3 years duration, which break terminated
17 before January 1, 1976, shall be entitled to have his
18 retirement annuity calculated in accordance with
19 subsection (a), notwithstanding that he has less than 20
20 years of credit for such service.

21 (6) The term "Conservation Police Officer" means any
22 person employed by the Division of Law Enforcement of the
23 Department of Natural Resources and vested with such law
24 enforcement duties as render him ineligible for coverage
25 under the Social Security Act by reason of Sections
26 218(d)(5)(A), 218(d)(8)(D), and 218(1)(1) of that Act. The

1 term "Conservation Police Officer" includes the positions
2 of Chief Conservation Police Administrator and Assistant
3 Conservation Police Administrator.

4 (7) The term "investigator for the Department of
5 Revenue" means any person employed by the Department of
6 Revenue and vested with such investigative duties as render
7 him ineligible for coverage under the Social Security Act
8 by reason of Sections 218(d)(5)(A), 218(d)(8)(D) and
9 218(1)(1) of that Act.

10 The term "investigator for the Illinois Gaming Board"
11 means any person employed as such by the Illinois Gaming
12 Board and vested with such peace officer duties as render
13 the person ineligible for coverage under the Social
14 Security Act by reason of Sections 218(d)(5)(A),
15 218(d)(8)(D), and 218(1)(1) of that Act.

16 (8) The term "security employee of the Department of
17 Human Services" means any person employed by the Department
18 of Human Services who (i) is employed at the Chester Mental
19 Health Center and has daily contact with the residents
20 thereof, (ii) is employed within a security unit at a
21 facility operated by the Department and has daily contact
22 with the residents of the security unit, (iii) is employed
23 at a facility operated by the Department that includes a
24 security unit and is regularly scheduled to work at least
25 50% of his or her working hours within that security unit,
26 or (iv) is a mental health police officer. "Mental health

1 police officer" means any person employed by the Department
2 of Human Services in a position pertaining to the
3 Department's mental health and developmental disabilities
4 functions who is vested with such law enforcement duties as
5 render the person ineligible for coverage under the Social
6 Security Act by reason of Sections 218(d)(5)(A),
7 218(d)(8)(D) and 218(1)(1) of that Act. "Security unit"
8 means that portion of a facility that is devoted to the
9 care, containment, and treatment of persons committed to
10 the Department of Human Services as sexually violent
11 persons, persons unfit to stand trial, or persons not
12 guilty by reason of insanity. With respect to past
13 employment, references to the Department of Human Services
14 include its predecessor, the Department of Mental Health
15 and Developmental Disabilities.

16 The changes made to this subdivision (c)(8) by Public

17 Act 92-14 apply to persons who retire on or after January
18 1, 2001, notwithstanding Section 1-103.1.

19 (9) "Central Management Services security police
20 officer" means any person employed by the Department of
21 Central Management Services who is vested with such law
22 enforcement duties as render him ineligible for coverage
23 under the Social Security Act by reason of Sections
24 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act.

25 (10) For a member who first became an employee under
26 this Article before July 1, 2005, the term "security

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1 employee of the Department of Corrections or the Department
2 of Juvenile Justice" means any employee of the Department
3 of Corrections or the Department of Juvenile Justice or the
4 former Department of Personnel, and any member or employee
5 of the Prisoner Review Board, who has daily contact with
6 inmates or youth by working within a correctional facility
7 or Juvenile facility operated by the Department of Juvenile
8 Justice or who is a parole officer or an employee who has
9 direct contact with committed persons in the performance of
10 his or her job duties. For a member who first becomes an
11 employee under this Article on or after July 1, 2005, the
12 term means an employee of the Department of Corrections or
13 the Department of Juvenile Justice who is any of the
14 following: (i) officially headquartered at a correctional
15 facility or Juvenile facility operated by the Department of
16 Juvenile Justice, (ii) a parole officer, (iii) a member of
17 the apprehension unit, (iv) a member of the intelligence
18 unit, (v) a member of the sort team, or (vi) an
19 investigator.

20 (11) The term "dangerous drugs investigator" means any
21 person who is employed as such by the Department of Human
22 Services.

23 (12) The term "investigator for the Department of State

24 Police" means a person employed by the Department of State
25 Police who is vested under Section 4 of the Narcotic
26 Control Division Abolition Act with such law enforcement

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1 powers as render him ineligible for coverage under the
2 Social Security Act by reason of Sections 218(d)(5)(A),
3 218(d)(8)(D) and 218(1)(1) of that Act.

4 (13) "Investigator for the Office of the Attorney
5 General" means any person who is employed as such by the
6 Office of the Attorney General and is vested with such
7 investigative duties as render him ineligible for coverage
8 under the Social Security Act by reason of Sections
9 218(d)(5)(A), 218(d)(8)(D) and 218(1)(1) of that Act. For
10 the period before January 1, 1989, the term includes all
11 persons who were employed as investigators by the Office of
12 the Attorney General, without regard to social security
13 status.

14 (14) "Controlled substance inspector" means any person
15 who is employed as such by the Department of Professional
16 Regulation and is vested with such law enforcement duties
17 as render him ineligible for coverage under the Social
18 Security Act by reason of Sections 218(d)(5)(A),
19 218(d)(8)(D) and 218(1)(1) of that Act. The term
20 "controlled substance inspector" includes the Program
21 Executive of Enforcement and the Assistant Program
22 Executive of Enforcement.

23 (15) The term "investigator for the Office of the
24 State's Attorneys Appellate Prosecutor" means a person
25 employed in that capacity on a full time basis under the
26 authority of Section 7.06 of the State's Attorneys

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1 Appellate Prosecutor's Act.

2 (16) "Commerce Commission police officer" means any
3 person employed by the Illinois Commerce Commission who is
4 vested with such law enforcement duties as render him
5 ineligible for coverage under the Social Security Act by
6 reason of Sections 218(d)(5)(A), 218(d)(8)(D), and
7 218(1)(1) of that Act.

8 (17) "Arson investigator" means any person who is
9 employed as such by the Office of the State Fire Marshal
10 and is vested with such law enforcement duties as render
11 the person ineligible for coverage under the Social
12 Security Act by reason of Sections 218(d)(5)(A),
13 218(d)(8)(D), and 218(1)(1) of that Act. A person who was
14 employed as an arson investigator on January 1, 1995 and is
15 no longer in service but not yet receiving a retirement
16 annuity may convert his or her creditable service for
17 employment as an arson investigator into eligible
18 creditable service by paying to the System the difference
19 between the employee contributions actually paid for that
20 service and the amounts that would have been contributed if
21 the applicant were contributing at the rate applicable to
22 persons with the same social security status earning
23 eligible creditable service on the date of application.

24 (18) The term "State highway maintenance worker" means
25 a person who is either of the following:

26 (i) A person employed on a full-time basis by the

1 Illinois Department of Transportation in the position
2 of highway maintainer, highway maintenance lead
3 worker, highway maintenance lead/lead worker, heavy
4 construction equipment operator, power shovel
5 operator, or bridge mechanic; and whose principal
6 responsibility is to perform, on the roadway, the
7 actual maintenance necessary to keep the highways that

8 form a part of the State highway system in serviceable
9 condition for vehicular traffic.

10 (ii) A person employed on a full-time basis by the
11 Illinois State Toll Highway Authority in the position
12 of equipment operator/laborer H-4, equipment
13 operator/laborer H-6, welder H-4, welder H-6,
14 mechanical/electrical H-4, mechanical/electrical H-6,
15 water/sewer H-4, water/sewer H-6, sign maker/hanger
16 H-4, sign maker/hanger H-6, roadway lighting H-4,
17 roadway lighting H-6, structural H-4, structural H-6,
18 painter H-4, or painter H-6; and whose principal
19 responsibility is to perform, on the roadway, the
20 actual maintenance necessary to keep the Authority's
21 tollways in serviceable condition for vehicular
22 traffic.

23 (19) The term "security employee of the Department of
24 Innovation and Technology" means a person who was a
25 security employee of the Department of Corrections or the
26 Department of Juvenile Justice, was transferred to the

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1 Department of Innovation and Technology pursuant to
2 Executive Order 2016-01, and continues to perform similar
3 job functions under that Department.

4 (20) "Transferred employee" means an employee who was
5 transferred to the Department of Central Management
6 Services by Executive Order No. 2003-10 or Executive Order
7 No. 2004-2 or transferred to the Department of Innovation
8 and Technology by Executive Order No. 2016-1, or both, and
9 was entitled to eligible creditable service for services
10 immediately preceding the transfer.

11 (d) A security employee of the Department of Corrections or
12 the Department of Juvenile Justice, a security employee of the
13 Department of Human Services who is not a mental health police
14 officer, and a security employee of the Department of

15 Innovation and Technology shall not be eligible for the
16 alternative retirement annuity provided by this Section unless
17 he or she meets the following minimum age and service
18 requirements at the time of retirement:

19 (i) 25 years of eligible creditable service and age 55;

20 or

21 (ii) beginning January 1, 1987, 25 years of eligible
22 creditable service and age 54, or 24 years of eligible
23 creditable service and age 55; or

24 (iii) beginning January 1, 1988, 25 years of eligible
25 creditable service and age 53, or 23 years of eligible
26 creditable service and age 55; or

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1 (iv) beginning January 1, 1989, 25 years of eligible
2 creditable service and age 52, or 22 years of eligible
3 creditable service and age 55; or

4 (v) beginning January 1, 1990, 25 years of eligible
5 creditable service and age 51, or 21 years of eligible
6 creditable service and age 55; or

7 (vi) beginning January 1, 1991, 25 years of eligible
8 creditable service and age 50, or 20 years of eligible
9 creditable service and age 55.

10 Persons who have service credit under Article 16 of this
11 Code for service as a security employee of the Department of
12 Corrections or the Department of Juvenile Justice, or the
13 Department of Human Services in a position requiring
14 certification as a teacher may count such service toward
15 establishing their eligibility under the service requirements
16 of this Section; but such service may be used only for
17 establishing such eligibility, and not for the purpose of
18 increasing or calculating any benefit.

19 (e) If a member enters military service while working in a
20 position in which eligible creditable service may be earned,
21 and returns to State service in the same or another such
22 position, and fulfills in all other respects the conditions

23 prescribed in this Article for credit for military service,
24 such military service shall be credited as eligible creditable
25 service for the purposes of the retirement annuity prescribed
26 in this Section.

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1 (f) For purposes of calculating retirement annuities under
2 this Section, periods of service rendered after December 31,
3 1968 and before October 1, 1975 as a covered employee in the
4 position of special agent, conservation police officer, mental
5 health police officer, or investigator for the Secretary of
6 State, shall be deemed to have been service as a noncovered
7 employee, provided that the employee pays to the System prior
8 to retirement an amount equal to (1) the difference between the
9 employee contributions that would have been required for such
10 service as a noncovered employee, and the amount of employee
11 contributions actually paid, plus (2) if payment is made after
12 July 31, 1987, regular interest on the amount specified in item
13 (1) from the date of service to the date of payment.

14 For purposes of calculating retirement annuities under
15 this Section, periods of service rendered after December 31,
16 1968 and before January 1, 1982 as a covered employee in the
17 position of investigator for the Department of Revenue shall be
18 deemed to have been service as a noncovered employee, provided
19 that the employee pays to the System prior to retirement an
20 amount equal to (1) the difference between the employee
21 contributions that would have been required for such service as
22 a noncovered employee, and the amount of employee contributions
23 actually paid, plus (2) if payment is made after January 1,
24 1990, regular interest on the amount specified in item (1) from
25 the date of service to the date of payment.

26 (g) A State policeman may elect, not later than January 1,

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1 1990, to establish eligible creditable service for up to 10
2 years of his service as a policeman under Article 3, by filing
3 a written election with the Board, accompanied by payment of an
4 amount to be determined by the Board, equal to (i) the
5 difference between the amount of employee and employer
6 contributions transferred to the System under Section 3-110.5,
7 and the amounts that would have been contributed had such
8 contributions been made at the rates applicable to State
9 policemen, plus (ii) interest thereon at the effective rate for
10 each year, compounded annually, from the date of service to the
11 date of payment.

12 Subject to the limitation in subsection (i), a State
13 policeman may elect, not later than July 1, 1993, to establish
14 eligible creditable service for up to 10 years of his service
15 as a member of the County Police Department under Article 9, by
16 filing a written election with the Board, accompanied by
17 payment of an amount to be determined by the Board, equal to
18 (i) the difference between the amount of employee and employer
19 contributions transferred to the System under Section 9-121.10
20 and the amounts that would have been contributed had those
21 contributions been made at the rates applicable to State
22 policemen, plus (ii) interest thereon at the effective rate for
23 each year, compounded annually, from the date of service to the
24 date of payment.

