



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

HB3013

by Rep. Robert Martwick

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Creates the Downstate Firefighters Pension Investment Fund as a special district to exercise the authority to manage, invest, and reinvest the reserves, funds, assets, securities, and moneys of certain downstate firefighter pension funds that elect to transfer their investment authority and assets to the Investment Fund. Includes provisions relating to the transfer and investment of assets, auditing and reporting requirements, and the operation and administration of the Investment Fund. Reduces the amount of training required for trustees of downstate police and downstate firefighter pension funds. In the Downstate Firefighter Article, makes changes to Tier 2 survivors benefits, the calculation of final average salary for Tier 2 firefighters, the annual salary limitation for pension purposes applicable to Tier 2 firefighters, and the automatic annual increase to a Tier 2 firefighter's monthly pension. Makes changes to the formula for determining the required municipal contribution. Makes other changes. Amends the Property Tax Extension Limitation Law (PTELL) of the Property Tax Code to exclude from the definition of "aggregate extension" special purpose extensions made for contributions to a downstate firefighter pension fund that has elected to transfer its investment authority to the Investment Fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB101 09498 RPS 54596 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

A BILL FOR

1 AN ACT concerning public employee benefits.

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

4 Section 5. The Property Tax Code is amended by changing
5 Section 18-185 as follows:

6 (35 ILCS 200/18-185)

7 Sec. 18-185. Short title; definitions. This Division 5 may
8 be cited as the Property Tax Extension Limitation Law. As used
9 in this Division 5:

10 "Consumer Price Index" means the Consumer Price Index for
11 All Urban Consumers for all items published by the United
12 States Department of Labor.

13 "Extension limitation" means (a) the lesser of 5% or the
14 percentage increase in the Consumer Price Index during the
15 12-month calendar year preceding the levy year or (b) the rate
16 of increase approved by voters under Section 18-205.

17 "Affected county" means a county of 3,000,000 or more
18 inhabitants or a county contiguous to a county of 3,000,000 or
19 more inhabitants.

20 "Taxing district" has the same meaning provided in Section
21 1-150, except as otherwise provided in this Section. For the
22 1991 through 1994 levy years only, "taxing district" includes
23 only each non-home rule taxing district having the majority of

1 its 1990 equalized assessed value within any county or counties
2 contiguous to a county with 3,000,000 or more inhabitants.
3 Beginning with the 1995 levy year, "taxing district" includes
4 only each non-home rule taxing district subject to this Law
5 before the 1995 levy year and each non-home rule taxing
6 district not subject to this Law before the 1995 levy year
7 having the majority of its 1994 equalized assessed value in an
8 affected county or counties. Beginning with the levy year in
9 which this Law becomes applicable to a taxing district as
10 provided in Section 18-213, "taxing district" also includes
11 those taxing districts made subject to this Law as provided in
12 Section 18-213.

13 "Aggregate extension" for taxing districts to which this
14 Law applied before the 1995 levy year means the annual
15 corporate extension for the taxing district and those special
16 purpose extensions that are made annually for the taxing
17 district, excluding special purpose extensions: (a) made for
18 the taxing district to pay interest or principal on general
19 obligation bonds that were approved by referendum; (b) made for
20 any taxing district to pay interest or principal on general
21 obligation bonds issued before October 1, 1991; (c) made for
22 any taxing district to pay interest or principal on bonds
23 issued to refund or continue to refund those bonds issued
24 before October 1, 1991; (d) made for any taxing district to pay
25 interest or principal on bonds issued to refund or continue to
26 refund bonds issued after October 1, 1991 that were approved by

1 referendum; (e) made for any taxing district to pay interest or
2 principal on revenue bonds issued before October 1, 1991 for
3 payment of which a property tax levy or the full faith and
4 credit of the unit of local government is pledged; however, a
5 tax for the payment of interest or principal on those bonds
6 shall be made only after the governing body of the unit of
7 local government finds that all other sources for payment are
8 insufficient to make those payments; (f) made for payments
9 under a building commission lease when the lease payments are
10 for the retirement of bonds issued by the commission before
11 October 1, 1991, to pay for the building project; (g) made for
12 payments due under installment contracts entered into before
13 October 1, 1991; (h) made for payments of principal and
14 interest on bonds issued under the Metropolitan Water
15 Reclamation District Act to finance construction projects
16 initiated before October 1, 1991; (i) made for payments of
17 principal and interest on limited bonds, as defined in Section
18 3 of the Local Government Debt Reform Act, in an amount not to
19 exceed the debt service extension base less the amount in items
20 (b), (c), (e), and (h) of this definition for non-referendum
21 obligations, except obligations initially issued pursuant to
22 referendum; (j) made for payments of principal and interest on
23 bonds issued under Section 15 of the Local Government Debt
24 Reform Act; (k) made by a school district that participates in
25 the Special Education District of Lake County, created by
26 special education joint agreement under Section 10-22.31 of the

1 School Code, for payment of the school district's share of the
2 amounts required to be contributed by the Special Education
3 District of Lake County to the Illinois Municipal Retirement
4 Fund under Article 7 of the Illinois Pension Code; the amount
5 of any extension under this item (k) shall be certified by the
6 school district to the county clerk; (l) made to fund expenses
7 of providing joint recreational programs for persons with
8 disabilities under Section 5-8 of the Park District Code or
9 Section 11-95-14 of the Illinois Municipal Code; (m) made for
10 temporary relocation loan repayment purposes pursuant to
11 Sections 2-3.77 and 17-2.2d of the School Code; (n) made for
12 payment of principal and interest on any bonds issued under the
13 authority of Section 17-2.2d of the School Code; (o) made
14 before January 1, 2021 for contributions to a firefighter's
15 pension fund created under Article 4 of the Illinois Pension
16 Code, to the extent of the amount certified under item (5) of
17 Section 4-134 of the Illinois Pension Code; ~~and~~ (p) made for
18 road purposes in the first year after a township assumes the
19 rights, powers, duties, assets, property, liabilities,
20 obligations, and responsibilities of a road district abolished
21 under the provisions of Section 6-133 of the Illinois Highway
22 Code; and (q) made for contributions to an eligible pension
23 fund as defined under Section 1-101.6 of the Illinois Pension
24 Code.

25 "Aggregate extension" for the taxing districts to which
26 this Law did not apply before the 1995 levy year (except taxing

1 districts subject to this Law in accordance with Section
2 18-213) means the annual corporate extension for the taxing
3 district and those special purpose extensions that are made
4 annually for the taxing district, excluding special purpose
5 extensions: (a) made for the taxing district to pay interest or
6 principal on general obligation bonds that were approved by
7 referendum; (b) made for any taxing district to pay interest or
8 principal on general obligation bonds issued before March 1,
9 1995; (c) made for any taxing district to pay interest or
10 principal on bonds issued to refund or continue to refund those
11 bonds issued before March 1, 1995; (d) made for any taxing
12 district to pay interest or principal on bonds issued to refund
13 or continue to refund bonds issued after March 1, 1995 that
14 were approved by referendum; (e) made for any taxing district
15 to pay interest or principal on revenue bonds issued before
16 March 1, 1995 for payment of which a property tax levy or the
17 full faith and credit of the unit of local government is
18 pledged; however, a tax for the payment of interest or
19 principal on those bonds shall be made only after the governing
20 body of the unit of local government finds that all other
21 sources for payment are insufficient to make those payments;
22 (f) made for payments under a building commission lease when
23 the lease payments are for the retirement of bonds issued by
24 the commission before March 1, 1995 to pay for the building
25 project; (g) made for payments due under installment contracts
26 entered into before March 1, 1995; (h) made for payments of

1 principal and interest on bonds issued under the Metropolitan
2 Water Reclamation District Act to finance construction
3 projects initiated before October 1, 1991; (h-4) made for
4 stormwater management purposes by the Metropolitan Water
5 Reclamation District of Greater Chicago under Section 12 of the
6 Metropolitan Water Reclamation District Act; (i) made for
7 payments of principal and interest on limited bonds, as defined
8 in Section 3 of the Local Government Debt Reform Act, in an
9 amount not to exceed the debt service extension base less the
10 amount in items (b), (c), and (e) of this definition for
11 non-referendum obligations, except obligations initially
12 issued pursuant to referendum and bonds described in subsection
13 (h) of this definition; (j) made for payments of principal and
14 interest on bonds issued under Section 15 of the Local
15 Government Debt Reform Act; (k) made for payments of principal
16 and interest on bonds authorized by Public Act 88-503 and
17 issued under Section 20a of the Chicago Park District Act for
18 aquarium or museum projects; (l) made for payments of principal
19 and interest on bonds authorized by Public Act 87-1191 or
20 93-601 and (i) issued pursuant to Section 21.2 of the Cook
21 County Forest Preserve District Act, (ii) issued under Section
22 42 of the Cook County Forest Preserve District Act for
23 zoological park projects, or (iii) issued under Section 44.1 of
24 the Cook County Forest Preserve District Act for botanical
25 gardens projects; (m) made pursuant to Section 34-53.5 of the
26 School Code, whether levied annually or not; (n) made to fund

1 expenses of providing joint recreational programs for persons
2 with disabilities under Section 5-8 of the Park District Code
3 or Section 11-95-14 of the Illinois Municipal Code; (o) made by
4 the Chicago Park District for recreational programs for persons
5 with disabilities under subsection (c) of Section 7.06 of the
6 Chicago Park District Act; (p) made before January 1, 2021 for
7 contributions to a firefighter's pension fund created under
8 Article 4 of the Illinois Pension Code, to the extent of the
9 amount certified under item (5) of Section 4-134 of the
10 Illinois Pension Code; (q) made by Ford Heights School District
11 169 under Section 17-9.02 of the School Code; ~~and~~ (r) made for
12 the purpose of making employer contributions to the Public
13 School Teachers' Pension and Retirement Fund of Chicago under
14 Section 34-53 of the School Code; and (s) made for
15 contributions to an eligible pension fund as defined under
16 Section 1-101.6 of the Illinois Pension Code.