25 (h) Subject to the limitation in subsection (i), a State
26 policeman or investigator for the Secretary of State may elect

1 to establish eligible creditable service for up to 12 years of
2 his service as a policeman under Article 5, by filing a written
3 election with the Board on or before January 31, 1992, and
4 paying to the System by January 31, 1994 an amount to be
5 determined by the Board, equal to (i) the difference between
6 the amount of employee and employer contributions transferred
7 to the System under Section 5-236, and the amounts that would
8 have been contributed had such contributions been made at the

9 rates applicable to State policemen, plus (ii) interest thereon
10 at the effective rate for each year, compounded annually, from
11 the date of service to the date of payment.

12 Subject to the limitation in subsection (i), a State
13 policeman, conservation police officer, or investigator for
14 the Secretary of State may elect to establish eligible
15 creditable service for up to 10 years of service as a sheriff's
16 law enforcement employee under Article 7, by filing a written
17 election with the Board on or before January 31, 1993, and
18 paying to the System by January 31, 1994 an amount to be
19 determined by the Board, equal to (i) the difference between
20 the amount of employee and employer contributions transferred
21 to the System under Section 7-139.7, and the amounts that would
22 have been contributed had such contributions been made at the
23 rates applicable to State policemen, plus (ii) interest thereon
24 at the effective rate for each year, compounded annually, from
25 the date of service to the date of payment.

26 Subject to the limitation in subsection (i), a State

1 policeman, conservation police officer, or investigator for
2 the Secretary of State may elect to establish eligible
3 creditable service for up to 5 years of service as a police
4 officer under Article 3, a policeman under Article 5, a
5 sheriff's law enforcement employee under Article 7, a member of
6 the county police department under Article 9, or a police
7 officer under Article 15 by filing a written election with the
8 Board and paying to the System an amount to be determined by
9 the Board, equal to (i) the difference between the amount of
10 employee and employer contributions transferred to the System
11 under Section 3-110.6, 5-236, 7-139.8, 9-121.10, or 15-134.4
12 and the amounts that would have been contributed had such
13 contributions been made at the rates applicable to State
14 policemen, plus (ii) interest thereon at the effective rate for
15 each year, compounded annually, from the date of service to the
16 date of payment.

17 Subject to the limitation in subsection (i), an
18 investigator for the Office of the Attorney General, or an
19 investigator for the Department of Revenue, may elect to
20 establish eligible creditable service for up to 5 years of
21 service as a police officer under Article 3, a policeman under
22 Article 5, a sheriff's law enforcement employee under Article
23 7, or a member of the county police department under Article 9
24 by filing a written election with the Board within 6 months
25 after August 25, 2009 (the effective date of Public Act 96-745)
26 and paying to the System an amount to be determined by the

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1 Board, equal to (i) the difference between the amount of
2 employee and employer contributions transferred to the System
3 under Section 3-110.6, 5-236, 7-139.8, or 9-121.10 and the
4 amounts that would have been contributed had such contributions
5 been made at the rates applicable to State policemen, plus (ii)
6 interest thereon at the actuarially assumed rate for each year,
7 compounded annually, from the date of service to the date of
8 payment.

9 Subject to the limitation in subsection (i), a State
10 policeman, conservation police officer, investigator for the
11 Office of the Attorney General, an investigator for the
12 Department of Revenue, or investigator for the Secretary of
13 State may elect to establish eligible creditable service for up
14 to 5 years of service as a person employed by a participating
15 municipality to perform police duties, or law enforcement
16 officer employed on a full-time basis by a forest preserve
17 district under Article 7, a county corrections officer, or a
18 court services officer under Article 9, by filing a written
19 election with the Board within 6 months after August 25, 2009
20 (the effective date of Public Act 96-745) and paying to the
21 System an amount to be determined by the Board, equal to (i)
22 the difference between the amount of employee and employer
23 contributions transferred to the System under Sections 7-139.8
24 and 9-121.10 and the amounts that would have been contributed

25 had such contributions been made at the rates applicable to
26 State policemen, plus (ii) interest thereon at the actuarially

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1 assumed rate for each year, compounded annually, from the date
2 of service to the date of payment.

3 (i) The total amount of eligible creditable service
4 established by any person under subsections (g), (h), (j), (k),
5 ~~and~~ (l), (l-5), and (o) of this Section shall not exceed 12
6 years.

7 (j) Subject to the limitation in subsection (i), an
8 investigator for the Office of the State's Attorneys Appellate
9 Prosecutor or a controlled substance inspector may elect to
10 establish eligible creditable service for up to 10 years of his
11 service as a policeman under Article 3 or a sheriff's law
12 enforcement employee under Article 7, by filing a written
13 election with the Board, accompanied by payment of an amount to
14 be determined by the Board, equal to (1) the difference between
15 the amount of employee and employer contributions transferred
16 to the System under Section 3-110.6 or 7-139.8, and the amounts
17 that would have been contributed had such contributions been
18 made at the rates applicable to State policemen, plus (2)
19 interest thereon at the effective rate for each year,
20 compounded annually, from the date of service to the date of
21 payment.

22 (k) Subject to the limitation in subsection (i) of this
23 Section, an alternative formula employee may elect to establish
24 eligible creditable service for periods spent as a full-time
25 law enforcement officer or full-time corrections officer
26 employed by the federal government or by a state or local

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1 government located outside of Illinois, for which credit is not
2 held in any other public employee pension fund or retirement

3 system. To obtain this credit, the applicant must file a
4 written application with the Board by March 31, 1998,
5 accompanied by evidence of eligibility acceptable to the Board
6 and payment of an amount to be determined by the Board, equal
7 to (1) employee contributions for the credit being established,
8 based upon the applicant's salary on the first day as an
9 alternative formula employee after the employment for which
10 credit is being established and the rates then applicable to
11 alternative formula employees, plus (2) an amount determined by
12 the Board to be the employer's normal cost of the benefits
13 accrued for the credit being established, plus (3) regular
14 interest on the amounts in items (1) and (2) from the first day
15 as an alternative formula employee after the employment for
16 which credit is being established to the date of payment.

17 (1) Subject to the limitation in subsection (i), a security
18 employee of the Department of Corrections may elect, not later
19 than July 1, 1998, to establish eligible creditable service for
20 up to 10 years of his or her service as a policeman under
21 Article 3, by filing a written election with the Board,
22 accompanied by payment of an amount to be determined by the
23 Board, equal to (i) the difference between the amount of
24 employee and employer contributions transferred to the System
25 under Section 3-110.5, and the amounts that would have been
26 contributed had such contributions been made at the rates

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1 applicable to security employees of the Department of
2 Corrections, plus (ii) interest thereon at the effective rate
3 for each year, compounded annually, from the date of service to
4 the date of payment.

5 (1-5) Subject to the limitation in subsection (i) of this
6 Section, a State policeman may elect to establish eligible
7 creditable service for up to 5 years of service as a full-time
8 law enforcement officer employed by the federal government or
9 by a state or local government located outside of Illinois for
10 which credit is not held in any other public employee pension

11 fund or retirement system. To obtain this credit, the applicant
12 must file a written application with the Board no later than 3
13 years after the effective date of this amendatory Act of the
14 101st General Assembly, accompanied by evidence of eligibility
15 acceptable to the Board and payment of an amount to be
16 determined by the Board, equal to (1) employee contributions
17 for the credit being established, based upon the applicant's
18 salary on the first day as an alternative formula employee
19 after the employment for which credit is being established and
20 the rates then applicable to alternative formula employees,
21 plus (2) an amount determined by the Board to be the employer's
22 normal cost of the benefits accrued for the credit being
23 established, plus (3) regular interest on the amounts in items
24 (1) and (2) from the first day as an alternative formula
25 employee after the employment for which credit is being
26 established to the date of payment.

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1 (m) The amendatory changes to this Section made by this
2 amendatory Act of the 94th General Assembly apply only to: (1)
3 security employees of the Department of Juvenile Justice
4 employed by the Department of Corrections before the effective
5 date of this amendatory Act of the 94th General Assembly and
6 transferred to the Department of Juvenile Justice by this
7 amendatory Act of the 94th General Assembly; and (2) persons
8 employed by the Department of Juvenile Justice on or after the
9 effective date of this amendatory Act of the 94th General
10 Assembly who are required by subsection (b) of Section 3-2.5-15
11 of the Unified Code of Corrections to have any bachelor's or
12 advanced degree from an accredited college or university or, in
13 the case of persons who provide vocational training, who are
14 required to have adequate knowledge in the skill for which they
15 are providing the vocational training.

16 (n) A person employed in a position under subsection (b) of
17 this Section who has purchased service credit under subsection
18 (j) of Section 14-104 or subsection (b) of Section 14-105 in

19 any other capacity under this Article may convert up to 5 years
20 of that service credit into service credit covered under this
21 Section by paying to the Fund an amount equal to (1) the
22 additional employee contribution required under Section
23 14-133, plus (2) the additional employer contribution required
24 under Section 14-131, plus (3) interest on items (1) and (2) at
25 the actuarially assumed rate from the date of the service to
26 the date of payment.

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1 (o) Subject to the limitation in subsection (i), a
2 conservation police officer, investigator for the Secretary of
3 State, Commerce Commission police officer, or arson
4 investigator subject to subsection (g) of Section 1-160 may
5 elect to convert up to 8 years of service credit established
6 before the effective date of this amendatory Act of the 101st
7 General Assembly as a conservation police officer,
8 investigator for the Secretary of State, Commerce Commission
9 police officer, or arson investigator under this Article into
10 eligible creditable service by filing a written election with
11 the Board no later than one year after the effective date of
12 this amendatory Act of the 101st General Assembly, accompanied
13 by payment of an amount to be determined by the Board equal to
14 (i) the difference between the amount of the employee
15 contributions actually paid for that service and the amount of
16 the employee contributions that would have been paid had the
17 employee contributions been made as a noncovered employee
18 serving in a position in which eligible creditable service, as
19 defined in this Section, may be earned, plus (ii) interest
20 thereon at the effective rate for each year, compounded
21 annually, from the date of service to the date of payment.
22 (Source: P.A. 100-19, eff. 1-1-18; 100-611, eff. 7-20-18.)

23 (40 ILCS 5/14-152.1)

24 Sec. 14-152.1. Application and expiration of new benefit
25 increases.

1 (a) As used in this Section, "new benefit increase" means
2 an increase in the amount of any benefit provided under this
3 Article, or an expansion of the conditions of eligibility for
4 any benefit under this Article, that results from an amendment
5 to this Code that takes effect after June 1, 2005 (the
6 effective date of Public Act 94-4). "New benefit increase",
7 however, does not include any benefit increase resulting from
8 the changes made to Article 1 or this Article by Public Act
9 96-37, Public Act 100-23, Public Act 100-587, ~~or~~ Public Act
10 100-611, ~~or~~ Public Act 101-10, or this amendatory Act of the
11 101st General Assembly ~~this amendatory Act of the 101st General~~
12 ~~Assembly.~~

13 (b) Notwithstanding any other provision of this Code or any
14 subsequent amendment to this Code, every new benefit increase
15 is subject to this Section and shall be deemed to be granted
16 only in conformance with and contingent upon compliance with
17 the provisions of this Section.

18 (c) The Public Act enacting a new benefit increase must
19 identify and provide for payment to the System of additional
20 funding at least sufficient to fund the resulting annual
21 increase in cost to the System as it accrues.

22 Every new benefit increase is contingent upon the General
23 Assembly providing the additional funding required under this
24 subsection. The Commission on Government Forecasting and
25 Accountability shall analyze whether adequate additional
26 funding has been provided for the new benefit increase and

1 shall report its analysis to the Public Pension Division of the
2 Department of Insurance. A new benefit increase created by a
3 Public Act that does not include the additional funding
4 required under this subsection is null and void. If the Public

5 Pension Division determines that the additional funding
6 provided for a new benefit increase under this subsection is or
7 has become inadequate, it may so certify to the Governor and
8 the State Comptroller and, in the absence of corrective action
9 by the General Assembly, the new benefit increase shall expire
10 at the end of the fiscal year in which the certification is
11 made.

12 (d) Every new benefit increase shall expire 5 years after
13 its effective date or on such earlier date as may be specified
14 in the language enacting the new benefit increase or provided
15 under subsection (c). This does not prevent the General
16 Assembly from extending or re-creating a new benefit increase
17 by law.

18 (e) Except as otherwise provided in the language creating
19 the new benefit increase, a new benefit increase that expires
20 under this Section continues to apply to persons who applied
21 and qualified for the affected benefit while the new benefit
22 increase was in effect and to the affected beneficiaries and
23 alternate payees of such persons, but does not apply to any
24 other person, including, without limitation, a person who
25 continues in service after the expiration date and did not
26 apply and qualify for the affected benefit while the new

1 benefit increase was in effect.

2 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
3 100-611, eff. 7-20-18; 101-10, eff. 6-5-19; 101-81, eff.
4 7-12-19; revised 7-24-19.)

5 (40 ILCS 5/15-120) (from Ch. 108 1/2, par. 15-120)
6 Sec. 15-120. Beneficiary; survivor annuitant under
7 portable benefit package. "Beneficiary": The person or persons
8 designated by the participant or annuitant in the last written
9 designation on file with the board; or if no person so
10 designated survives, or if no designation is on file, the
11 estate of the participant or annuitant. Acceptance by the

12 participant of a refund of accumulated contributions or an
13 accelerated pension benefit payment under Section 15-185.5
14 shall result in cancellation of all beneficiary designations
15 previously filed. A spouse whose marriage was dissolved shall
16 be disqualified as beneficiary unless the spouse was designated
17 as beneficiary after the effective date of the dissolution of
18 marriage.

19 After a joint and survivor annuity commences under the
20 portable benefit package, the survivor annuitant of a joint and
21 survivor annuity is not disqualified, and may not be removed,
22 as the survivor annuitant by a dissolution of the survivor's
23 marriage with the participant or annuitant.

24 (Source: P.A. 91-887, eff. 7-6-00.)

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1 (40 ILCS 5/15-135) (from Ch. 108 1/2, par. 15-135)

2 Sec. 15-135. Retirement annuities - Conditions.

3 (a) This subsection (a) applies only to a Tier 1 member. A
4 participant who retires in one of the following specified years
5 with the specified amount of service is entitled to a
6 retirement annuity at any age under the retirement program
7 applicable to the participant:

8 35 years if retirement is in 1997 or before;

9 34 years if retirement is in 1998;

10 33 years if retirement is in 1999;

11 32 years if retirement is in 2000;

12 31 years if retirement is in 2001;

13 30 years if retirement is in 2002 or later.

14 A participant with 8 or more years of service after
15 September 1, 1941, is entitled to a retirement annuity on or
16 after attainment of age 55.

17 A participant with at least 5 but less than 8 years of
18 service after September 1, 1941, is entitled to a retirement
19 annuity on or after attainment of age 62.

20 A participant who has at least 25 years of service in this

21 system as a police officer or firefighter is entitled to a
22 retirement annuity on or after the attainment of age 50, if
23 Rule 4 of Section 15-136 is applicable to the participant.

24 (a-5) A Tier 2 member is entitled to a retirement annuity
25 upon written application if he or she has attained age 67 and
26 has at least 10 years of service credit and is otherwise

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1 eligible under the requirements of this Article. A Tier 2
2 member who has attained age 62 and has at least 10 years of
3 service credit and is otherwise eligible under the requirements
4 of this Article may elect to receive the lower retirement
5 annuity provided in subsection (b-5) of Section 15-136 of this
6 Article.

7 (a-10) A Tier 2 member who has at least 20 years of service
8 in this system as a police officer or firefighter is entitled
9 to a retirement annuity upon written application on or after
10 the attainment of age 60 if Rule 4 of Section 15-136 is
11 applicable to the participant. The changes made to this
12 subsection by this amendatory Act of the 101st General Assembly
13 apply retroactively to January 1, 2011.

14 (b) The annuity payment period shall begin on the date
15 specified by the participant or the recipient of a disability
16 retirement annuity submitting a written application. For a
17 participant, the date on which the annuity payment period
18 begins shall not be prior to termination of employment or more
19 than one year before the application is received by the board;
20 however, if the participant is not an employee of an employer
21 participating in this System or in a participating system as
22 defined in Article 20 of this Code on April 1 of the calendar
23 year next following the calendar year in which the participant
24 attains age 70 1/2, the annuity payment period shall begin on
25 that date regardless of whether an application has been filed.
26 For a recipient of a disability retirement annuity, the date on

1 which the annuity payment period begins shall not be prior to
2 the discontinuation of the disability retirement annuity under
3 Section 15-153.2.

4 (c) An annuity is not payable if the amount provided under
5 Section 15-136 is less than \$10 per month.

6 (Source: P.A. 100-556, eff. 12-8-17.)

7 (40 ILCS 5/15-136) (from Ch. 108 1/2, par. 15-136)

8 (Text of Section WITHOUT the changes made by P.A. 98-599,
9 which has been held unconstitutional)

10 Sec. 15-136. Retirement annuities - Amount. The provisions
11 of this Section 15-136 apply only to those participants who are
12 participating in the traditional benefit package or the
13 portable benefit package and do not apply to participants who
14 are participating in the self-managed plan.

15 (a) The amount of a participant's retirement annuity,
16 expressed in the form of a single-life annuity, shall be
17 determined by whichever of the following rules is applicable
18 and provides the largest annuity:

19 Rule 1: The retirement annuity shall be 1.67% of final rate
20 of earnings for each of the first 10 years of service, 1.90%
21 for each of the next 10 years of service, 2.10% for each year
22 of service in excess of 20 but not exceeding 30, and 2.30% for
23 each year in excess of 30; or for persons who retire on or
24 after January 1, 1998, 2.2% of the final rate of earnings for
25 each year of service.

1 Rule 2: The retirement annuity shall be the sum of the
2 following, determined from amounts credited to the participant
3 in accordance with the actuarial tables and the effective rate
4 of interest in effect at the time the retirement annuity
5 begins:

6 (i) the normal annuity which can be provided on an

7 actuarially equivalent basis, by the accumulated normal
8 contributions as of the date the annuity begins;
9 (ii) an annuity from employer contributions of an
10 amount equal to that which can be provided on an
11 actuarially equivalent basis from the accumulated normal
12 contributions made by the participant under Section
13 15-113.6 and Section 15-113.7 plus 1.4 times all other
14 accumulated normal contributions made by the participant;
15 and
16 (iii) the annuity that can be provided on an
17 actuarially equivalent basis from the entire contribution
18 made by the participant under Section 15-113.3.

19 With respect to a police officer or firefighter who retires
20 on or after August 14, 1998, the accumulated normal
21 contributions taken into account under clauses (i) and (ii) of
22 this Rule 2 shall include the additional normal contributions
23 made by the police officer or firefighter under Section
24 15-157(a).

25 The amount of a retirement annuity calculated under this
26 Rule 2 shall be computed solely on the basis of the

1 participant's accumulated normal contributions, as specified
2 in this Rule and defined in Section 15-116. Neither an employee
3 or employer contribution for early retirement under Section
4 15-136.2 nor any other employer contribution shall be used in
5 the calculation of the amount of a retirement annuity under
6 this Rule 2.

7 This amendatory Act of the 91st General Assembly is a
8 clarification of existing law and applies to every participant
9 and annuitant without regard to whether status as an employee
10 terminates before the effective date of this amendatory Act.

11 This Rule 2 does not apply to a person who first becomes an
12 employee under this Article on or after July 1, 2005.

13 Rule 3: The retirement annuity of a participant who is
14 employed at least one-half time during the period on which his

15 or her final rate of earnings is based, shall be equal to the
16 participant's years of service not to exceed 30, multiplied by
17 (1) \$96 if the participant's final rate of earnings is less
18 than \$3,500, (2) \$108 if the final rate of earnings is at least
19 \$3,500 but less than \$4,500, (3) \$120 if the final rate of
20 earnings is at least \$4,500 but less than \$5,500, (4) \$132 if
21 the final rate of earnings is at least \$5,500 but less than
22 \$6,500, (5) \$144 if the final rate of earnings is at least
23 \$6,500 but less than \$7,500, (6) \$156 if the final rate of
24 earnings is at least \$7,500 but less than \$8,500, (7) \$168 if
25 the final rate of earnings is at least \$8,500 but less than
26 \$9,500, and (8) \$180 if the final rate of earnings is \$9,500 or

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1 more, except that the annuity for those persons having made an
2 election under Section 15-154(a-1) shall be calculated and
3 payable under the portable retirement benefit program pursuant
4 to the provisions of Section 15-136.4.

5 Rule 4: A participant who is at least age 50 and has 25 or
6 more years of service as a police officer or firefighter, and a
7 participant who is age 55 or over and has at least 20 but less
8 than 25 years of service as a police officer or firefighter,
9 shall be entitled to a retirement annuity of 2 1/4% of the
10 final rate of earnings for each of the first 10 years of
11 service as a police officer or firefighter, 2 1/2% for each of
12 the next 10 years of service as a police officer or
13 firefighter, and 2 3/4% for each year of service as a police
14 officer or firefighter in excess of 20. The retirement annuity
15 for all other service shall be computed under Rule 1. A Tier 2
16 member is eligible for a retirement annuity calculated under
17 Rule 4 only if that Tier 2 member meets the service
18 requirements for that benefit calculation as prescribed under
19 this Rule 4 in addition to the applicable age requirement under
20 subsection (a-10) ~~(a-5)~~ of Section 15-135.

21 For purposes of this Rule 4, a participant's service as a
22 firefighter shall also include the following:

23 (i) service that is performed while the person is an
24 employee under subsection (h) of Section 15-107; and
25 (ii) in the case of an individual who was a
26 participating employee employed in the fire department of

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1 the University of Illinois's Champaign-Urbana campus
2 immediately prior to the elimination of that fire
3 department and who immediately after the elimination of
4 that fire department transferred to another job with the
5 University of Illinois, service performed as an employee of
6 the University of Illinois in a position other than police
7 officer or firefighter, from the date of that transfer
8 until the employee's next termination of service with the
9 University of Illinois.

10 (b) For a Tier 1 member, the retirement annuity provided
11 under Rules 1 and 3 above shall be reduced by 1/2 of 1% for each
12 month the participant is under age 60 at the time of
13 retirement. However, this reduction shall not apply in the
14 following cases:

15 (1) For a disabled participant whose disability
16 benefits have been discontinued because he or she has
17 exhausted eligibility for disability benefits under clause
18 (6) of Section 15-152;

19 (2) For a participant who has at least the number of
20 years of service required to retire at any age under
21 subsection (a) of Section 15-135; or

22 (3) For that portion of a retirement annuity which has
23 been provided on account of service of the participant
24 during periods when he or she performed the duties of a
25 police officer or firefighter, if these duties were
26 performed for at least 5 years immediately preceding the

1 date the retirement annuity is to begin.

2 (b-5) The retirement annuity of a Tier 2 member who is
3 retiring under Rule 1 or 3 after attaining age 62 with at least
4 10 years of service credit shall be reduced by 1/2 of 1% for
5 each full month that the member's age is under age 67.

6 (c) The maximum retirement annuity provided under Rules 1,
7 2, 4, and 5 shall be the lesser of (1) the annual limit of
8 benefits as specified in Section 415 of the Internal Revenue
9 Code of 1986, as such Section may be amended from time to time
10 and as such benefit limits shall be adjusted by the
11 Commissioner of Internal Revenue, and (2) 80% of final rate of
12 earnings.

13 (d) A Tier 1 member whose status as an employee terminates
14 after August 14, 1969 shall receive automatic increases in his
15 or her retirement annuity as follows:

16 Effective January 1 immediately following the date the
17 retirement annuity begins, the annuitant shall receive an
18 increase in his or her monthly retirement annuity of 0.125% of
19 the monthly retirement annuity provided under Rule 1, Rule 2,
20 Rule 3, or Rule 4 contained in this Section, multiplied by the
21 number of full months which elapsed from the date the
22 retirement annuity payments began to January 1, 1972, plus
23 0.1667% of such annuity, multiplied by the number of full
24 months which elapsed from January 1, 1972, or the date the
25 retirement annuity payments began, whichever is later, to
26 January 1, 1978, plus 0.25% of such annuity multiplied by the

1 number of full months which elapsed from January 1, 1978, or
2 the date the retirement annuity payments began, whichever is
3 later, to the effective date of the increase.

4 The annuitant shall receive an increase in his or her
5 monthly retirement annuity on each January 1 thereafter during
6 the annuitant's life of 3% of the monthly annuity provided

7 under Rule 1, Rule 2, Rule 3, or Rule 4 contained in this
8 Section. The change made under this subsection by P.A. 81-970
9 is effective January 1, 1980 and applies to each annuitant
10 whose status as an employee terminates before or after that
11 date.

12 Beginning January 1, 1990, all automatic annual increases
13 payable under this Section shall be calculated as a percentage
14 of the total annuity payable at the time of the increase,
15 including all increases previously granted under this Article.