17 "Aggregate extension" for all taxing districts to which
18 this Law applies in accordance with Section 18-213, except for
19 those taxing districts subject to paragraph (2) of subsection
20 (e) of Section 18-213, means the annual corporate extension for
21 the taxing district and those special purpose extensions that
22 are made annually for the taxing district, excluding special
23 purpose extensions: (a) made for the taxing district to pay
24 interest or principal on general obligation bonds that were
25 approved by referendum; (b) made for any taxing district to pay
26 interest or principal on general obligation bonds issued before

1 the date on which the referendum making this Law applicable to
2 the taxing district is held; (c) made for any taxing district
3 to pay interest or principal on bonds issued to refund or
4 continue to refund those bonds issued before the date on which
5 the referendum making this Law applicable to the taxing
6 district is held; (d) made for any taxing district to pay
7 interest or principal on bonds issued to refund or continue to
8 refund bonds issued after the date on which the referendum
9 making this Law applicable to the taxing district is held if
10 the bonds were approved by referendum after the date on which
11 the referendum making this Law applicable to the taxing
12 district is held; (e) made for any taxing district to pay
13 interest or principal on revenue bonds issued before the date
14 on which the referendum making this Law applicable to the
15 taxing district is held for payment of which a property tax
16 levy or the full faith and credit of the unit of local
17 government is pledged; however, a tax for the payment of
18 interest or principal on those bonds shall be made only after
19 the governing body of the unit of local government finds that
20 all other sources for payment are insufficient to make those
21 payments; (f) made for payments under a building commission
22 lease when the lease payments are for the retirement of bonds
23 issued by the commission before the date on which the
24 referendum making this Law applicable to the taxing district is
25 held to pay for the building project; (g) made for payments due
26 under installment contracts entered into before the date on

1 which the referendum making this Law applicable to the taxing
2 district is held; (h) made for payments of principal and
3 interest on limited bonds, as defined in Section 3 of the Local
4 Government Debt Reform Act, in an amount not to exceed the debt
5 service extension base less the amount in items (b), (c), and
6 (e) of this definition for non-referendum obligations, except
7 obligations initially issued pursuant to referendum; (i) made
8 for payments of principal and interest on bonds issued under
9 Section 15 of the Local Government Debt Reform Act; (j) made
10 for a qualified airport authority to pay interest or principal
11 on general obligation bonds issued for the purpose of paying
12 obligations due under, or financing airport facilities
13 required to be acquired, constructed, installed or equipped
14 pursuant to, contracts entered into before March 1, 1996 (but
15 not including any amendments to such a contract taking effect
16 on or after that date); (k) made to fund expenses of providing
17 joint recreational programs for persons with disabilities
18 under Section 5-8 of the Park District Code or Section 11-95-14
19 of the Illinois Municipal Code; (l) made before January 1, 2021
20 for contributions to a firefighter's pension fund created under
21 Article 4 of the Illinois Pension Code, to the extent of the
22 amount certified under item (5) of Section 4-134 of the
23 Illinois Pension Code; ~~and~~ (m) made for the taxing district to
24 pay interest or principal on general obligation bonds issued
25 pursuant to Section 19-3.10 of the School Code; and (n) made
26 for contributions to an eligible pension fund as defined under

1 Section 1-101.6 of the Illinois Pension Code.

2 "Aggregate extension" for all taxing districts to which
3 this Law applies in accordance with paragraph (2) of subsection
4 (e) of Section 18-213 means the annual corporate extension for
5 the taxing district and those special purpose extensions that
6 are made annually for the taxing district, excluding special
7 purpose extensions: (a) made for the taxing district to pay
8 interest or principal on general obligation bonds that were
9 approved by referendum; (b) made for any taxing district to pay
10 interest or principal on general obligation bonds issued before
11 the effective date of this amendatory Act of 1997; (c) made for
12 any taxing district to pay interest or principal on bonds
13 issued to refund or continue to refund those bonds issued
14 before the effective date of this amendatory Act of 1997; (d)
15 made for any taxing district to pay interest or principal on
16 bonds issued to refund or continue to refund bonds issued after
17 the effective date of this amendatory Act of 1997 if the bonds
18 were approved by referendum after the effective date of this
19 amendatory Act of 1997; (e) made for any taxing district to pay
20 interest or principal on revenue bonds issued before the
21 effective date of this amendatory Act of 1997 for payment of
22 which a property tax levy or the full faith and credit of the
23 unit of local government is pledged; however, a tax for the
24 payment of interest or principal on those bonds shall be made
25 only after the governing body of the unit of local government
26 finds that all other sources for payment are insufficient to

1 make those payments; (f) made for payments under a building
2 commission lease when the lease payments are for the retirement
3 of bonds issued by the commission before the effective date of
4 this amendatory Act of 1997 to pay for the building project;
5 (g) made for payments due under installment contracts entered
6 into before the effective date of this amendatory Act of 1997;
7 (h) made for payments of principal and interest on limited
8 bonds, as defined in Section 3 of the Local Government Debt
9 Reform Act, in an amount not to exceed the debt service
10 extension base less the amount in items (b), (c), and (e) of
11 this definition for non-referendum obligations, except
12 obligations initially issued pursuant to referendum; (i) made
13 for payments of principal and interest on bonds issued under
14 Section 15 of the Local Government Debt Reform Act; (j) made
15 for a qualified airport authority to pay interest or principal
16 on general obligation bonds issued for the purpose of paying
17 obligations due under, or financing airport facilities
18 required to be acquired, constructed, installed or equipped
19 pursuant to, contracts entered into before March 1, 1996 (but
20 not including any amendments to such a contract taking effect
21 on or after that date); (k) made to fund expenses of providing
22 joint recreational programs for persons with disabilities
23 under Section 5-8 of the Park District Code or Section 11-95-14
24 of the Illinois Municipal Code; ~~and~~ (l) made before January 1,
25 2021 for contributions to a firefighter's pension fund created
26 under Article 4 of the Illinois Pension Code, to the extent of

1 the amount certified under item (5) of Section 4-134 of the
2 Illinois Pension Code; and (m) made for contributions to an
3 eligible pension fund as defined under Section 1-101.6 of the
4 Illinois Pension Code.

5 "Debt service extension base" means an amount equal to that
6 portion of the extension for a taxing district for the 1994
7 levy year, or for those taxing districts subject to this Law in
8 accordance with Section 18-213, except for those subject to
9 paragraph (2) of subsection (e) of Section 18-213, for the levy
10 year in which the referendum making this Law applicable to the
11 taxing district is held, or for those taxing districts subject
12 to this Law in accordance with paragraph (2) of subsection (e)
13 of Section 18-213 for the 1996 levy year, constituting an
14 extension for payment of principal and interest on bonds issued
15 by the taxing district without referendum, but not including
16 excluded non-referendum bonds. For park districts (i) that were
17 first subject to this Law in 1991 or 1995 and (ii) whose
18 extension for the 1994 levy year for the payment of principal
19 and interest on bonds issued by the park district without
20 referendum (but not including excluded non-referendum bonds)
21 was less than 51% of the amount for the 1991 levy year
22 constituting an extension for payment of principal and interest
23 on bonds issued by the park district without referendum (but
24 not including excluded non-referendum bonds), "debt service
25 extension base" means an amount equal to that portion of the
26 extension for the 1991 levy year constituting an extension for

1 payment of principal and interest on bonds issued by the park
2 district without referendum (but not including excluded
3 non-referendum bonds). A debt service extension base
4 established or increased at any time pursuant to any provision
5 of this Law, except Section 18-212, shall be increased each
6 year commencing with the later of (i) the 2009 levy year or
7 (ii) the first levy year in which this Law becomes applicable
8 to the taxing district, by the lesser of 5% or the percentage
9 increase in the Consumer Price Index during the 12-month
10 calendar year preceding the levy year. The debt service
11 extension base may be established or increased as provided
12 under Section 18-212. "Excluded non-referendum bonds" means
13 (i) bonds authorized by Public Act 88-503 and issued under
14 Section 20a of the Chicago Park District Act for aquarium and
15 museum projects; (ii) bonds issued under Section 15 of the
16 Local Government Debt Reform Act; or (iii) refunding
17 obligations issued to refund or to continue to refund
18 obligations initially issued pursuant to referendum.

19 "Special purpose extensions" include, but are not limited
20 to, extensions for levies made on an annual basis for
21 unemployment and workers' compensation, self-insurance,
22 contributions to pension plans, and extensions made pursuant to
23 Section 6-601 of the Illinois Highway Code for a road
24 district's permanent road fund whether levied annually or not.
25 The extension for a special service area is not included in the
26 aggregate extension.

1 "Aggregate extension base" means the taxing district's
2 last preceding aggregate extension as adjusted under Sections
3 18-135, 18-215, 18-230, and 18-206. An adjustment under Section
4 18-135 shall be made for the 2007 levy year and all subsequent
5 levy years whenever one or more counties within which a taxing
6 district is located (i) used estimated valuations or rates when
7 extending taxes in the taxing district for the last preceding
8 levy year that resulted in the over or under extension of
9 taxes, or (ii) increased or decreased the tax extension for the
10 last preceding levy year as required by Section 18-135(c).
11 Whenever an adjustment is required under Section 18-135, the
12 aggregate extension base of the taxing district shall be equal
13 to the amount that the aggregate extension of the taxing
14 district would have been for the last preceding levy year if
15 either or both (i) actual, rather than estimated, valuations or
16 rates had been used to calculate the extension of taxes for the
17 last levy year, or (ii) the tax extension for the last
18 preceding levy year had not been adjusted as required by
19 subsection (c) of Section 18-135.