16 The change made in this subsection by P.A. 85-1008 is
17 effective January 26, 1988, and is applicable without regard to
18 whether status as an employee terminated before that date.

19 (d-5) A retirement annuity of a Tier 2 member shall receive
20 annual increases on the January 1 occurring either on or after
21 the attainment of age 67 or the first anniversary of the
22 annuity start date, whichever is later. Each annual increase
23 shall be calculated at 3% or one half the annual unadjusted
24 percentage increase (but not less than zero) in the consumer
25 price index-u for the 12 months ending with the September
26 preceding each November 1, whichever is less, of the originally

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1 granted retirement annuity. If the annual unadjusted
2 percentage change in the consumer price index-u for the 12
3 months ending with the September preceding each November 1 is
4 zero or there is a decrease, then the annuity shall not be
5 increased.

6 (e) If, on January 1, 1987, or the date the retirement
7 annuity payment period begins, whichever is later, the sum of
8 the retirement annuity provided under Rule 1 or Rule 2 of this
9 Section and the automatic annual increases provided under the
10 preceding subsection or Section 15-136.1, amounts to less than
11 the retirement annuity which would be provided by Rule 3, the
12 retirement annuity shall be increased as of January 1, 1987, or
13 the date the retirement annuity payment period begins,
14 whichever is later, to the amount which would be provided by

15 Rule 3 of this Section. Such increased amount shall be
16 considered as the retirement annuity in determining benefits
17 provided under other Sections of this Article. This paragraph
18 applies without regard to whether status as an employee
19 terminated before the effective date of this amendatory Act of
20 1987, provided that the annuitant was employed at least
21 one-half time during the period on which the final rate of
22 earnings was based.

23 (f) A participant is entitled to such additional annuity as
24 may be provided on an actuarially equivalent basis, by any
25 accumulated additional contributions to his or her credit.
26 However, the additional contributions made by the participant

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1 toward the automatic increases in annuity provided under this
2 Section shall not be taken into account in determining the
3 amount of such additional annuity.

4 (g) If, (1) by law, a function of a governmental unit, as
5 defined by Section 20-107 of this Code, is transferred in whole
6 or in part to an employer, and (2) a participant transfers
7 employment from such governmental unit to such employer within
8 6 months after the transfer of the function, and (3) the sum of
9 (A) the annuity payable to the participant under Rule 1, 2, or
10 3 of this Section (B) all proportional annuities payable to the
11 participant by all other retirement systems covered by Article
12 20, and (C) the initial primary insurance amount to which the
13 participant is entitled under the Social Security Act, is less
14 than the retirement annuity which would have been payable if
15 all of the participant's pension credits validated under
16 Section 20-109 had been validated under this system, a
17 supplemental annuity equal to the difference in such amounts
18 shall be payable to the participant.

19 (h) On January 1, 1981, an annuitant who was receiving a
20 retirement annuity on or before January 1, 1971 shall have his
21 or her retirement annuity then being paid increased \$1 per
22 month for each year of creditable service. On January 1, 1982,

23 an annuitant whose retirement annuity began on or before
24 January 1, 1977, shall have his or her retirement annuity then
25 being paid increased \$1 per month for each year of creditable
26 service.

1 (i) On January 1, 1987, any annuitant whose retirement
2 annuity began on or before January 1, 1977, shall have the
3 monthly retirement annuity increased by an amount equal to 8¢
4 per year of creditable service times the number of years that
5 have elapsed since the annuity began.

6 (j) The changes made to this Section by this amendatory Act
7 of the 101st General Assembly apply retroactively to January 1,
8 2011.

9 (Source: P.A. 97-933, eff. 8-10-12; 97-968, eff. 8-16-12;
10 98-92, eff. 7-16-13.)

11 (40 ILCS 5/15-159) (from Ch. 108 1/2, par. 15-159)
12 Sec. 15-159. Board created.

13 (a) A board of trustees constituted as provided in this
14 Section shall administer this System. The board shall be known
15 as the Board of Trustees of the State Universities Retirement
16 System.

17 (b) (Blank).

18 (c) (Blank).

19 (d) Beginning on the 90th day after April 3, 2009 (the
20 effective date of Public Act 96-6), the Board of Trustees shall
21 be constituted as follows:

22 (1) The Chairperson of the Board of Higher Education,
23 ~~who shall act as chairperson of this Board.~~

24 (2) Four trustees appointed by the Governor with the
25 advice and consent of the Senate who may not be members of

1 the system or hold an elective State office and who shall
2 serve for a term of 6 years, except that the terms of the
3 initial appointees under this subsection (d) shall be as
4 follows: 2 for a term of 3 years and 2 for a term of 6
5 years.

6 (3) Four active participants of the system to be
7 elected from the contributing membership of the system by
8 the contributing members, no more than 2 of which may be
9 from any of the University of Illinois campuses, who shall
10 serve for a term of 6 years, except that the terms of the
11 initial electees shall be as follows: 2 for a term of 3
12 years and 2 for a term of 6 years.

13 (4) Two annuitants of the system who have been
14 annuitants for at least one full year, to be elected from
15 and by the annuitants of the system, no more than one of
16 which may be from any of the University of Illinois
17 campuses, who shall serve for a term of 6 years, except
18 that the terms of the initial electees shall be as follows:
19 one for a term of 3 years and one for a term of 6 years.

20 The chairperson of the Board shall be appointed by the
21 Governor from among the trustees.

22 For the purposes of this Section, the Governor may make a
23 nomination and the Senate may confirm the nominee in advance of
24 the commencement of the nominee's term of office.

25 (e) The 6 elected trustees shall be elected within 90 days
26 after April 3, 2009 (the effective date of Public Act 96-6) for

1 a term beginning on the 90th day after that effective date.
2 Trustees shall be elected thereafter as terms expire for a
3 6-year term beginning July 15 next following their election,
4 and such election shall be held on May 1, or on May 2 when May 1
5 falls on a Sunday. The board may establish rules for the
6 election of trustees to implement the provisions of Public Act
7 96-6 and for future elections. Candidates for the participating

8 trustee shall be nominated by petitions in writing, signed by
9 not less than 400 participants with their addresses shown
10 opposite their names. Candidates for the annuitant trustee
11 shall be nominated by petitions in writing, signed by not less
12 than 100 annuitants with their addresses shown opposite their
13 names. If there is more than one qualified nominee for each
14 elected trustee, then the board shall conduct a secret ballot
15 election by mail for that trustee, in accordance with rules as
16 established by the board. If there is only one qualified person
17 nominated by petition for each elected trustee, then the
18 election as required by this Section shall not be conducted for
19 that trustee and the board shall declare such nominee duly
20 elected. A vacancy occurring in the elective membership of the
21 board shall be filled for the unexpired term by the elected
22 trustees serving on the board for the remainder of the term.
23 Nothing in this subsection shall preclude the adoption of rules
24 providing for internet or phone balloting in addition, or as an
25 alternative, to election by mail.

26 (f) A vacancy in the appointed membership on the board of

1 trustees caused by resignation, death, expiration of term of
2 office, or other reason shall be filled by a qualified person
3 appointed by the Governor for the remainder of the unexpired
4 term.

5 (g) Trustees (other than the trustees incumbent on June 30,
6 1995 or as provided in subsection (c) of this Section) shall
7 continue in office until their respective successors are
8 appointed and have qualified, except that a trustee appointed
9 to one of the participant positions shall be disqualified
10 immediately upon the termination of his or her status as a
11 participant and a trustee appointed to one of the annuitant
12 positions shall be disqualified immediately upon the
13 termination of his or her status as an annuitant receiving a
14 retirement annuity.

15 (h) Each trustee must take an oath of office before a

16 notary public of this State and shall qualify as a trustee upon
17 the presentation to the board of a certified copy of the oath.
18 The oath must state that the person will diligently and
19 honestly administer the affairs of the retirement system, and
20 will not knowingly violate or willfully permit to be violated
21 any provisions of this Article.

22 Each trustee shall serve without compensation but shall be
23 reimbursed for expenses necessarily incurred in attending
24 board meetings and carrying out his or her duties as a trustee
25 or officer of the system.

26 (Source: P.A. 98-92, eff. 7-16-13.)

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1 (40 ILCS 5/15-198)

2 Sec. 15-198. Application and expiration of new benefit
3 increases.

4 (a) As used in this Section, "new benefit increase" means
5 an increase in the amount of any benefit provided under this
6 Article, or an expansion of the conditions of eligibility for
7 any benefit under this Article, that results from an amendment
8 to this Code that takes effect after June 1, 2005 (the
9 effective date of Public Act 94-4) ~~this amendatory Act of the~~
10 ~~94th General Assembly~~. "New benefit increase", however, does
11 not include any benefit increase resulting from the changes
12 made to Article 1 or this Article by Public Act 100-23, Public
13 Act 100-587, ~~or~~ Public Act 100-769, ~~or~~ Public Act 101-10, or
14 this amendatory Act of the 101st General Assembly ~~this~~
15 ~~amendatory Act of the 101st General Assembly~~.

16 (b) Notwithstanding any other provision of this Code or any
17 subsequent amendment to this Code, every new benefit increase
18 is subject to this Section and shall be deemed to be granted
19 only in conformance with and contingent upon compliance with
20 the provisions of this Section.

21 (c) The Public Act enacting a new benefit increase must
22 identify and provide for payment to the System of additional

23 funding at least sufficient to fund the resulting annual
24 increase in cost to the System as it accrues.
25 Every new benefit increase is contingent upon the General

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1 Assembly providing the additional funding required under this
2 subsection. The Commission on Government Forecasting and
3 Accountability shall analyze whether adequate additional
4 funding has been provided for the new benefit increase and
5 shall report its analysis to the Public Pension Division of the
6 Department of Insurance. A new benefit increase created by a
7 Public Act that does not include the additional funding
8 required under this subsection is null and void. If the Public
9 Pension Division determines that the additional funding
10 provided for a new benefit increase under this subsection is or
11 has become inadequate, it may so certify to the Governor and
12 the State Comptroller and, in the absence of corrective action
13 by the General Assembly, the new benefit increase shall expire
14 at the end of the fiscal year in which the certification is
15 made.

16 (d) Every new benefit increase shall expire 5 years after
17 its effective date or on such earlier date as may be specified
18 in the language enacting the new benefit increase or provided
19 under subsection (c). This does not prevent the General
20 Assembly from extending or re-creating a new benefit increase
21 by law.

22 (e) Except as otherwise provided in the language creating
23 the new benefit increase, a new benefit increase that expires
24 under this Section continues to apply to persons who applied
25 and qualified for the affected benefit while the new benefit
26 increase was in effect and to the affected beneficiaries and

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1 alternate payees of such persons, but does not apply to any

2 other person, including, without limitation, a person who
3 continues in service after the expiration date and did not
4 apply and qualify for the affected benefit while the new
5 benefit increase was in effect.

6 (Source: P.A. 100-23, eff. 7-6-17; 100-587, eff. 6-4-18;
7 100-769, eff. 8-10-18; 101-10, eff. 6-5-19; 101-81, eff.
8 7-12-19; revised 8-1-19.)

9 (40 ILCS 5/16-163) (from Ch. 108 1/2, par. 16-163)
10 Sec. 16-163. Board created. A board of 15 ~~13~~ members
11 constitutes the board of trustees authorized to carry out the
12 provisions of this Article and is responsible for the general
13 administration of the System. The board shall be known as the
14 Board of Trustees of the Teachers' Retirement System of the
15 State of Illinois. The board shall be composed of the
16 Superintendent of Education, ex officio, ~~who shall be the~~
17 ~~president of the board;~~ 7 ~~6~~ persons, not members of the System,
18 to be appointed by the Governor, who shall hold no elected
19 State office; 5 ~~4~~ persons who, at the time of their election,
20 are teachers as defined in Section 16-106, elected by the
21 contributing members; and 2 annuitant members elected by the
22 annuitants of the System, as provided in Section 16-165. The
23 president of the board shall be appointed by the Governor from
24 among the trustees.

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

1 (40 ILCS 5/16-164) (from Ch. 108 1/2, par. 16-164)
2 Sec. 16-164. Board; appointed members; vacancies ~~Board~~
3 ~~appointed members~~ ~~vacancies~~. Terms of office for the
4 appointed members shall begin on July 15 of an even-numbered
5 year, except that the terms of office for members appointed
6 pursuant to this amendatory Act of the 96th General Assembly
7 shall begin upon being confirmed by the Senate. The Governor
8 shall appoint 3 members as trustees with the advice and consent
9 of the Senate in each even-numbered year who shall hold office

10 for a term of 4 years, except that, of the members appointed
11 pursuant to this amendatory Act of the 96th General Assembly, 3
12 members shall be appointed for a term ending July 14, 2012 and
13 3 members shall be appointed for a term ending July 14, 2014.
14 The Governor shall appoint the additional member authorized
15 under this amendatory Act of the 101st General Assembly with
16 the advice and consent of the Senate for a term beginning on
17 July 15, 2020 and ending July 14, 2022, and successors shall
18 hold office for a term of 4 years. Each such appointee shall
19 reside in and be a taxpayer in the territory covered by this
20 system, shall be interested in public school welfare, and
21 experienced and competent in financial and business
22 management. A vacancy in the term of an appointed trustee shall
23 be filled for the unexpired term by appointment of the
24 Governor.

25 Notwithstanding any provision of this Section to the

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1 contrary, the term of office of each member of the Board
2 appointed by the Governor who is sitting on the Board on the
3 effective date of this amendatory Act of the 96th General
4 Assembly is terminated on that effective date. A trustee
5 sitting on the Board on the effective date of this amendatory
6 Act of the 96th General Assembly may not hold over in office
7 for more than 60 days after the effective date of this
8 amendatory Act of the 96th General Assembly. Nothing in this
9 Section shall prevent the Governor from making a temporary
10 appointment or nominating a trustee holding office on the day
11 before the effective date of this amendatory Act of the 96th
12 General Assembly.

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

14 (40 ILCS 5/16-165) (from Ch. 108 1/2, par. 16-165)
15 Sec. 16-165. Board; elected members; vacancies.

16 (a) In each odd-numbered year, if there are 2 teachers
17 whose terms of office will expire in that year, there shall be

18 elected 2 teachers who shall hold office for a term of 4 years
19 beginning July 15 next following their election or, if there
20 are 3 teachers whose terms of office will expire in that year,
21 there shall be elected 3 teachers who shall hold office for a
22 term of 4 years beginning July 15 next following their
23 election, in the manner provided under this Section. An elected
24 teacher member of the board who ceases to be a teacher as
25 defined in Section 16-106 may continue to serve on the board

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1 for the remainder of the term to which he or she was elected.

2 (b) One elected annuitant trustee shall first be elected in
3 1987, and in every fourth year thereafter, for a term of 4
4 years beginning July 15 next following his or her election.

5 (c) The elected annuitant position created by this
6 amendatory Act of the 91st General Assembly shall be filled as
7 soon as possible in the manner provided for vacancies, for an
8 initial term ending July 15, 2001. One elected annuitant
9 trustee shall be elected in 2001, and in every fourth year
10 thereafter, for a term of 4 years beginning July 15 next
11 following his or her election.

12 The elected teacher position created by this amendatory Act
13 of the 101st General Assembly shall be for an initial 3-year
14 term and shall be filled in the manner provided for vacancies;
15 except that if the teacher candidate who receives the highest
16 number of votes and the incumbent members not up for election
17 belong to the same statewide teacher organization, then the
18 teacher candidate who receives the highest number of votes and
19 is not a member of that statewide teacher organization shall be
20 declared elected.

21 (d) Elections shall be held on May 1, unless May 1 falls on
22 a Saturday or Sunday, in which event the election shall be
23 conducted on the following Monday. Candidates shall be
24 nominated by petitions in writing, signed by not less than 500
25 teachers or annuitants, as the case may be, with their
26 addresses shown opposite their names. The petitions shall be

1 filed with the board's Secretary not less than 90 nor more than
2 120 days prior to May 1. The Secretary shall determine their
3 validity not less than 75 days before the election.

4 (d-5) Beginning July 15, 2020, not more than 4 of the 5
5 teachers elected to the Board of Trustees may be active members
6 of the same statewide teacher organization. For the purposes of
7 this Section, "statewide teacher organization" means a teacher
8 organization (1) in which membership is not restricted to
9 persons living or teaching within a limited geographical area
10 of this State and (2) that has among its membership at least
11 10,000 persons who participate in this System.

12 Candidates for the teacher positions on the Board shall
13 indicate, in their nomination petitions and campaign
14 materials, which (if any) statewide teacher organizations they
15 have belonged to during the 5 years preceding the election.

16 (e) If, for either teacher or annuitant members, the number
17 of qualified nominees exceeds the number of available
18 positions, the system shall prepare an appropriate ballot with
19 the names of the candidates in alphabetical order and shall
20 mail one copy thereof, at least 10 days prior to the election
21 day, to each teacher or annuitant of this system as of the
22 latest date practicable, at the latest known address, together
23 with a return envelope addressed to the board and also a
24 smaller envelope marked "For Ballot Only", and a slip for
25 signature. Each voter, upon marking his ballot with a cross
26 mark in the square before the name of the person voted for,

1 shall place the ballot in the envelope marked "For Ballot
2 Only", seal the envelope, write on the slip provided therefor
3 his signature and address, enclose both the slip and sealed
4 envelope containing the marked ballot in the return envelope

5 addressed to the board, and mail it. Whether a person is
6 eligible to vote for the teacher nominees or the annuitant
7 nominees shall be determined from system payroll records as of
8 March 1.

9 Upon receipt of the return envelopes, the system shall open
10 them and set aside unopened the envelopes marked "For Ballot
11 Only". On election day ballots shall be publicly opened and
12 counted by the trustees or canvassers appointed therefor. Each
13 vote cast for a candidate represents one vote only. No ballot
14 arriving after 10 o'clock a.m. on election day shall be
15 counted.

16 (e-3) The 2 teacher candidates or 3 teacher candidates,
17 whichever is applicable for that election, and the annuitant
18 candidate receiving the highest number of votes shall be
19 declared elected; except that beginning with the election in
20 2021, if the teacher candidate who receives the highest number
21 of votes and the incumbent members not up for election belong
22 to the same statewide teacher organization, then the second
23 teacher candidate to be declared elected shall be the candidate
24 who is not a member of the same statewide teacher organization
25 and receives the highest number of votes, unless there is no
26 such candidate or at least one candidate declared elected in

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1 the same election is not a member of that statewide teacher
2 organization. The board shall declare the results of the
3 election, keep a record thereof, and notify the candidates of
4 the results thereof within 30 days after the election.

5 (e-5) If, for either class of members, there are only as
6 many qualified nominees as there are positions available, the
7 balloting as described in this Section shall not be conducted
8 for those nominees, and the board shall declare them duly
9 elected.

10 (f) A vacancy occurring in the elective membership of the
11 board shall be filled for the unexpired term by a person
12 qualified for the vacant position, selected by the remaining

13 elected members of the board, if there are no more than 6
14 months remaining on the term. For a term with more than 6
15 months remaining, the Director of the Teachers' Retirement
16 System of the State of Illinois shall institute an election in
17 accordance with this Act to fill the unexpired term.
18 (Source: P.A. 94-423, eff. 8-2-05; 94-710, eff. 12-5-05;
19 95-331, eff. 8-21-07.)

20 (40 ILCS 5/Art. 22B heading new)

21 ARTICLE 22B. THE POLICE OFFICERS' PENSION INVESTMENT FUND

22 (40 ILCS 5/22B-101 new)

23 Sec. 22B-101. Establishment. The Police Officers' Pension
24 Investment Fund is created with authority to manage the

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1 reserves, funds, assets, securities, properties, and moneys of
2 the police pension funds created pursuant to Article 3 of this
3 Code, all as provided in this Article.

4 (40 ILCS 5/22B-102 new)

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

8 (40 ILCS 5/22B-103 new)

9 Sec. 22B-103. Fund. "Fund" means the Police Officers'
10 Pension Investment Fund.

11 (40 ILCS 5/22B-104 new)

12 Sec. 22B-104. Transferor pension fund. "Transferor pension
13 fund" means any pension fund established pursuant to Article 3
14 of this Code.

15 (40 ILCS 5/22B-105 new)

16 Sec. 22B-105. Participating pension fund. "Participating
17 pension fund" means any pension fund established pursuant to

18 Article 3 of this Code that has transferred securities, funds,
19 assets, and moneys, and responsibility for custody and control
20 of those securities, funds, assets, and moneys, to the Fund
21 pursuant to Section 3-132.1.

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1 (40 ILCS 5/22B-106 new)
2 Sec. 22B-106. Pension fund assets. "Pension fund assets"
3 means the reserves, funds, assets, securities, and moneys of
4 any transferor pension fund.

5 (40 ILCS 5/22B-107 new)
6 Sec. 22B-107. Invest. "Invest" means to acquire, invest,
7 reinvest, exchange, or retain pension fund assets of the
8 transferor pension funds and to sell and manage the reserves,
9 funds, securities, moneys, or assets of the transferor pension
10 fund, all in accordance with this Article.

11 (40 ILCS 5/22B-108 new)
12 Sec. 22B-108. Investment advisor. "Investment advisor"
13 means any person or business entity that provides investment
14 advice to the Board on a personalized basis and with an
15 understanding of the policies and goals of the Board.
16 "Investment advisor" does not include any person or business
17 entity that provides statistical or general market research
18 data available for purchase or use by others.

19 (40 ILCS 5/22B-112 new)
20 Sec. 22B-112. Transition period. "Transition period" means
21 the period immediately following the effective date of this
22 amendatory Act of the 101st General Assembly during which
23 pension fund assets, and responsibility for custody and control

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1 of those assets, will be transferred from the transferor
2 pension funds to the board, as described in Section 22B-120.

3 (40 ILCS 5/22B-113 new)

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

9 (40 ILCS 5/22B-114 new)

10 Sec. 22B-114. Purpose, establishment, and governance. The
11 Fund is established to consolidate the transferor pension funds
12 to streamline investments and eliminate unnecessary and
13 redundant administrative costs, thereby ensuring more money is
14 available to fund pension benefits for the beneficiaries of the
15 transferor pension funds. The transition board trustees and
16 permanent board trustees of the Fund shall be fiduciaries for
17 the participants and beneficiaries of the participating
18 pension funds and shall discharge their duties with respect to
19 the retirement system or pension fund solely in the interest of
20 the participants and beneficiaries. Further, the transition
21 board trustees and permanent board trustees, acting prudently
22 and as fiduciaries, shall take all reasonable steps to ensure
23 that all of the transferor pension funds are treated equitably
24 and that the financial condition of one participating pension

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1 fund, including, but not limited to, pension benefit funding
2 levels and ratios, will have no effect on the financial
3 condition of any other transferor pension fund.

4 (40 ILCS 5/22B-115 new)

5 Sec. 22B-115. Board of Trustees of the Fund.

6 (a) No later than one month after the effective date of
7 this amendatory Act of the 101st General Assembly or as soon
8 thereafter as may be practicable, the Governor shall appoint,

9 by and with the advice and consent of the Senate, a transition
10 board of trustees consisting of 9 members as follows:

11 (1) three members representing municipalities who are
12 mayors, presidents, chief executive officers, chief
13 financial officers, or other officers, executives, or
14 department heads of municipalities and appointed from
15 among candidates recommended by the Illinois Municipal
16 League;

17 (2) three members representing participants and who
18 are participants, 2 of whom shall be appointed from among
19 candidates recommended by a statewide fraternal
20 organization representing more than 20,000 active and
21 retired police officers in the State of Illinois, and one
22 of whom shall be appointed from among candidates
23 recommended by a benevolent association representing sworn
24 police officers in the State of Illinois;

25 (3) two members representing beneficiaries and who are

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1 beneficiaries, one of whom shall be appointed from among
2 candidates recommended by a statewide fraternal
3 organization representing more than 20,000 active and
4 retired police officers in the State of Illinois, and one
5 of whom shall be appointed from among candidates
6 recommended by a benevolent association representing sworn
7 police officers in the State of Illinois; and

8 (4) one member who is a representative of the Illinois
9 Municipal League.

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

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

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

17 (1) Three members who are mayors, presidents, chief
18 executive officers, chief financial officers, or other
19 officers, executives, or department heads of
20 municipalities that have participating pension funds and
21 are elected by the mayors and presidents of municipalities
22 that have participating pension funds.

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

26 (3) Two members who are beneficiaries of participating

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1 pension funds and are elected by the beneficiaries of
2 participating pension funds.

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

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

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

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

22 A municipality employing a police officer who is an elected
23 or appointed trustee of the board must allow reasonable time
24 off with compensation for the police officer to conduct

25 official business related to his or her position on the board,
26 including time for travel. The board shall notify the

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1 municipality in advance of the dates, times, and locations of
2 this official business. The Fund shall timely reimburse the
3 municipality for the reasonable costs incurred that are due to
4 the police officer's absence.