20 Notwithstanding any other provision of law, for levy year
21 2012, the aggregate extension base for West Northfield School
22 District No. 31 in Cook County shall be \$12,654,592.

23 "Levy year" has the same meaning as "year" under Section
24 1-155.

25 "New property" means (i) the assessed value, after final
26 board of review or board of appeals action, of new improvements

1 or additions to existing improvements on any parcel of real
2 property that increase the assessed value of that real property
3 during the levy year multiplied by the equalization factor
4 issued by the Department under Section 17-30, (ii) the assessed
5 value, after final board of review or board of appeals action,
6 of real property not exempt from real estate taxation, which
7 real property was exempt from real estate taxation for any
8 portion of the immediately preceding levy year, multiplied by
9 the equalization factor issued by the Department under Section
10 17-30, including the assessed value, upon final stabilization
11 of occupancy after new construction is complete, of any real
12 property located within the boundaries of an otherwise or
13 previously exempt military reservation that is intended for
14 residential use and owned by or leased to a private corporation
15 or other entity, (iii) in counties that classify in accordance
16 with Section 4 of Article IX of the Illinois Constitution, an
17 incentive property's additional assessed value resulting from
18 a scheduled increase in the level of assessment as applied to
19 the first year final board of review market value, and (iv) any
20 increase in assessed value due to oil or gas production from an
21 oil or gas well required to be permitted under the Hydraulic
22 Fracturing Regulatory Act that was not produced in or accounted
23 for during the previous levy year. In addition, the county
24 clerk in a county containing a population of 3,000,000 or more
25 shall include in the 1997 recovered tax increment value for any
26 school district, any recovered tax increment value that was

1 applicable to the 1995 tax year calculations.

2 "Qualified airport authority" means an airport authority
3 organized under the Airport Authorities Act and located in a
4 county bordering on the State of Wisconsin and having a
5 population in excess of 200,000 and not greater than 500,000.

6 "Recovered tax increment value" means, except as otherwise
7 provided in this paragraph, the amount of the current year's
8 equalized assessed value, in the first year after a
9 municipality terminates the designation of an area as a
10 redevelopment project area previously established under the
11 Tax Increment Allocation Development Act in the Illinois
12 Municipal Code, previously established under the Industrial
13 Jobs Recovery Law in the Illinois Municipal Code, previously
14 established under the Economic Development Project Area Tax
15 Increment Act of 1995, or previously established under the
16 Economic Development Area Tax Increment Allocation Act, of each
17 taxable lot, block, tract, or parcel of real property in the
18 redevelopment project area over and above the initial equalized
19 assessed value of each property in the redevelopment project
20 area. For the taxes which are extended for the 1997 levy year,
21 the recovered tax increment value for a non-home rule taxing
22 district that first became subject to this Law for the 1995
23 levy year because a majority of its 1994 equalized assessed
24 value was in an affected county or counties shall be increased
25 if a municipality terminated the designation of an area in 1993
26 as a redevelopment project area previously established under

1 the Tax Increment Allocation Development Act in the Illinois
2 Municipal Code, previously established under the Industrial
3 Jobs Recovery Law in the Illinois Municipal Code, or previously
4 established under the Economic Development Area Tax Increment
5 Allocation Act, by an amount equal to the 1994 equalized
6 assessed value of each taxable lot, block, tract, or parcel of
7 real property in the redevelopment project area over and above
8 the initial equalized assessed value of each property in the
9 redevelopment project area. In the first year after a
10 municipality removes a taxable lot, block, tract, or parcel of
11 real property from a redevelopment project area established
12 under the Tax Increment Allocation Development Act in the
13 Illinois Municipal Code, the Industrial Jobs Recovery Law in
14 the Illinois Municipal Code, or the Economic Development Area
15 Tax Increment Allocation Act, "recovered tax increment value"
16 means the amount of the current year's equalized assessed value
17 of each taxable lot, block, tract, or parcel of real property
18 removed from the redevelopment project area over and above the
19 initial equalized assessed value of that real property before
20 removal from the redevelopment project area.

21 Except as otherwise provided in this Section, "limiting
22 rate" means a fraction the numerator of which is the last
23 preceding aggregate extension base times an amount equal to one
24 plus the extension limitation defined in this Section and the
25 denominator of which is the current year's equalized assessed
26 value of all real property in the territory under the

1 jurisdiction of the taxing district during the prior levy year.
2 For those taxing districts that reduced their aggregate
3 extension for the last preceding levy year, except for school
4 districts that reduced their extension for educational
5 purposes pursuant to Section 18-206, the highest aggregate
6 extension in any of the last 3 preceding levy years shall be
7 used for the purpose of computing the limiting rate. The
8 denominator shall not include new property or the recovered tax
9 increment value. If a new rate, a rate decrease, or a limiting
10 rate increase has been approved at an election held after March
11 21, 2006, then (i) the otherwise applicable limiting rate shall
12 be increased by the amount of the new rate or shall be reduced
13 by the amount of the rate decrease, as the case may be, or (ii)
14 in the case of a limiting rate increase, the limiting rate
15 shall be equal to the rate set forth in the proposition
16 approved by the voters for each of the years specified in the
17 proposition, after which the limiting rate of the taxing
18 district shall be calculated as otherwise provided. In the case
19 of a taxing district that obtained referendum approval for an
20 increased limiting rate on March 20, 2012, the limiting rate
21 for tax year 2012 shall be the rate that generates the
22 approximate total amount of taxes extendable for that tax year,
23 as set forth in the proposition approved by the voters; this
24 rate shall be the final rate applied by the county clerk for
25 the aggregate of all capped funds of the district for tax year
26 2012.

1 (Source: P.A. 99-143, eff. 7-27-15; 99-521, eff. 6-1-17;
2 100-465, eff. 8-31-17.)

3 Section 10. The Illinois Pension Code is amended by
4 changing Sections 1-109.3, 1-113.1, 1-113.2, 1-113.3, 1-113.4,
5 1-113.4a, 1-113.5, 1-113.6, 1-113.7, 4-109, 4-109.1, 4-114,
6 4-118, 4-120, 4-123, and 4-128 and by adding Article 4A and
7 Sections 1-101.6, 1-101.7, 1-113.05, 1-167, 4-102.1, 4-102.2,
8 4-128.1, 4-128.2, 4-128.3, 4-128.4, 7-199.5, and 22A-115.7 as
9 follows:

10 (40 ILCS 5/1-101.6 new)

11 Sec. 1-101.6. Eligible pension fund. "Eligible pension
12 fund" means a pension fund established under Article 4 of this
13 Code that has elected to transfer its investment authority
14 under this Code to the Downstate Firefighters Pension
15 Investment Fund under subsection (b) of Section 4-128 of this
16 Code, and has net assets in trust that exceed the threshold
17 amount defined in Section 1-101.7 of this Code. The status of
18 an "eligible pension fund", once established, continues in
19 effect without regard to subsequent variations in the net
20 assets of the pension fund.

21 (40 ILCS 5/1-101.7 new)

22 Sec. 1-101.7. Threshold amount. "Threshold amount", when
23 used in relation to the financial assets of a pension fund

1 established under Article 4 of this Code, means an amount equal
2 to 3 months of current liabilities of the pension fund,
3 including benefit payments owed to annuitants and
4 beneficiaries of the pension fund and reasonable operational
5 expenses.

6 (40 ILCS 5/1-109.3)

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

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

15 (1) Duties and liabilities of a fiduciary under Article
16 1 of the Illinois Pension Code.

17 (2) Adjudication of pension claims.

18 (3) Basic accounting and actuarial training.

19 (4) Trustee ethics.

20 (5) The Illinois Open Meetings Act.

21 (6) The Illinois Freedom of Information Act.

22 The training required under this subsection (a) must be
23 completed within the first 2 years after the ~~year that a~~
24 trustee takes office ~~is elected or appointed~~ under an Article 3
25 or 4 pension fund. At least 8 hours of training during the

1 first year of training must cover fiduciary duties and
2 liabilities and trustee ethics. The elected and appointed
3 trustees of an Article 3 or 4 pension fund who are police
4 officers (as defined in Section 3-106 of this Code) or
5 firefighters (as defined in Section 4-106 of this Code) or are
6 employed by the municipality shall be permitted time away from
7 their duties to attend such training without reduction of
8 accrued leave or benefit time. Active or appointed trustees
9 serving on the effective date of this amendatory Act of the
10 96th General Assembly shall not be required to attend the
11 training required under this subsection (a).

12 (b) Upon completion of and in ~~In~~ addition to the initial
13 trustee certification training required under subsection (a),
14 all elected and appointed trustees under Article 3 and 4 of
15 this Code, ~~including trustees serving on the effective date of~~
16 ~~this amendatory Act of the 96th General Assembly,~~ shall also
17 complete at least an additional ~~participate in a minimum of~~ 16
18 hours of continuing trustee education during (i) the 2 years
19 following the date by which the training required under
20 subsection (a) must be completed and (ii) every 2 years
21 thereafter. At least 4 hours of training during each year must
22 be devoted to fiduciary duties and liabilities and trustee
23 ethics. At least 8 hours of the biennial training required
24 under this subsection (b) must be in the form of a live lecture
25 or classroom training forum or, if taken in an online training
26 program, must be in an interactive form with ascertainable

1 verification of participation and learning by the trustee in
2 the online training program. The balance of biennial trustee
3 training may take the form of participation in other training
4 opportunities incident to the functioning of the pension board,
5 such as participation in board hearings on the award of
6 disability or other benefits or training opportunities
7 associated with other organizations or employment that are
8 applicable to the duties of a pension fund trustee ~~each year~~
9 ~~after the first year that the trustee is elected or appointed.~~

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

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

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

25 (40 ILCS 5/1-113.05 new)

1 Sec. 1-113.05. Transfer of investment authority of
2 eligible pension funds under Article 4. Upon receiving a
3 certified investment asset list from the Department of
4 Insurance in accordance with Section 4-128.1 of this Code, the
5 board of trustees of an eligible pension fund established under
6 Article 4 of this Code shall cease investment activities and
7 shall transfer all investment assets of the pension fund to the
8 Board of Trustees of the Downstate Firefighters Pension
9 Investment Fund in the manner prescribed by rules adopted by
10 the Board of Trustees of the Downstate Firefighters Pension
11 Investment Fund. Upon completion of that transfer, the
12 investment authority of the board of trustees of the eligible
13 pension fund shall terminate.

14 (40 ILCS 5/1-113.1)

15 Sec. 1-113.1. Investment authority of certain pension
16 funds established under Article 3 or 4.

17 (a) When the transfer of investment authority of an
18 eligible pension fund, as defined in Section 1-101.6, is made
19 under Section 1-113.05, subsection (b) of this Section does not
20 apply to that eligible pension fund.

21 This Section continues to apply to any pension fund
22 established under Article 4 that is not an eligible pension
23 fund as defined in Section 1-101.6.

24 (b) The board of trustees of a police pension fund
25 established under Article 3 of this Code or firefighter pension

1 fund established under Article 4 of this Code shall draw
2 pension funds from the treasurer of the municipality and,
3 beginning January 1, 1998, invest any part thereof in the name
4 of the board in the items listed in Sections 1-113.2 through
5 1-113.4 according to the limitations and requirements of this
6 Article. These investments shall be made with the care, skill,
7 prudence, and diligence that a prudent person acting in like
8 capacity and familiar with such matters would use in the
9 conduct of an enterprise of like character with like aims.

10 Interest and any other income from the investments shall be
11 credited to the pension fund.

12 For the purposes of Sections 1-113.2 through 1-113.11, the
13 "net assets" of a pension fund include both the cash and
14 invested assets of the pension fund.

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

16 (40 ILCS 5/1-113.2)

17 Sec. 1-113.2. List of permitted investments for certain ~~all~~
18 Article 3 or 4 pension funds.

19 (a) When the transfer of investment authority of an
20 eligible pension fund, as defined in Section 1-101.6, is made
21 under Section 1-113.05, subsection (b) of this Section does not
22 apply to that eligible pension fund.

23 (b) Except as provided in subsection (a), any ~~Any~~ pension
24 fund established under Article 3 or 4 may invest in the
25 following items:

1 (1) Interest bearing direct obligations of the United
2 States of America.

3 (2) Interest bearing obligations to the extent that they
4 are fully guaranteed or insured as to payment of principal and
5 interest by the United States of America.

6 (3) Interest bearing bonds, notes, debentures, or other
7 similar obligations of agencies of the United States of
8 America. For the purposes of this Section, "agencies of the
9 United States of America" includes: (i) the Federal National
10 Mortgage Association and the Student Loan Marketing
11 Association; (ii) federal land banks, federal intermediate
12 credit banks, federal farm credit banks, and any other entity
13 authorized to issue direct debt obligations of the United
14 States of America under the Farm Credit Act of 1971 or
15 amendments to that Act; (iii) federal home loan banks and the
16 Federal Home Loan Mortgage Corporation; and (iv) any agency
17 created by Act of Congress that is authorized to issue direct
18 debt obligations of the United States of America.

19 (4) Interest bearing savings accounts or certificates of
20 deposit, issued by federally chartered banks or savings and
21 loan associations, to the extent that the deposits are insured
22 by agencies or instrumentalities of the federal government.

23 (5) Interest bearing savings accounts or certificates of
24 deposit, issued by State of Illinois chartered banks or savings
25 and loan associations, to the extent that the deposits are
26 insured by agencies or instrumentalities of the federal

1 government.

2 (6) Investments in credit unions, to the extent that the
3 investments are insured by agencies or instrumentalities of the
4 federal government.

5 (7) Interest bearing bonds of the State of Illinois.

6 (8) Pooled interest bearing accounts managed by the
7 Illinois Public Treasurer's Investment Pool in accordance with
8 the Deposit of State Moneys Act, interest bearing funds or
9 pooled accounts of the Illinois Metropolitan Investment Funds,
10 and interest bearing funds or pooled accounts managed,
11 operated, and administered by banks, subsidiaries of banks, or
12 subsidiaries of bank holding companies in accordance with the
13 laws of the State of Illinois.

14 (9) Interest bearing bonds or tax anticipation warrants of
15 any county, township, or municipal corporation of the State of
16 Illinois.

17 (10) Direct obligations of the State of Israel, subject to
18 the conditions and limitations of item (5.1) of Section 1-113.

19 (11) Money market mutual funds managed by investment
20 companies that are registered under the federal Investment
21 Company Act of 1940 and the Illinois Securities Law of 1953 and
22 are diversified, open-ended management investment companies;
23 provided that the portfolio of the money market mutual fund is
24 limited to the following:

25 (i) bonds, notes, certificates of indebtedness,
26 treasury bills, or other securities that are guaranteed by

1 the full faith and credit of the United States of America
2 as to principal and interest;

3 (ii) bonds, notes, debentures, or other similar
4 obligations of the United States of America or its
5 agencies; and

6 (iii) short term obligations of corporations organized
7 in the United States with assets exceeding \$400,000,000,
8 provided that (A) the obligations mature no later than 180
9 days from the date of purchase, (B) at the time of
10 purchase, the obligations are rated by at least 2 standard
11 national rating services at one of their 3 highest
12 classifications, and (C) the obligations held by the mutual
13 fund do not exceed 10% of the corporation's outstanding
14 obligations.

15 (12) General accounts of life insurance companies
16 authorized to transact business in Illinois.

17 (13) Any combination of the following, not to exceed 10% of
18 the pension fund's net assets:

19 (i) separate accounts that are managed by life
20 insurance companies authorized to transact business in
21 Illinois and are comprised of diversified portfolios
22 consisting of common or preferred stocks, bonds, or money
23 market instruments;

24 (ii) separate accounts that are managed by insurance
25 companies authorized to transact business in Illinois, and
26 are comprised of real estate or loans upon real estate

1 secured by first or second mortgages; and

2 (iii) mutual funds that meet the following
3 requirements:

4 (A) the mutual fund is managed by an investment
5 company as defined and registered under the federal
6 Investment Company Act of 1940 and registered under the
7 Illinois Securities Law of 1953;

8 (B) the mutual fund has been in operation for at
9 least 5 years;

10 (C) the mutual fund has total net assets of \$250
11 million or more; and

12 (D) the mutual fund is comprised of diversified
13 portfolios of common or preferred stocks, bonds, or
14 money market instruments.

15 (14) Corporate bonds managed through an investment advisor
16 must meet all of the following requirements:

17 (1) The bonds must be rated as investment grade by one
18 of the 2 largest rating services at the time of purchase.

19 (2) If subsequently downgraded below investment grade,
20 the bonds must be liquidated from the portfolio within 90
21 days after being downgraded by the manager.

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

23 (40 ILCS 5/1-113.3)

24 Sec. 1-113.3. List of additional permitted investments for
25 certain pension funds with net assets of \$2,500,000 or more.

1 (a) When the transfer of investment authority of an
2 eligible pension fund, as defined in Section 1-101.6, is made
3 under Section 1-113.05, subsection (a-5) of this Section does
4 not apply to that eligible pension fund.

5 (a-5) Except as provided in subsection (a), in ~~(a)~~ In
6 addition to the items in Section 3-113.2, a pension fund
7 established under Article 3 or 4 that has net assets of at
8 least \$2,500,000 may invest a portion of its net assets in the
9 following items:

10 (1) Separate accounts that are managed by life
11 insurance companies authorized to transact business in
12 Illinois and are comprised of diversified portfolios
13 consisting of common or preferred stocks, bonds, or money
14 market instruments.

15 (2) Mutual funds that meet the following requirements:

16 (i) the mutual fund is managed by an investment
17 company as defined and registered under the federal
18 Investment Company Act of 1940 and registered under the
19 Illinois Securities Law of 1953;

20 (ii) the mutual fund has been in operation for at
21 least 5 years;

22 (iii) the mutual fund has total net assets of \$250
23 million or more; and

24 (iv) the mutual fund is comprised of diversified
25 portfolios of common or preferred stocks, bonds, or
26 money market instruments.

1 (b) A pension fund's total investment in the items
2 authorized under this Section shall not exceed 35% of the
3 market value of the pension fund's net present assets stated in
4 its most recent annual report on file with the Illinois
5 Department of Insurance.

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

7 (40 ILCS 5/1-113.4)

8 Sec. 1-113.4. List of additional permitted investments for
9 certain pension funds with net assets of \$5,000,000 or more.

10 (a) When the transfer of investment authority of an
11 eligible pension fund, as defined in Section 1-101.6, is made
12 under Section 1-113.05, subsection (a-5) of this Section does
13 not apply to that eligible pension fund.

14 (a-5) Except as provided in subsection (a), in ~~(a)~~ In
15 addition to the items in Sections 1-113.2 and 1-113.3, a
16 pension fund established under Article 3 or 4 that has net
17 assets of at least \$5,000,000 and has appointed an investment
18 adviser under Section 1-113.5 may, through that investment
19 adviser, invest a portion of its assets in common and preferred
20 stocks authorized for investments of trust funds under the laws
21 of the State of Illinois. The stocks must meet all of the
22 following requirements:

23 (1) The common stocks are listed on a national
24 securities exchange or board of trade (as defined in the
25 federal Securities Exchange Act of 1934 and set forth in

1 subdivision G of Section 3 of the Illinois Securities Law
2 of 1953) or quoted in the National Association of
3 Securities Dealers Automated Quotation System National
4 Market System (NASDAQ NMS).