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

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

14 Notwithstanding any provision or interpretation of law to
15 the contrary, any trustee of a fund established under Article 3
16 of this Code may also be appointed as a member of the
17 transition board or elected or appointed as a member of the
18 permanent board.

19 The restriction in Section 3.1 of the Lobbyist Registration
20 Act shall not apply to a member of the transition board
21 appointed pursuant to item (4) of subsection (a) or to a member
22 of the permanent board appointed pursuant to item (4) of
23 subsection (b).

24 (40 ILCS 5/22B-116 new)

25 Sec. 22B-116. Conduct and administration of elections;

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1 terms of office.

2 (a) For the election of the permanent trustees, the

3 transition board shall administer the initial elections and the
4 permanent board shall administer all subsequent elections.
5 Each board shall develop and implement such procedures as it
6 determines to be appropriate for the conduct of such elections.
7 For the purposes of obtaining information necessary to conduct
8 elections under this Section, participating pension funds
9 shall cooperate with the Fund.

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

12 (1) for trustees to be elected by the mayors and
13 presidents of municipalities that have participating
14 pension funds, by at least 20 such mayors and presidents;

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

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

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

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

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

9 The board shall set a day for counting the ballots and name
10 judges and clerks of election to conduct the count of ballots

11 and shall make any rules necessary for the conduct of the
12 count.

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

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

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

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

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

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

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

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

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

19 (1) one trustee elected pursuant to item (1) of
20 subsection (b) of Section 22B-115 shall serve for a term of
21 2 years and 2 trustees elected pursuant to item (1) of
22 subsection (b) of Section 22B-115 shall serve for a term of
23 4 years;

24 (2) two trustees elected pursuant to item (2) of
25 subsection (b) of Section 22B-115 shall serve for a term of
26 2 years and one trustee elected pursuant to item (2) of

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1 subsection (b) of Section 22B-115 shall serve for a term of
2 4 years; and

3 (3) one trustee elected pursuant to item (3) of
4 subsection (b) of Section 22B-115 shall serve for a term of
5 2 years and one trustee elected pursuant to item (3) of
6 subsection (b) of Section 22B-115 shall serve for a term of
7 4 years.

8 (g) The trustee appointed pursuant to item (4) of
9 subsection (b) of Section 22B-115 shall serve for a term of 2
10 years commencing on the first business day of the first month
11 after the election of the elected trustees.

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

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

26 For a vacancy of an elected trustee occurring with an

1 unexpired term of less than 6 months, the vacancy shall be
2 filled by appointment by the board for the unexpired term as
3 follows: a vacancy of a member elected pursuant to item (1) of
4 subsection (b) of Section 22B-115 shall be filled by a mayor,
5 president, chief executive officer, chief financial officer,
6 or other officer, executive, or department head of a
7 municipality that has a participating pension fund; a vacancy
8 of a member elected pursuant to item (2) of subsection (b) of
9 Section 22B-115 shall be filled by a participant of a
10 participating pension fund; and a vacancy of a member elected
11 under item (3) of subsection (b) of Section 22B-115 shall be
12 filled by a beneficiary of a participating pension fund.

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

16 (40 ILCS 5/22B-117 new)

17 Sec. 22B-117. Meetings of the board.

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

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

25 (c) All actions taken by the transition board and the

1 permanent board shall require a vote of least 5 trustees,
2 except that the following shall require a vote of at least 6
3 trustees: the adoption of actuarial assumptions; the selection
4 of the chief investment officer, fiduciary counsel, or a

5 consultant as defined under Section 1-101.5 of this Code; the
6 adoption of rules for the conduct of election of trustees; and
7 the adoption of asset allocation policies and investment
8 policies.

9 (40 ILCS 5/22B-118 new)

10 Sec. 22B-118. Operation and administration of the Fund.

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

21 (b) The board may appoint one or more custodians to
22 facilitate the transfer of pension fund assets during the
23 transition period, and subsequently to provide custodial and
24 related fiduciary services on behalf of the board, and enter
25 into contracts for such services. The board may also appoint

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1 external legal counsel and an independent auditing firm and may
2 appoint investment advisors and other consultants as it
3 determines to be appropriate and enter into contracts for such
4 services. With approval of the board, the executive director
5 may retain such other consultants, advisors, fiduciaries, and
6 service providers as may be desirable and enter into contracts
7 for such services.

8 (c) The board shall separately calculate account balances
9 for each participating pension fund. The operations and
10 financial condition of each participating pension fund account
11 shall not affect the account balance of any other participating
12 pension fund. Further, investment returns earned by the Fund

13 shall be allocated and distributed pro rata among each
14 participating pension fund account in accordance with the value
15 of the pension fund assets attributable to each fund.

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

21 (e) The board shall annually adopt a budget to support its
22 operations and administration. The board shall apply moneys
23 derived from the pension fund assets transferred and under its
24 control to pay the costs and expenses incurred in the operation
25 and administration of the Fund. The board shall from time to
26 time transfer moneys and other assets to the participating

1 pension funds as required for the participating pension funds
2 to pay expenses, benefits, and other required payments to
3 beneficiaries in the amounts and at the times prescribed in
4 this Code.

5 (f) The board may exercise any of the powers granted to
6 boards of trustees of pension funds under Sections 1-107 and
7 1-108 of this Code and may by resolution provide for the
8 indemnification of its members and any of its officers,
9 advisors, or employees in a manner consistent with those
10 Sections.

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

15 (h) The board shall contract for a blanket fidelity bond in
16 the penal sum of not less than \$1,000,000 to cover members of
17 the board of trustees, the executive director, and all other
18 employees of the board, conditioned for the faithful
19 performance of the duties of their respective offices, the

20 premium on which shall be paid by the board.

21 (40 ILCS 5/22B-119 new)

22 Sec. 22B-119. Adoption of rules. The board shall adopt such
23 rules (not inconsistent with this Code) as in its judgment are
24 desirable to implement and properly administer this Article.
25 Such rules shall specifically provide for the following: (1)

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1 the implementation of the transition process described in
2 Section 22B-120; (2) the process by which the participating
3 pension funds may request transfer of funds; (3) the process
4 for the transfer in, receipt for, and investment of pension
5 assets received by the Fund after the transition period from
6 the participating pension funds; (4) the process by which
7 contributions from municipalities for the benefit of the
8 participating pension funds may, but are not required to, be
9 directly transferred to the Fund; and (5) compensation and
10 benefits for its employees. A copy of the rules adopted by the
11 Fund shall be filed with the Secretary of State and the
12 Department of Insurance. The adoption and effectiveness of such
13 rules shall not be subject to Article 5 of the Illinois
14 Administrative Procedure Act.

15 (40 ILCS 5/22B-120 new)

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

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

23 (b) The board may retain the services of custodians,
24 investment consultants, and other professional services it
25 deems prudent to implement the transition of assets described

1 in this Section. The permanent board of trustees shall not be
2 bound by any contract or agreement regarding such custodians,
3 investment consultants, or other professional services entered
4 into by the transition board of trustees.

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

25 (d) When the Fund is prepared to receive pension fund
26 assets from any transferor pension fund, the executive director

1 shall notify in writing the board of trustees of that
2 transferor pension fund of the Fund's intent to assume
3 fiduciary control of those pension fund assets, and the date at
4 which it will assume such control and that the transferor
5 pension fund will cease to exercise fiduciary responsibility.

6 This letter shall be transmitted no less than 30 days prior to
7 the transfer date. A copy of the letter shall be transmitted to
8 the Department of Insurance. Upon receipt of the letter, the
9 transferor pension fund shall promptly notify its custodian, as
10 well as any and all entities with fiduciary control of any
11 portion of the pension assets. Each transferor pension fund
12 shall have sole fiduciary and statutory responsibility for the
13 management of its pension assets until the start of business on
14 the transfer date. At the start of business on the transfer
15 date, statutory and fiduciary responsibility for the
16 investment of pension fund assets shall shift exclusively to
17 the Fund and the Fund shall promptly and prudently transfer all
18 such pension fund assets to the board and terminate the
19 relationship with the local custodian of that transferor
20 pension fund. The Fund shall provide a receipt for the transfer
21 to the transferor pension fund within 30 days of the transfer
22 date.

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

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

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

14 Act.

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

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1 Department of Insurance.

2 (h) To provide funds for payment of the ordinary and
3 regular costs associated with the implementation of this
4 transition process, the Illinois Finance Authority is
5 authorized to loan to the Fund up to \$7,500,000 of any of the
6 Authority's funds, including, but not limited to, funds in its
7 Illinois Housing Partnership Program Fund, its Industrial
8 Project Insurance Fund, or its Illinois Venture Investment
9 Fund, for such purpose. Such loan shall be repaid by the Fund
10 with an interest rate tied to the Federal Funds Rate or an
11 equivalent market established variable rate. The Fund and the
12 Illinois Finance Authority shall enter into a loan or similar
13 agreement that specifies the period of the loan, the payment
14 interval, procedures for making periodic loans, the variable
15 rate methodology to which the interest rate for loans should be
16 tied, the funds of the Illinois Finance Authority that will be
17 used to provide the loan, and such other terms that the Fund
18 and the Illinois Finance Authority reasonably believe to be
19 mutually beneficial. Such agreement shall be a public record
20 and the Fund shall post the terms of the agreement on its

21 official website.

22 (40 ILCS 5/22B-121 new)

23 Sec. 22B-121. Management and direction of investments.

24 (a) The board shall have the authority to manage the
25 pension fund assets of the transferor pension funds for the

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1 purpose of obtaining a total return on investments for the long
2 term.

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

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

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

26 (e) This Section does not prohibit the board from directly

1 investing pension fund assets in public market investments,
2 private investments, real estate investments, or other
3 investments authorized by this Code.

4 (40 ILCS 5/22B-122 new)

5 Sec. 22B-122. Investment authority. The Fund shall have the
6 authority to invest funds, subject to the requirements and
7 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
8 1-110, 1-111, 1-114, and 1-115 of this Code.

9 The Fund shall not be subject to any of the limitations
10 applicable to investments of pension fund assets by the
11 transferor pension funds under Sections 1-113.1 through
12 1-113.12 or Article 3 of this Code. The Fund shall not, for
13 purposes of Article 1 of this Code, be deemed to be a
14 retirement system, pension fund, or investment board whose
15 investments are restricted by Section 1-113.2 of this Code,
16 and, as a result, the Fund shall be subject to the provisions
17 of Section 1-109.1, including, but not limited to: utilization
18 of emerging investment managers; increasing racial, ethnic,
19 and gender diversity of its fiduciaries; utilization of
20 businesses owned by minorities, women, and persons with
21 disabilities; utilization of minority broker-dealers;
22 utilization of minority investment managers; and applicable
23 reporting requirements.

24 No bank or savings and loan association shall receive
25 investment funds as permitted by this Section, unless it has

1 complied with the requirements established pursuant to Section
2 6 of the Public Funds Investment Act. The limitations set forth
3 in Section 6 of the Public Funds Investment Act shall be
4 applicable only at the time of investment and shall not require
5 the liquidation of any investment at any time.

6 The Fund shall have the authority to enter into such

7 agreements and to execute such documents as it determines to be
8 necessary to complete any investment transaction.

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

16 Investments shall be carried at cost or at a value
17 determined in accordance with generally accepted accounting
18 principles and accounting procedures approved by the Fund.

19 (40 ILCS 5/22B-123 new)

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

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

9 (40 ILCS 5/22B-124 new)

10 Sec. 22B-124. Accounting for pension fund assets. In the
11 management of the pension fund assets of the transferor pension
12 funds, the Fund:

13 (1) shall carry all pension fund assets at fair market
14 value determined in accordance with generally accepted

15 accounting principles and accounting procedures approved
16 by the board. Each investment initially transferred to the
17 Fund by a transferor pension fund shall be similarly
18 valued, except that the board may elect to place such value
19 on any investment conditionally in which case, the amount
20 of any later realization of such asset in cash that is in
21 excess of or is less than the amount so credited shall be
22 credited or charged to the account maintained for the
23 transferor pension fund that made the transfer;
24 (2) shall keep proper books of account that shall
25 reflect at all times the value of all investments held by

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

5 (40 ILCS 5/22B-125 new)
6 Sec. 22B-125. Audits and reports.

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

15 (b) For the quarterly periods ending September 30, December
16 31, and March 31, the Fund shall submit to the participating
17 pension funds and to the Department of Insurance a report
18 providing, among other things, the following information:

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

21 (2) a full description of the securities sold or
22 exchanged, showing average proceeds or other conditions of

23 an exchange;
24 (3) gains or losses realized during the period;
25 (4) income from investments; and

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1 (5) administrative expenses.
2 (c) An annual report shall be prepared by the Fund for
3 submission to the participating pension funds and to the
4 Department of Insurance within 6 months after the close of each
5 fiscal year. A fiscal year shall date from July 1 of one year
6 to June 30 of the year next following. This report shall
7 contain full information concerning the results of investment
8 operations of the Fund. This report shall include the
9 information described in subsection (b) and, in addition
10 thereto, the following information:
11 (1) a listing of the investments held by the Fund at
12 the end of the year, showing their book values and market
13 values and their income yields on market values;
14 (2) comments on the pertinent factors affecting such
15 investments;
16 (3) a review of the policies maintained by the Fund and
17 any changes that occurred during the year;
18 (4) a copy of the audited financial statements for the
19 year;
20 (5) recommendations for possible changes in this
21 Article or otherwise governing the operations of the Fund;
22 and
23 (6) a listing of the names of securities brokers and
24 dealers dealt with during the year showing the total amount
25 of commissions received by each on transactions with the
26 Fund.

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1 (40 ILCS 5/Art. 22C heading new)
2 ARTICLE 22C. THE FIREFIGHTERS' PENSION INVESTMENT FUND

3 (40 ILCS 5/22C-101 new)
4 Sec. 22C-101. Establishment. The Firefighters' Pension
5 Investment Fund is created with authority to manage the
6 reserves, funds, assets, securities, properties, and moneys of
7 the firefighter pension funds created pursuant to Article 4 of
8 this Code, all as provided in this Article.

9 (40 ILCS 5/22C-102 new)
10 Sec. 22C-102. Definitions. For the purposes of this
11 Article, the following words and phrases shall have the meaning
12 ascribed to them unless the context requires otherwise.

13 (40 ILCS 5/22C-103 new)
14 Sec. 22C-103. Fund. "Fund" means the Firefighters' Pension
15 Investment Fund.

16 (40 ILCS 5/22C-104 new)
17 Sec. 22C-104. Transferor pension fund. "Transferor pension
18 fund" means any pension fund established pursuant to Article 4
19 of this Code.

20 (40 ILCS 5/22C-105 new)

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

7 (40 ILCS 5/22C-106 new)
8 Sec. 22C-106. Pension fund assets. "Pension fund assets"
9 means the reserves, funds, assets, securities, and moneys of

10 any transferor pension fund.

11 (40 ILCS 5/22C-107 new)

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

17 (40 ILCS 5/22C-108 new)

18 Sec. 22C-108. Investment advisor. "Investment advisor"
19 means any person or business entity that provides investment
20 advice to the board on a personalized basis and with an
21 understanding of the policies and goals of the board.
22 "Investment advisor" does not include any person or business
23 entity that provides statistical or general market research

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1 data available for purchase or use by others.

2 (40 ILCS 5/22C-112 new)

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

9 (40 ILCS 5/22C-113 new)

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

15 (40 ILCS 5/22C-114 new)

16 Sec. 22C-114. Purpose, establishment, and governance. The
17 Fund is established to consolidate the transferor pension funds

18 to streamline investments and eliminate unnecessary and
19 redundant administrative costs, thereby ensuring more money is
20 available to fund pension benefits for the beneficiaries of the
21 transferor pension funds. The transition board trustees and
22 permanent board trustees of the Fund shall be fiduciaries for
23 the participants and beneficiaries of the participating

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1 pension funds and shall discharge their duties with respect to
2 the retirement system or pension fund solely in the interest of
3 the participants and beneficiaries. Further, the transition
4 board trustees and permanent board trustees, acting prudently
5 and as fiduciaries, shall take all reasonable steps to ensure
6 that all of the transferor pension funds are treated equitably
7 and that the financial condition of one participating pension
8 fund, including, but not limited to, pension benefit funding
9 levels and ratios, will have no effect on the financial
10 condition of any other transferor pension fund.

11 (40 ILCS 5/22C-115 new)

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

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

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

25 (2) three members representing participants who are

1 participants and appointed from among candidates
2 recommended by the statewide labor organization
3 representing firefighters employed by at least 85
4 municipalities that is affiliated with the Illinois State
5 Federation of Labor;

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

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

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

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

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

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

25 (1) Three members who are mayors, presidents, chief
26 executive officers, chief financial officers, or other

1 officers, executives, or department heads of
2 municipalities or fire protection districts that have
3 participating pension funds and are elected by the mayors
4 and presidents of municipalities or fire protection
5 districts that have participating pension funds.

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

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

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

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

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

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

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

11 A municipality or fire protection district employing a
12 firefighter who is an elected or appointed trustee of the board
13 must allow reasonable time off with compensation for the

14 firefighter to conduct official business related to his or her
15 position on the board, including time for travel. The board
16 shall notify the municipality or fire protection district in
17 advance of the dates, times, and locations of this official
18 business. The Fund shall timely reimburse the municipality or
19 fire protection district for the reasonable costs incurred that
20 are due to the firefighter's absence.

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

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

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

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

14 (40 ILCS 5/22C-116 new)

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

17 (a) For the election of the permanent trustees, the
18 transition board shall administer the initial elections and the
19 permanent board shall administer all subsequent elections.
20 Each board shall develop and implement such procedures as it

21 determines to be appropriate for the conduct of such elections.
22 For the purposes of obtaining information necessary to conduct
23 elections under this Section, participating pension funds
24 shall cooperate with the Fund.

25 (b) All nominations for election shall be by petition. Each

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1 petition for a trustee shall be executed as follows:

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

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

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

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

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

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

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

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

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

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

16 (1) Each person authorized to vote for an elected
17 trustee may cast one vote for each related position for
18 which such person is entitled to vote and may cast such
19 vote for any candidate or candidates on the ballot for such
20 trustee position.

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

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

1 (e) The initial election for permanent trustees shall be
2 held and the permanent board shall be seated no later than 12
3 months after the effective date of this amendatory Act of the
4 101st General Assembly. Each subsequent election shall be held
5 no later than 30 days prior to the end of the term of the
6 incumbent trustees.

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

11 (1) One trustee elected pursuant to item (1) of
12 subsection (b) of Section 22C-115 shall serve for a term of
13 2 years and 2 trustees elected pursuant to item (1) of
14 subsection (b) of Section 22C-115 shall serve for a term of
15 4 years;

16 (2) One trustee elected pursuant to item (2) of
17 subsection (b) of Section 22C-115 shall serve for a term of
18 2 years and 2 trustees elected pursuant to item (2) of
19 subsection (b) of Section 22C-115 shall serve for a term of
20 4 years; and

21 (3) The trustee elected pursuant to item (3) of
22 subsection (b) of Section 22C-115 shall serve for a term of
23 2 years.

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

1 month after the election of the elected trustees.

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

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

15 and this Section.

16 For a vacancy of an elected trustee occurring with an
17 unexpired term of less than 6 months, the vacancy shall be
18 filled by appointment by the board for the unexpired term as
19 follows: a vacancy of a member elected pursuant to item (1) of
20 subsection (b) of Section 22C-115 shall be filled by a mayor,
21 president, chief executive officer, chief financial officer,
22 or other officer, executive, or department head of a
23 municipality or fire protection district that has a
24 participating pension fund; a vacancy of a member elected
25 pursuant to item (2) of subsection (b) of Section 22C-115 shall
26 be filled by a participant of a participating pension fund; and

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1 a vacancy of a member elected under item (3) of subsection (b)
2 of Section 22C-115 shall be filled by a beneficiary of a
3 participating pension fund.

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

7 (40 ILCS 5/22C-117 new)

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

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

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

16 (c) All actions taken by the transition board and the
17 permanent board shall require a vote of least 5 trustees,
18 except that the following shall require a vote of at least 6
19 trustees: the adoption of actuarial assumptions; the selection
20 of the chief investment officer, fiduciary counsel, or a
21 consultant as defined under Section 1-101.5 of this Code; the

22 adoption of rules for the conduct of election of trustees; and
23 the adoption of asset allocation policies and investment
24 policies.

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1 (40 ILCS 5/22C-118 new)

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

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

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

25 (c) The board shall separately calculate account balances
26 for each participating pension fund. The operations and

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1 financial condition of each participating pension fund account
2 shall not affect the account balance of any other participating
3 pension fund. Further, investment returns earned by the Fund
4 shall be allocated and distributed pro rata among each
5 participating pension fund account in accordance with the value
6 of the pension fund assets attributable to each fund.

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

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

22 (f) The board may exercise any of the powers granted to
23 boards of trustees of pension funds under Sections 1-107 and
24 1-108 of this Code and may by resolution provide for the
25 indemnification of its members and any of its officers,
26 advisors, or employees in a manner consistent with those

1 Sections.

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

6 (h) The board shall contract for a blanket fidelity bond in
7 the penal sum of not less than \$1,000,000 to cover members of
8 the board of trustees, the executive director, and all other

9 employees of the board, conditioned for the faithful
10 performance of the duties of their respective offices, the
11 premium on which shall be paid by the board.

12 (40 ILCS 5/22C-119 new)

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

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1 Fund; and (5) compensation and benefits for its employees. A
2 copy of the rules adopted by the Fund shall be filed with the
3 Secretary of State and the Department of Insurance. The
4 adoption and effectiveness of such rules shall not be subject
5 to Article 5 of the Illinois Administrative Procedure Act.

6 (40 ILCS 5/22C-120 new)

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

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

14 (b) The board may retain the services of custodians,
15 investment consultants, and other professional services it
16 deems prudent to implement the transition of assets described

17 in this Section. The permanent board of trustees shall not be
18 bound by any contract or agreement regarding such custodians,
19 investment consultants, or other professional services entered
20 into by the transition board of trustees.

21 (c) As soon as practicable after the effective date of this
22 amendatory Act of the 101st General Assembly, the board, in
23 cooperation with the Department of Insurance, shall audit the
24 investment assets of each transferor pension fund to determine
25 a certified investment asset list for each transferor pension

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1 fund. The audit shall be performed by a certified public
2 accountant engaged by the board, and the board shall be
3 responsible for payment of the costs and expenses associated
4 with the audit. Upon completion of the audit for any transferor
5 pension fund, the board and the Department of Insurance shall
6 provide the certified investment asset list to that transferor
7 pension fund. Upon determination of the certified investment
8 asset list for any transferor pension fund, the board shall,
9 within 10 business days or as soon thereafter as may be
10 practicable, as determined by the board, initiate the transfer
11 of assets from that transferor pension fund. Further and to
12 maintain accuracy of the certified investment asset list, upon
13 determination of the certified investment asset list for a
14 transferor pension fund, that fund shall not purchase or sell
15 any of its pension fund assets.

16 (d) When the Fund is prepared to receive pension fund
17 assets from any transferor pension fund, the executive director
18 shall notify in writing the board of trustees of that
19 transferor pension fund of the Fund's intent to assume
20 fiduciary control of those pension fund assets, and the date at
21 which it will assume such control and that the transferor
22 pension fund will cease to exercise fiduciary responsibility.
23 This letter shall be transmitted no less than 30 days prior to
24 the transfer date. A copy of the letter shall be transmitted to
25 the Department of Insurance. Upon receipt of the letter, the

26 transferor pension fund shall promptly notify its custodian, as

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1 well as any and all entities with fiduciary control of any
2 portion of the pension assets. Each transferor pension fund
3 shall have sole fiduciary and statutory responsibility for the
4 management of its pension assets until the start of business on
5 the transfer date. At the start of business on the transfer
6 date, statutory and fiduciary responsibility for the
7 investment of pension fund assets shall shift exclusively to
8 the Fund and the Fund shall promptly and prudently transfer all
9 such pension fund assets to the board and terminate the
10 relationship with the local custodian of that transferor
11 pension fund. The Fund shall provide a receipt for the transfer
12 to the transferor pension fund within 30 days of the transfer
13 date.

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

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

23 (f) The board shall adopt such rules as in its judgment are
24 desirable to implement the transition process, including,
25 without limitation, the transfer of the pension fund assets of
26 the transferor pension funds, the assumption of fiduciary

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1 control of such assets by the Fund, and the termination of
2 relationships with local custodians. The adoption and
3 effectiveness of such rules and regulations shall not be

4 subject to Article 5 of the Illinois Administrative Procedure
5 Act.