5 (2) The securities are of a corporation created or
6 existing under the laws of the United States or any state,
7 district, or territory thereof and the corporation has been
8 in existence for at least 5 years.

9 (3) The corporation has not been in arrears on payment
10 of dividends on its preferred stock during the preceding 5
11 years.

12 (4) The market value of stock in any one corporation
13 does not exceed 5% of the cash and invested assets of the
14 pension fund, and the investments in the stock of any one
15 corporation do not exceed 5% of the total outstanding stock
16 of that corporation.

17 (5) The straight preferred stocks or convertible
18 preferred stocks are issued or guaranteed by a corporation
19 whose common stock qualifies for investment by the board.

20 (6) The issuer of the stocks has been subject to the
21 requirements of Section 12 of the federal Securities
22 Exchange Act of 1934 and has been current with the filing
23 requirements of Sections 13 and 14 of that Act during the
24 preceding 3 years.

25 (b) A pension fund's total investment in the items
26 authorized under this Section and Section 1-113.3 shall not

1 exceed 35% of the market value of the pension fund's net
2 present assets stated in its most recent annual report on file
3 with the Illinois Department of Insurance.

4 (c) A pension fund that invests funds under this Section
5 shall electronically file with the Division any reports of its
6 investment activities that the Division may require, at the
7 times and in the format required by the Division.

8 (Source: P.A. 100-201, eff. 8-18-17.)

9 (40 ILCS 5/1-113.4a)

10 Sec. 1-113.4a. List of additional permitted investments
11 for certain Article 3 and 4 pension funds with net assets of
12 \$10,000,000 or more.

13 (a) When the transfer of investment authority of an
14 eligible pension fund, as defined in Section 1-101.6, is made
15 under Section 1-113.05, subsection (a-5) of this Section does
16 not apply to that eligible pension fund.

17 (a-5) Except as provided in subsection (a), in ~~(a)~~ In
18 addition to the items in Sections 1-113.2 and 1-113.3, a
19 pension fund established under Article 3 or 4 that has net
20 assets of at least \$10,000,000 and has appointed an investment
21 adviser, as defined under Sections 1-101.4 and 1-113.5, may,
22 through that investment adviser, invest an additional portion
23 of its assets in common and preferred stocks and mutual funds.

24 (b) The stocks must meet all of the following requirements:

25 (1) The common stocks must be listed on a national

1 securities exchange or board of trade (as defined in the
2 Federal Securities Exchange Act of 1934 and set forth in
3 paragraph G of Section 3 of the Illinois Securities Law of
4 1953) or quoted in the National Association of Securities
5 Dealers Automated Quotation System National Market System.

6 (2) The securities must be of a corporation in
7 existence for at least 5 years.

8 (3) The market value of stock in any one corporation
9 may not exceed 5% of the cash and invested assets of the
10 pension fund, and the investments in the stock of any one
11 corporation may not exceed 5% of the total outstanding
12 stock of that corporation.

13 (4) The straight preferred stocks or convertible
14 preferred stocks must be issued or guaranteed by a
15 corporation whose common stock qualifies for investment by
16 the board.

17 (c) The mutual funds must meet the following requirements:

18 (1) The mutual fund must be managed by an investment
19 company registered under the Federal Investment Company
20 Act of 1940 and registered under the Illinois Securities
21 Law of 1953.

22 (2) The mutual fund must have been in operation for at
23 least 5 years.

24 (3) The mutual fund must have total net assets of
25 \$250,000,000 or more.

26 (4) The mutual fund must be comprised of a diversified

1 portfolio of common or preferred stocks, bonds, or money
2 market instruments.

3 (d) A pension fund's total investment in the items
4 authorized under this Section and Section 1-113.3 shall not
5 exceed 50% effective July 1, 2011 and 55% effective July 1,
6 2012 of the market value of the pension fund's net present
7 assets stated in its most recent annual report on file with the
8 Department of Insurance.

9 (e) A pension fund that invests funds under this Section
10 shall electronically file with the Division any reports of its
11 investment activities that the Division may require, at the
12 time and in the format required by the Division.

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

14 (40 ILCS 5/1-113.5)

15 Sec. 1-113.5. Investment advisers and investment services
16 for certain ~~all~~ Article 3 or 4 pension funds.

17 (a) When the transfer of investment authority of an
18 eligible pension fund, as defined in Section 1-101.6, is made
19 under Section 1-113.05, subsection (a-1) of this Section does
20 not apply to that eligible pension fund.

21 (a-1) Except as provided in subsection (a), the ~~(a)~~ ~~The~~
22 board of trustees of a pension fund established under Article 3
23 or 4 of this Code may appoint investment advisers as defined in
24 Section 1-101.4. The board of any pension fund investing in
25 common or preferred stock under Section 1-113.4 shall appoint

1 an investment adviser before making such investments.

2 The investment adviser or consultant shall be a fiduciary,
3 as defined in Section 1-101.2, with respect to the pension fund
4 and shall be one of the following:

5 (1) an investment adviser registered under the federal
6 Investment Advisers Act of 1940 and the Illinois Securities
7 Law of 1953;

8 (2) a bank or trust company authorized to conduct a
9 trust business in Illinois;

10 (3) a life insurance company authorized to transact
11 business in Illinois; or

12 (4) an investment company as defined and registered
13 under the federal Investment Company Act of 1940 and
14 registered under the Illinois Securities Law of 1953.

15 (a-5) Notwithstanding any other provision of law, a person
16 or entity that provides consulting services (referred to as a
17 "consultant" in this Section) to a pension fund with respect to
18 the selection of fiduciaries may not be awarded a contract to
19 provide those consulting services that is more than 5 years in
20 duration. No contract to provide such consulting services may
21 be renewed or extended. At the end of the term of a contract,
22 however, the contractor is eligible to compete for a new
23 contract. No person shall attempt to avoid or contravene the
24 restrictions of this subsection by any means. All offers from
25 responsive offerors shall be accompanied by disclosure of the
26 names and addresses of the following:

1 (1) The offeror.

2 (2) Any entity that is a parent of, or owns a
3 controlling interest in, the offeror.

4 (3) Any entity that is a subsidiary of, or in which a
5 controlling interest is owned by, the offeror.

6 Beginning on July 1, 2008, a person, other than a trustee
7 or an employee of a pension fund or retirement system, may not
8 act as a consultant under this Section unless that person is at
9 least one of the following: (i) registered as an investment
10 adviser under the federal Investment Advisers Act of 1940 (15
11 U.S.C. 80b-1, et seq.); (ii) registered as an investment
12 adviser under the Illinois Securities Law of 1953; (iii) a
13 bank, as defined in the Investment Advisers Act of 1940; or
14 (iv) an insurance company authorized to transact business in
15 this State.

16 (b) All investment advice and services provided by an
17 investment adviser or a consultant appointed under this Section
18 shall be rendered pursuant to a written contract between the
19 investment adviser and the board, and in accordance with the
20 board's investment policy.

21 The contract shall include all of the following:

22 (1) acknowledgement in writing by the investment
23 adviser that he or she is a fiduciary with respect to the
24 pension fund;

25 (2) the board's investment policy;

26 (3) full disclosure of direct and indirect fees,

1 commissions, penalties, and any other compensation that
2 may be received by the investment adviser, including
3 reimbursement for expenses; and

4 (4) a requirement that the investment adviser submit
5 periodic written reports, on at least a quarterly basis,
6 for the board's review at its regularly scheduled meetings.
7 All returns on investment shall be reported as net returns
8 after payment of all fees, commissions, and any other
9 compensation.

10 (b-5) Each contract described in subsection (b) shall also
11 include (i) full disclosure of direct and indirect fees,
12 commissions, penalties, and other compensation, including
13 reimbursement for expenses, that may be paid by or on behalf of
14 the investment adviser or consultant in connection with the
15 provision of services to the pension fund and (ii) a
16 requirement that the investment adviser or consultant update
17 the disclosure promptly after a modification of those payments
18 or an additional payment.

19 Within 30 days after the effective date of this amendatory
20 Act of the 95th General Assembly, each investment adviser and
21 consultant providing services on the effective date or subject
22 to an existing contract for the provision of services must
23 disclose to the board of trustees all direct and indirect fees,
24 commissions, penalties, and other compensation paid by or on
25 behalf of the investment adviser or consultant in connection
26 with the provision of those services and shall update that

1 disclosure promptly after a modification of those payments or
2 an additional payment.

3 A person required to make a disclosure under subsection (d)
4 is also required to disclose direct and indirect fees,
5 commissions, penalties, or other compensation that shall or may
6 be paid by or on behalf of the person in connection with the
7 rendering of those services. The person shall update the
8 disclosure promptly after a modification of those payments or
9 an additional payment.

10 The disclosures required by this subsection shall be in
11 writing and shall include the date and amount of each payment
12 and the name and address of each recipient of a payment.

13 (c) Within 30 days after appointing an investment adviser
14 or consultant, the board shall submit a copy of the contract to
15 the Division of Insurance of the Department of Financial and
16 Professional Regulation.

17 (d) Investment services provided by a person other than an
18 investment adviser appointed under this Section, including but
19 not limited to services provided by the kinds of persons listed
20 in items (1) through (4) of subsection (a), shall be rendered
21 only after full written disclosure of direct and indirect fees,
22 commissions, penalties, and any other compensation that shall
23 or may be received by the person rendering those services.

24 (e) The board of trustees of each pension fund shall retain
25 records of investment transactions in accordance with the rules
26 of the Department of Financial and Professional Regulation.

1 (f) Upon the initial transfer of assets and investment
2 authority of an eligible pension fund under subsection (b) of
3 Section 4-128 of this Code, and thereafter in perpetuity, the
4 Board of Trustees of the Downstate Firefighters Pension
5 Investment Fund shall provide all investment services for that
6 eligible pension fund. Any fees for these services shall be
7 paid from the respective pension funds.

8 The Board of Trustees of the Downstate Firefighters Pension
9 Investment Fund shall not be held liable by or indemnify any
10 individual annuitant or beneficiary of any eligible pension
11 fund established under Article 4 of this Code for nonpayment of
12 benefits by the eligible pension fund.

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

14 (40 ILCS 5/1-113.6)

15 Sec. 1-113.6. Investment policies.

16 (a) Except as provided in subsection (b), every ~~Every~~ board
17 of trustees of a pension fund shall adopt a written investment
18 policy and file a copy of that policy with the Department of
19 Insurance within 30 days after its adoption. Whenever a board
20 changes its investment policy, it shall file a copy of the new
21 policy with the Department within 30 days.

22 (b) Upon the transfer of its investment authority under
23 Section 1-113.05, the requirement to maintain and file an
24 investment policy under subsection (a) ceases to apply to the
25 board of trustees of an eligible pension fund.

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

2 (40 ILCS 5/1-113.7)

3 Sec. 1-113.7. Registration of investments; custody and
4 safekeeping.

5 This Section does not apply to investments that have been
6 transferred under Section 1-113.05.

7 The board of trustees may register the investments of its
8 pension fund in the name of the pension fund, in the nominee
9 name of a bank or trust company authorized to conduct a trust
10 business in Illinois, or in the nominee name of the Illinois
11 Public Treasurer's Investment Pool.

12 The assets of the pension fund and ownership of its
13 investments shall be protected through third-party custodial
14 safekeeping. The board of trustees may appoint as custodian of
15 the investments of its pension fund the treasurer of the
16 municipality, a bank or trust company authorized to conduct a
17 trust business in Illinois, or the Illinois Public Treasurer's
18 Investment Pool.

19 A dealer may not maintain possession of or control over
20 securities of a pension fund subject to the provisions of this
21 Section unless it is registered as a broker-dealer with the
22 U.S. Securities and Exchange Commission and is a member in good
23 standing of the National Association of Securities Dealers, and
24 (1) with respect to securities that are not issued only in
25 book-entry form, (A) all such securities of each fund are

1 either held in safekeeping in a place reasonably free from risk
2 of destruction or held in custody by a securities depository
3 that is a "clearing agency" registered with the U.S. Securities
4 and Exchange Commission, (B) the dealer is a member of the
5 Securities Investor Protection Corporation, (C) the dealer
6 sends to each fund, no less frequently than each calendar
7 quarter, an itemized statement showing the moneys and
8 securities in the custody or possession of the dealer at the
9 end of such period, and (D) an independent certified public
10 accountant conducts an audit, no less frequently than each
11 calendar year, that reviews the dealer's internal accounting
12 controls and procedures for safeguarding securities; and (2)
13 with respect to securities that are issued only in book-entry
14 form, (A) all such securities of each fund are held either in a
15 securities depository that is a "clearing agency" registered
16 with the U.S. Securities and Exchange Commission or in a bank
17 that is a member of the Federal Reserve System, (B) the dealer
18 records the ownership interest of the funds in such securities
19 on the dealer's books and records, (C) the dealer is a member
20 of the Securities Investor Protection Corporation, (D) the
21 dealer sends to each fund, no less frequently than each
22 calendar quarter, an itemized statement showing the moneys and
23 securities in the custody or possession of the dealer at the
24 end of such period, and (E) the dealer's financial statement
25 (which shall contain among other things a statement of the
26 dealer's net capital and its required net capital computed in

1 accordance with Rule 15c3-1 under the Securities Exchange Act
2 of 1934) is audited annually by an independent certified public
3 accountant, and the dealer's most recent audited financial
4 statement is furnished to the fund. No broker-dealer serving as
5 a custodian for any public pension fund as provided by this Act
6 shall be authorized to serve as an investment advisor for that
7 same public pension fund as described in Section 1-101.4 of
8 this Code, to the extent that the investment advisor acquires
9 or disposes of any asset of that same public pension fund.
10 Notwithstanding the foregoing, in no event may a broker or
11 dealer that is a natural person maintain possession of or
12 control over securities or other assets of a pension fund
13 subject to the provisions of this Section. In maintaining
14 securities of a pension fund subject to the provisions of this
15 Section, each dealer must maintain those securities in
16 conformity with the provisions of Rule 15c3-3(b) of the
17 Securities Exchange Act of 1934 (Physical Possession or Control
18 of Securities). The Director of the Department of Insurance may
19 adopt such rules and regulations as shall be necessary and
20 appropriate in his or her judgment to effectuate the purposes
21 of this Section.

22 A bank or trust company authorized to conduct a trust
23 business in Illinois shall register, deposit, or hold
24 investments for safekeeping, all in accordance with the
25 obligations and subject to the limitations of the Securities in
26 Fiduciary Accounts Act.

1 (Source: P.A. 92-651, eff. 7-11-02.)

2 (40 ILCS 5/1-167 new)

3 Sec. 1-167. Commission on Government Forecasting and
4 Accountability study.

5 (a) The Commission on Government Forecasting and
6 Accountability shall conduct an analysis of the merits and
7 feasibility of:

8 (1) transitioning the investment authority of all
9 downstate boards of trustees of police pension funds
10 organized under Article 3 to a single police pension
11 investment fund; the analysis shall include any cost or
12 cost savings associated with establishing the
13 administrative systems and transferring assets for
14 investment management under a single police pension
15 investment fund; the analysis shall include an examination
16 of the impact of the investment pool, the expected future
17 fund performance of a single police pension investment fund
18 under the prudent investor rule, the expected future total
19 expense ratio and expenses of a single police pension
20 investment fund, and any other issues of costs and savings
21 of transition unique to a single police pension investment
22 fund-managed pension fund operation; the analysis should
23 evaluate the time period in which the transition could
24 reasonably occur, recommend a reasonable transition
25 period, and maintain the present funding requirements of

1 90% funding by 2040; and

2 (2) transitioning the investment authority of all
3 downstate boards of trustees of firefighters pension funds
4 organized under Article 4 to the Downstate Firefighters
5 Pension Investment Fund under Article 4A; the analysis
6 shall include any cost or cost savings associated with
7 establishing the administrative systems and transferring
8 assets for investment management under the Downstate
9 Firefighters Pension Investment Fund; the analysis shall
10 include an examination of the impact of the investment
11 pool, the expected future fund performance of the Downstate
12 Firefighters Pension Investment Fund under the prudent
13 investor rule, the expected future total expense ratio and
14 expenses of the Downstate Firefighters Pension Investment
15 Fund, and any other issues of costs and savings of
16 transition unique to a Downstate Firefighters Pension
17 Investment Fund-managed pension fund operation; the
18 analysis should evaluate the time period in which the
19 transition could reasonably occur, recommend a reasonable
20 transition period, and maintain the present funding
21 requirements of 100% funding by 2050.

22 (b) As part of the analysis under subsection (a), the
23 Commission shall also:

24 (1) identify which Article 3 and Article 4 pension
25 funds receive employer contributions from home rule or
26 non-home rule units of local government;

1 (2) identify those pension funds, as of the most recent
2 fiscal year, with funded ratios of 20% or below, above 20%
3 but below 30%, above 30% but below 40%, above 40% but below
4 50%, and 50% and above;

5 (3) identify when each Article 3 and Article 4 pension
6 fund was most recently examined and investigated by the
7 Public Pension Division of the Department of Insurance in
8 accordance with Section 1A-104; and

9 (4) identify which Article 3 and Article 4 pension
10 funds are not in compliance with Sections 1A-109, 1A-110,
11 and 1A-111 of this Code.

12 (c) The Commission shall submit its analysis to the General
13 Assembly on or before December 31, 2021.

14 (40 ILCS 5/4-102.1 new)

15 Sec. 4-102.1. "Downstate Board". "Downstate Board" means
16 the Board of Trustees of the Downstate Firefighters Pension
17 Investment Fund created under Article 4A of this Code.

18 (40 ILCS 5/4-102.2 new)

19 Sec. 4-102.2. "Downstate Fund". "Downstate Fund" means the
20 Downstate Firefighters Pension Investment Fund created under
21 Article 4A of this Code to control and manage the investment
22 expenditures and income, including interest dividends, capital
23 gains, and other distributions on the investments of an
24 eligible pension fund that elected to transfer its investment

1 authority under this Code in accordance with subsection (b) of
2 Section 4-128 of this Code.

3 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)

4 Sec. 4-109. Pension.

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

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

14 The changes made to this subsection (a) by this amendatory
15 Act of the 91st General Assembly apply to all pensions that
16 become payable under this subsection on or after January 1,
17 1999. All pensions payable under this subsection that began on
18 or after January 1, 1999 and before the effective date of this
19 amendatory Act shall be recalculated, and the amount of the
20 increase accruing for that period shall be payable to the
21 pensioner in a lump sum.

22 (b) A firefighter who retires or is separated from service
23 having at least 10 but less than 20 years of creditable
24 service, who is not entitled to receive a disability pension,
25 and who did not apply for a refund of contributions at his or

1 her last separation from service shall receive a monthly
2 pension upon attainment of age 60 based on the monthly salary
3 attached to his or her rank in the fire service on the date of
4 retirement or separation from service according to the
5 following schedule:

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

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

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

9 For 13 years of service, 23.4% of salary;

10 For 14 years of service, 26.6% of salary;

11 For 15 years of service, 30% of salary;

12 For 16 years of service, 33.6% of salary;

13 For 17 years of service, 37.4% of salary;

14 For 18 years of service, 41.4% of salary;

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

16 (c) Notwithstanding any other provision of this Article,
17 the provisions of this subsection (c) apply to a person who
18 first becomes a firefighter under this Article on or after
19 January 1, 2011.