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

19 (h) To provide funds for payment of the ordinary and
20 regular costs associated with the implementation of this
21 transition process, the Illinois Finance Authority is
22 authorized to loan to the Fund up to \$7,500,000 of any of the
23 Authority's funds, including, but not limited to, funds in its
24 Illinois Housing Partnership Program Fund, its Industrial
25 Project Insurance Fund, or its Illinois Venture Investment
26 Fund, for such purpose. Such loan shall be repaid by the Fund

1 with an interest rate tied to the Federal Funds Rate or an
2 equivalent market established variable rate. The Fund and the
3 Illinois Finance Authority shall enter into a loan or similar
4 agreement that specifies the period of the loan, the payment
5 interval, procedures for making periodic loans, the variable
6 rate methodology to which the interest rate for loans should be
7 tied, the funds of the Illinois Finance Authority that will be
8 used to provide the loan, and such other terms that the Fund
9 and the Illinois Finance Authority reasonably believe to be
10 mutually beneficial. Such agreement shall be a public record
11 and the Fund shall post the terms of the agreement on its

12 official website.

13 (40 ILCS 5/22C-121 new)

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

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

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

24 (c) The pension fund assets of the Fund shall be maintained
25 in accounts held outside the State treasury. Moneys in those

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1 accounts are not subject to administrative charges or
2 chargebacks, including, but not limited to, those authorized
3 under the State Finance Act.

4 (d) The board may not delegate its management functions,
5 but it may, but is not required to, arrange to compensate for
6 personalized investment advisory service for any or all
7 investments under its control with any national or state bank
8 or trust company authorized to do a trust business and
9 domiciled in Illinois, other financial institution organized
10 under the laws of Illinois, or an investment advisor who is
11 qualified under the federal Investment Advisers Act of 1940 and
12 is registered under the Illinois Securities Law of 1953.

13 Nothing contained in this Article prevents the board from
14 subscribing to general investment research services available
15 for purchase or use by others. The board shall also have the
16 authority to compensate for accounting services.

17 (e) This Section does not prohibit the board from directly
18 investing pension fund assets in public market investments,
19 private investments, real estate investments, or other

20 investments authorized by this Code.

21 (40 ILCS 5/22C-122 new)

22 Sec. 22C-122. Investment authority. The Fund shall have the
23 authority to invest funds, subject to the requirements and
24 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
25 1-110, 1-111, 1-114, and 1-115 of this Code.

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1 The Fund shall not be subject to any of the limitations
2 applicable to investments of pension fund assets by the
3 transferor pension funds under Sections 1-113.1 through
4 1-113.12 or Article 4 of this Code. The Fund shall not, for
5 purposes of Article 1 of this Code, be deemed to be a
6 retirement system, pension fund, or investment board whose
7 investments are restricted by Section 1-113.2 of this Code,
8 and, as a result, the Fund shall be subject to the provisions
9 of Section 1-109.1, including, but not limited to: utilization
10 of emerging investment managers; increasing racial, ethnic,
11 and gender diversity of its fiduciaries; utilization of
12 businesses owned by minorities, women, and persons with
13 disabilities; utilization of minority broker-dealers;
14 utilization of minority investment managers; and applicable
15 reporting requirements.

16 No bank or savings and loan association shall receive
17 investment funds as permitted by this Section, unless it has
18 complied with the requirements established pursuant to Section
19 6 of the Public Funds Investment Act. The limitations set forth
20 in Section 6 of the Public Funds Investment Act shall be
21 applicable only at the time of investment and shall not require
22 the liquidation of any investment at any time.

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

26 All investments shall be clearly held and accounted for to

1 indicate ownership by the Fund. The Fund may direct the
2 registration of securities in its own name or in the name of a
3 nominee created for the express purpose of registration of
4 securities by a national or state bank or trust company
5 authorized to conduct a trust business in the State of
6 Illinois.

7 Investments shall be carried at cost or at a value
8 determined in accordance with generally accepted accounting
9 principles and accounting procedures approved by the Fund.

10 (40 ILCS 5/22C-123 new)

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

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

1 (40 ILCS 5/22C-124 new)

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

5 (1) shall carry all pension fund assets at fair market
6 value determined in accordance with generally accepted
7 accounting principles and accounting procedures approved
8 by the board. Each investment initially transferred to the
9 Fund by a transferor pension fund shall be similarly
10 valued, except that the board may elect to place such value
11 on any investment conditionally in which case, the amount
12 of any later realization of such asset in cash that is in
13 excess of or is less than the amount so credited shall be
14 credited or charged to the account maintained for the
15 transferor pension fund that made the transfer;

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

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

22 (40 ILCS 5/22C-125 new)

23 Sec. 22C-125. Audits and reports.

24 (a) At least annually, the books, records, accounts, and
25 securities of the Fund shall be audited by a certified public

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1 accountant selected by the board and conducted in accordance
2 with the rules and procedures promulgated by the Governmental
3 Accounting Standards Board. The audit opinion shall be
4 published as a part of the annual report of the Fund, which
5 shall be submitted to the transferor pension funds and to the
6 Department of Insurance.

7 (b) For the quarterly periods ending September 30, December
8 31, and March 31, the Fund shall submit to the participating
9 pension funds and to the Department of Insurance a report
10 providing, among other things, the following information:

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

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

16 (3) gains or losses realized during the period;

17 (4) income from investments; and

18 (5) administrative expenses.

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

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1 thereto, the following information:

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

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

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

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

11 (5) recommendations for possible changes in this
12 Article or otherwise governing the operations of the Fund;
13 and

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

18 Section 15. The Local Government Officer Compensation Act

19 is amended by changing Section 25 as follows:

20 (50 ILCS 145/25)

21 Sec. 25. Elected official salary.

22 (a) Notwithstanding the provision of any other law to the
23 contrary, an elected officer of a unit of local government that
24 is a participating employer under the Illinois Municipal

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1 Retirement Fund shall not receive any salary or other
2 compensation from the unit of local government if the member is
3 receiving pension benefits from the Illinois Municipal
4 Retirement Fund under Article 7 of the Illinois Pension Code
5 for the elected official's service in that same elected
6 position. If an elected officer is receiving benefits from the
7 Illinois Municipal Retirement Fund on August 23, 2019 (the
8 effective date of Public Act 101-544) ~~this amendatory Act of~~
9 ~~the 101st General Assembly~~, the elected official's salary and
10 compensation shall be reduced to zero at the beginning of the
11 member's next term if the member is still receiving such
12 pension benefits.

13 (b) This Section does not apply to a unit of local
14 government that has adopted an ordinance or resolution
15 effective prior to January 1, 2019 that: (i) reduces the
16 compensation of an elected official of the unit of local
17 government who is receiving pension benefits from the Illinois
18 Municipal Retirement Fund under Article 7 of the Illinois
19 Pension Code for his or her service as an elected official in
20 the same elected position of that unit of local government; and
21 (ii) changes the official's position to part-time.
22 (Source: P.A. 101-544, eff. 8-23-19.)

23 Section 20. The Illinois Vehicle Code is amended by
24 changing Section 2-115 as follows:

1 (625 ILCS 5/2-115) (from Ch. 95 1/2, par. 2-115)

2 Sec. 2-115. Investigators.

3 (a) The Secretary of State, for the purpose of more
4 effectively carrying out the provisions of the laws in relation
5 to motor vehicles, shall have power to appoint such number of
6 investigators as he may deem necessary. It shall be the duty of
7 such investigators to investigate and enforce violations of the
8 provisions of this Act administered by the Secretary of State
9 and provisions of Chapters 11, 12, 13, 14, and 15 and to
10 investigate and report any violation by any person who operates
11 as a motor carrier of property as defined in Section 18-100 of
12 this Act and does not hold a valid certificate or permit. Such
13 investigators shall have and may exercise throughout the State
14 all of the powers of peace officers.

15 No person may be retained in service as an investigator
16 under this Section after he or she has reached 60 years of age,
17 except for a person employed in the title of Capitol Police
18 Investigator ~~and who began employment on or after January 1,~~
19 ~~2011~~, in which case, that person may not be retained in service
20 after that person has reached 65 years of age.

21 The Secretary of State must authorize to each investigator
22 employed under this Section and to any other employee of the
23 Office of the Secretary of State exercising the powers of a
24 peace officer a distinct badge that, on its face, (i) clearly
25 states that the badge is authorized by the Office of the
26 Secretary of State and (ii) contains a unique identifying

1 number. No other badge shall be authorized by the Office of the
2 Secretary of State.

3 (b) The Secretary may expend such sums as he deems
4 necessary from Contractual Services appropriations for the
5 Department of Police for the purchase of evidence, for the

6 employment of persons to obtain evidence, and for the payment
7 for any goods or services related to obtaining evidence. Such
8 sums shall be advanced to investigators authorized by the
9 Secretary to expend funds, on vouchers signed by the Secretary.
10 In addition, the Secretary of State is authorized to maintain
11 one or more commercial checking accounts with any State banking
12 corporation or corporations organized under or subject to the
13 Illinois Banking Act for the deposit and withdrawal of moneys
14 to be used solely for the purchase of evidence and for the
15 employment of persons to obtain evidence, or for the payment
16 for any goods or services related to obtaining evidence;
17 provided that no check may be written on nor any withdrawal
18 made from any such account except on the written signatures of
19 2 persons designated by the Secretary to write such checks and
20 make such withdrawals, and provided further that the balance of
21 moneys on deposit in any such account shall not exceed \$5,000
22 at any time, nor shall any one check written on or single
23 withdrawal made from any such account exceed \$5,000.

24 All fines or moneys collected or received by the Department
25 of Police under any State or federal forfeiture statute;
26 including, but not limited to moneys forfeited under Section 12

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1 of the Cannabis Control Act, moneys forfeited under Section 85
2 of the Methamphetamine Control and Community Protection Act,
3 and moneys distributed under Section 413 of the Illinois
4 Controlled Substances Act, shall be deposited into the
5 Secretary of State Evidence Fund.

6 In all convictions for offenses in violation of this Act,
7 the Court may order restitution to the Secretary of any or all
8 sums expended for the purchase of evidence, for the employment
9 of persons to obtain evidence, and for the payment for any
10 goods or services related to obtaining evidence. All such
11 restitution received by the Secretary shall be deposited into
12 the Secretary of State Evidence Fund. Moneys deposited into the
13 fund shall, subject to appropriation, be used by the Secretary

14 of State for the purposes provided for under the provisions of
15 this Section.

16 (Source: P.A. 99-896, eff. 1-1-17; 100-201, eff. 8-18-17.)

17 Section 90. The State Mandates Act is amended by adding
18 Section 8.43 as follows:

19 (30 ILCS 805/8.43)

20 (Text of Section before amendment by P.A. 101-50 and
21 101-504)

22 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
23 of this Act, no reimbursement by the State is required for the
24 implementation of any mandate created by Public Act 101-11,

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1 101-49, 101-275, 101-320, 101-377, 101-387, 101-474, 101-492,
2 101-502, 101-522, or this amendatory Act of the 101st General
3 Assembly ~~this amendatory Act of the 101st General Assembly.~~

4 (Source: P.A. 101-11, eff. 6-7-19; 101-49, eff. 7-12-19;
5 101-275, eff. 8-9-19; 101-320, eff. 8-9-19; 101-377, eff.
6 8-16-19; 101-387, eff. 8-16-19; 101-474, eff. 8-23-19;
7 101-492, eff. 8-23-19; 101-502, eff. 8-23-19; 101-522, eff.
8 8-23-19; revised 10-21-19.)

9 (Text of Section after amendment by P.A. 101-50 and
10 101-504)

11 Sec. 8.43. Exempt mandate.

12 (a) Notwithstanding Sections 6 and 8 of this Act, no
13 reimbursement by the State is required for the implementation
14 of any mandate created by Public Act 101-11, 101-49, 101-275,
15 101-320, 101-377, 101-387, 101-474, 101-492, 101-502, 101-504,
16 101-522, or this amendatory Act of the 101st General Assembly
17 ~~this amendatory Act of the 101st General Assembly.~~

18 (b) Notwithstanding Sections 6 and 8 of this Act, no
19 reimbursement by the State is required for the implementation
20 of any mandate created by the Seizure Smart School Act.
21 (Source: P.A. 101-11, eff. 6-7-19; 101-49, eff. 7-12-19;

22 101-50, eff. 7-1-20; 101-275, eff. 8-9-19; 101-320, eff.
23 8-9-19; 101-377, eff. 8-16-19; 101-387, eff. 8-16-19; 101-474,
24 eff. 8-23-19; 101-492, eff. 8-23-19; 101-502, eff. 8-23-19;
25 101-504, eff. 7-1-20; 101-522, eff. 8-23-19; revised

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1 10-21-19.)

2 Section 95. No acceleration or delay. Where this Act makes
3 changes in a statute that is represented in this Act by text
4 that is not yet or no longer in effect (for example, a Section
5 represented by multiple versions), the use of that text does
6 not accelerate or delay the taking effect of (i) the changes
7 made by this Act or (ii) provisions derived from any other
8 Public Act.

9 Section 99. Effective date. This Act takes effect January
10 1, 2020."