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

25 The pension of a firefighter who is retiring after
26 attaining age 50 with 10 or more years of creditable service

1 shall be reduced by one-half of 1% for each month that the
2 firefighter's age is under age 55.

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

5 For the purposes of this subsection (c), "final average
6 salary" means the greater of (1) the average monthly salary
7 obtained by dividing the total salary of the firefighter during
8 the 96 consecutive months of service within the last 120 months
9 of service in which the total salary was the highest by the
10 number of months of service in that period or (2) the average
11 monthly salary obtained by dividing the total salary of the
12 firefighter during the 36 consecutive months of service within
13 the last 48 months of service in which the total salary was the
14 highest by the number of months of service in that period.

15 Beginning on January 1, 2011, for all purposes under this
16 Code (including without limitation the calculation of benefits
17 and employee contributions), the annual salary based on the
18 plan year of a member or participant to whom this Section
19 applies shall not exceed \$106,800; however, until 2020 that
20 amount shall annually thereafter be increased by the lesser of
21 (i) 3% of that amount, including all previous adjustments, or
22 (ii) one-half the annual unadjusted percentage increase (but
23 not less than zero) in the consumer price index-u for the 12
24 months ending with the September preceding each November 1,
25 including all previous adjustments; however, beginning in
26 2020, that amount shall annually thereafter be increased by the

1 lesser of (i) 3% of that amount, including all previous
2 adjustments, or (ii) the annual unadjusted percentage increase
3 (but not less than zero) in the consumer price index-u for the
4 12 months ending with the September preceding each November 1,
5 including all previous adjustments.

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

7 (40 ILCS 5/4-109.1) (from Ch. 108 1/2, par. 4-109.1)

8 Sec. 4-109.1. Increase in pension.

9 (a) Except as provided in subsection (e), the monthly
10 pension of a firefighter who retires after July 1, 1971 and
11 prior to January 1, 1986, shall, upon either the first of the
12 month following the first anniversary of the date of retirement
13 if 60 years of age or over at retirement date, or upon the
14 first day of the month following attainment of age 60 if it
15 occurs after the first anniversary of retirement, be increased
16 by 2% of the originally granted monthly pension and by an
17 additional 2% in each January thereafter. Effective January
18 1976, the rate of the annual increase shall be 3% of the
19 originally granted monthly pension.

20 (b) The monthly pension of a firefighter who retired from
21 service with 20 or more years of service, on or before July 1,
22 1971, shall be increased, in January of the year following the
23 year of attaining age 65 or in January 1972, if then over age
24 65, by 2% of the originally granted monthly pension, for each
25 year the firefighter received pension payments. In each January

1 thereafter, he or she shall receive an additional increase of
2 2% of the original monthly pension. Effective January 1976, the
3 rate of the annual increase shall be 3%.

4 (c) The monthly pension of a firefighter who is receiving a
5 disability pension under this Article shall be increased, in
6 January of the year following the year the firefighter attains
7 age 60, or in January 1974, if then over age 60, by 2% of the
8 originally granted monthly pension for each year he or she
9 received pension payments. In each January thereafter, the
10 firefighter shall receive an additional increase of 2% of the
11 original monthly pension. Effective January 1976, the rate of
12 the annual increase shall be 3%.

13 (c-1) On January 1, 1998, every child's disability benefit
14 payable on that date under Section 4-110 or 4-110.1 shall be
15 increased by an amount equal to 1/12 of 3% of the amount of the
16 benefit, multiplied by the number of months for which the
17 benefit has been payable. On each January 1 thereafter, every
18 child's disability benefit payable under Section 4-110 or
19 4-110.1 shall be increased by 3% of the amount of the benefit
20 then being paid, including any previous increases received
21 under this Article. These increases are not subject to any
22 limitation on the maximum benefit amount included in Section
23 4-110 or 4-110.1.

24 (c-2) On July 1, 2004, every pension payable to or on
25 behalf of a minor or disabled surviving child that is payable
26 on that date under Section 4-114 shall be increased by an

1 amount equal to 1/12 of 3% of the amount of the pension,
2 multiplied by the number of months for which the benefit has
3 been payable. On July 1, 2005, July 1, 2006, July 1, 2007, and
4 July 1, 2008, every pension payable to or on behalf of a minor
5 or disabled surviving child that is payable under Section 4-114
6 shall be increased by 3% of the amount of the pension then
7 being paid, including any previous increases received under
8 this Article. These increases are not subject to any limitation
9 on the maximum benefit amount included in Section 4-114.

10 (d) The monthly pension of a firefighter who retires after
11 January 1, 1986, shall, upon either the first of the month
12 following the first anniversary of the date of retirement if 55
13 years of age or over, or upon the first day of the month
14 following attainment of age 55 if it occurs after the first
15 anniversary of retirement, be increased by 1/12 of 3% of the
16 originally granted monthly pension for each full month that has
17 elapsed since the pension began, and by an additional 3% in
18 each January thereafter.

19 The changes made to this subsection (d) by this amendatory
20 Act of the 91st General Assembly apply to all initial increases
21 that become payable under this subsection on or after January
22 1, 1999. All initial increases that became payable under this
23 subsection on or after January 1, 1999 and before the effective
24 date of this amendatory Act shall be recalculated and the
25 additional amount accruing for that period, if any, shall be
26 payable to the pensioner in a lump sum.

1 (e) Notwithstanding the provisions of subsection (a), upon
2 the first day of the month following (1) the first anniversary
3 of the date of retirement, or (2) the attainment of age 55, or
4 (3) July 1, 1987, whichever occurs latest, the monthly pension
5 of a firefighter who retired on or after January 1, 1977 and on
6 or before January 1, 1986 and did not receive an increase under
7 subsection (a) before July 1, 1987, shall be increased by 3% of
8 the originally granted monthly pension for each full year that
9 has elapsed since the pension began, and by an additional 3% in
10 each January thereafter. The increases provided under this
11 subsection are in lieu of the increases provided in subsection
12 (a).

13 (f) In July 2009, the monthly pension of a firefighter who
14 retired before July 1, 1977 shall be recalculated and increased
15 to reflect the amount that the firefighter would have received
16 in July 2009 had the firefighter been receiving a 3% compounded
17 increase for each year he or she received pension payments
18 after January 1, 1986, plus any increases in pension received
19 for each year prior to January 1, 1986. In each January
20 thereafter, he or she shall receive an additional increase of
21 3% of the amount of the pension then being paid. The changes
22 made to this Section by this amendatory Act of the 96th General
23 Assembly apply without regard to whether the firefighter was in
24 service on or after its effective date.

25 (g) Notwithstanding any other provision of this Article,
26 the monthly pension of a person who first becomes a firefighter

1 under this Article on or after January 1, 2011 shall be
2 increased on the January 1 occurring either on or after the
3 attainment of age 60 or the first anniversary of the pension
4 start date, whichever is later. Each annual increase shall be
5 calculated at 3% ~~or one half the annual unadjusted percentage~~
6 ~~increase (but not less than zero) in the consumer price index u~~
7 ~~for the 12 months ending with the September preceding each~~
8 ~~November 1, whichever is less,~~ of the originally granted
9 pension. Notwithstanding Section 1-103.1, the changes made to
10 this subsection by this amendatory Act of the 101st General
11 Assembly apply without regard to whether the person who first
12 becomes a firefighter under this Article on or after July 1,
13 2011 is in active service under this Article on or after the
14 effective date of this amendatory Act of the 101st General
15 Assembly. If the annual unadjusted percentage change in the
16 consumer price index u for a 12 month period ending in
17 September is zero or, when compared with the preceding period,
18 decreases, then the pension shall not be increased.

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

1 ~~the boards of the pension funds.~~

2 (Source: P.A. 96-775, eff. 8-28-09; 96-1495, eff. 1-1-11.)

3 (40 ILCS 5/4-114) (from Ch. 108 1/2, par. 4-114)

4 Sec. 4-114. Pension to survivors. If a firefighter who is
5 not receiving a disability pension under Section 4-110 or
6 4-110.1 dies (1) as a result of any illness or accident, or (2)
7 from any cause while in receipt of a disability pension under
8 this Article, or (3) during retirement after 20 years service,
9 or (4) while vested for or in receipt of a pension payable
10 under subsection (b) of Section 4-109, or (5) while a deferred
11 pensioner, having made all required contributions, a pension
12 shall be paid to his or her survivors, based on the monthly
13 salary attached to the firefighter's rank on the last day of
14 service in the fire department, as follows:

15 (a) (1) To the surviving spouse, a monthly pension of
16 40% of the monthly salary, and if there is a surviving
17 spouse, to the guardian of any minor child or children
18 including a child which has been conceived but not yet
19 born, 12% of such monthly salary for each such child until
20 attainment of age 18 or until the child's marriage,
21 whichever occurs first. Beginning July 1, 1993, the monthly
22 pension to the surviving spouse shall be 54% of the monthly
23 salary for all persons receiving a surviving spouse pension
24 under this Article, regardless of whether the deceased
25 firefighter was in service on or after the effective date

1 of this amendatory Act of 1993.

2 (2) Beginning July 1, 2004, unless the amount provided
3 under paragraph (1) of this subsection (a) is greater, the
4 total monthly pension payable under this paragraph (a),
5 including any amount payable on account of children, to the
6 surviving spouse of a firefighter who died (i) while
7 receiving a retirement pension, (ii) while he or she was a
8 deferred pensioner with at least 20 years of creditable
9 service, or (iii) while he or she was in active service
10 having at least 20 years of creditable service, regardless
11 of age, shall be no less than 100% of the monthly
12 retirement pension earned by the deceased firefighter at
13 the time of death, regardless of whether death occurs
14 before or after attainment of age 50, including any
15 increases under Section 4-109.1. This minimum applies to
16 all such surviving spouses who are eligible to receive a
17 surviving spouse pension, regardless of whether the
18 deceased firefighter was in service on or after the
19 effective date of this amendatory Act of the 93rd General
20 Assembly, and notwithstanding any limitation on maximum
21 pension under paragraph (d) or any other provision of this
22 Article.

23 (3) If the pension paid on and after July 1, 2004 to
24 the surviving spouse of a firefighter who died on or after
25 July 1, 2004 and before the effective date of this
26 amendatory Act of the 93rd General Assembly was less than

1 the minimum pension payable under paragraph (1) or (2) of
2 this subsection (a), the fund shall pay a lump sum equal to
3 the difference within 90 days after the effective date of
4 this amendatory Act of the 93rd General Assembly.

5 The pension to the surviving spouse shall terminate in
6 the event of the surviving spouse's remarriage prior to
7 July 1, 1993; remarriage on or after that date does not
8 affect the surviving spouse's pension, regardless of
9 whether the deceased firefighter was in service on or after
10 the effective date of this amendatory Act of 1993.

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

13 (b) Upon the death of the surviving spouse leaving one
14 or more minor children, or upon the death of a firefighter
15 leaving one or more minor children but no surviving spouse,
16 to the duly appointed guardian of each such child, for
17 support and maintenance of each such child until the child
18 reaches age 18 or marries, whichever occurs first, a
19 monthly pension of 20% of the monthly salary.

20 In a case where the deceased firefighter left one or
21 more minor children but no surviving spouse and the
22 guardian of a child is receiving a pension of 12% of the
23 monthly salary on August 16, 2013 (the effective date of
24 Public Act 98-391), the pension is increased by Public Act
25 98-391 to 20% of the monthly salary for each such child,
26 beginning on the pension payment date occurring on or next

1 following August 16, 2013. The changes to this Section made
2 by Public Act 98-391 apply without regard to whether the
3 deceased firefighter was in service on or after August 16,
4 2013.

5 (c) If a deceased firefighter leaves no surviving
6 spouse or unmarried minor children under age 18, but leaves
7 a dependent father or mother, to each dependent parent a
8 monthly pension of 18% of the monthly salary. To qualify
9 for the pension, a dependent parent must furnish
10 satisfactory proof that the deceased firefighter was at the
11 time of his or her death the sole supporter of the parent
12 or that the parent was the deceased's dependent for federal
13 income tax purposes.

14 (d) The total pension provided under paragraphs (a),
15 (b) and (c) of this Section shall not exceed 75% of the
16 monthly salary of the deceased firefighter (1) when paid to
17 the survivor of a firefighter who has attained 20 or more
18 years of service credit and who receives or is eligible to
19 receive a retirement pension under this Article, or (2)
20 when paid to the survivor of a firefighter who dies as a
21 result of illness or accident, or (3) when paid to the
22 survivor of a firefighter who dies from any cause while in
23 receipt of a disability pension under this Article, or (4)
24 when paid to the survivor of a deferred pensioner. For all
25 other survivors of deceased firefighters, the total
26 pension provided under paragraphs (a), (b) and (c) of this

1 Section shall not exceed 50% of the retirement annuity the
2 firefighter would have received on the date of death.

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

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

12 (f) (Blank).

13 (g) If a judgment of dissolution of marriage between a
14 firefighter and spouse is judicially set aside subsequent
15 to the firefighter's death, the surviving spouse is
16 eligible for the pension provided in paragraph (a) only if
17 the judicial proceedings are filed within 2 years after the
18 date of the dissolution of marriage and within one year
19 after the firefighter's death and the board is made a party
20 to the proceedings. In such case the pension shall be
21 payable only from the date of the court's order setting
22 aside the judgment of dissolution of marriage.

23 (h) Benefits payable on account of a child under this
24 Section shall not be reduced or terminated by reason of the
25 child's attainment of age 18 if he or she is then dependent
26 by reason of a physical or mental disability but shall

1 continue to be paid as long as such dependency continues.
2 Individuals over the age of 18 and adjudged as a disabled
3 person pursuant to Article XIa of the Probate Act of 1975,
4 except for persons receiving benefits under Article III of
5 the Illinois Public Aid Code, shall be eligible to receive
6 benefits under this Act.

7 (i) Beginning January 1, 2000, the pension of the
8 surviving spouse of a firefighter who dies on or after
9 January 1, 1994 as a result of sickness, accident, or
10 injury incurred in or resulting from the performance of an
11 act of duty or from the cumulative effects of acts of duty
12 shall not be less than 100% of the salary attached to the
13 rank held by the deceased firefighter on the last day of
14 service, notwithstanding subsection (d) or any other
15 provision of this Article.

16 (j) Beginning July 1, 2004, the pension of the
17 surviving spouse of a firefighter who dies on or after
18 January 1, 1988 as a result of sickness, accident, or
19 injury incurred in or resulting from the performance of an
20 act of duty or from the cumulative effects of acts of duty
21 shall not be less than 100% of the salary attached to the
22 rank held by the deceased firefighter on the last day of
23 service, notwithstanding subsection (d) or any other
24 provision of this Article.

25 Notwithstanding any other provision of this Article, if a
26 person who first becomes a firefighter under this Article on or

1 after January 1, 2011 and who is not receiving a disability
2 pension under Section 4-110 or 4-110.1 dies (1) as a result of
3 any illness or accident, (2) from any cause while in receipt of
4 a disability pension under this Article, (3) during retirement
5 after 20 years service, (4) while vested for or in receipt of a
6 pension payable under subsection (b) of Section 4-109, or (5)
7 while a deferred pensioner, having made all required
8 contributions, then a pension shall be paid to his or her
9 survivors in the amount equal to the greater of (i) 54% of the
10 firefighter's monthly salary at the date of death, or (ii) ~~of~~
11 66 2/3% of the firefighter's earned pension at the date of
12 death, and if there is a surviving spouse, to the guardian of
13 any minor child or children, including a child that has been
14 conceived but not yet born, 12% of such monthly salary for each
15 such child until attainment of age 18. Upon the death of the
16 surviving spouse leaving one or more minor children, or upon
17 the death of a firefighter leaving one or more minor children
18 but no surviving spouse, to the duly appointed guardian of each
19 such child, for support and maintenance of each such child
20 until the child reaches age 18, a monthly pension of 20% of the
21 monthly salary. Nothing in this Section shall act to diminish
22 the survivor's benefits described in subsection (j) of this
23 Section. Notwithstanding Section 1-103.1, the changes made to
24 this subsection apply without regard to whether the deceased
25 firefighter was in service on or after the effective date of
26 this amendatory Act of the 101st General Assembly.

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

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

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

24 (40 ILCS 5/4-118) (from Ch. 108 1/2, par. 4-118)

25 Sec. 4-118. Financing.

1 (a) The city council or the board of trustees of the
2 municipality shall annually levy a tax upon all the taxable
3 property of the municipality at the rate on the dollar which
4 will produce an amount which, when added to the deductions from
5 the salaries or wages of firefighters and revenues available
6 from other sources, will equal a sum sufficient to meet the
7 annual actuarial requirements of the pension fund, as
8 determined by an enrolled actuary employed by the Illinois
9 Department of Insurance or by an enrolled actuary retained by
10 the pension fund ~~or municipality~~. For the purposes of this
11 Section, the annual actuarial requirements of the pension fund
12 are equal to (1) the normal cost of the pension fund, or 17.5%
13 of the salaries and wages to be paid to firefighters for the
14 year involved, whichever is greater, plus (2) an annual amount
15 sufficient to bring the total assets of the pension fund up to
16 100% ~~90%~~ of the total actuarial liabilities of the pension fund
17 by the end of municipal fiscal year 2050 ~~2040~~, as annually
18 updated and determined by an enrolled actuary employed by the
19 Illinois Department of Insurance or by an enrolled actuary
20 retained by the pension fund ~~or the municipality~~. In making
21 these determinations, the required minimum employer
22 contribution shall be calculated each year as a level
23 percentage of payroll over the years remaining up to and
24 including fiscal year 2050 ~~2040~~ and shall be determined under
25 the entry age normal ~~projected unit credit~~ actuarial cost
26 method. The amount to be applied towards the amortization of

1 the unfunded accrued liability in any year shall not be less
2 than the annual amount required to amortize the unfunded
3 accrued liability, including interest, as a level percentage of
4 payroll over the number of years remaining in the ~~40-year~~
5 amortization period. However, the payroll growth assumption
6 used in calculating the annual amount required to amortize the
7 unfunded accrued liability as a level percentage of payroll
8 shall not be greater than 2.5%.

9 (a-5) For purposes of determining the required employer
10 contribution to a pension fund, the value of the pension fund's
11 assets shall be equal to the actuarial value of the pension
12 fund's assets, which shall be calculated as follows:

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

16 (2) In determining the actuarial value of the pension
17 fund's assets for fiscal years after March 30, 2011, any
18 actuarial gains or losses from investment return incurred
19 in a fiscal year shall be recognized in equal annual
20 amounts over the 5-year period following that fiscal year.

21 (b) The tax shall be levied and collected in the same
22 manner as the general taxes of the municipality, and shall be
23 in addition to all other taxes now or hereafter authorized to
24 be levied upon all property within the municipality, and in
25 addition to the amount authorized to be levied for general
26 purposes, under Section 8-3-1 of the Illinois Municipal Code or

1 under Section 14 of the Fire Protection District Act. The tax
2 shall be forwarded directly to the treasurer of the board
3 within 30 business days of receipt by the county (or, in the
4 case of amounts added to the tax levy under subsection (f),
5 used by the municipality to pay the employer contributions
6 required under subsection (b-1) of Section 15-155 of this
7 Code).

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

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

20 (2) in fiscal year 2017, two-thirds of the total amount
21 of any payments of State funds to the municipality; and

22 (3) in fiscal year 2018 and each fiscal year
23 thereafter, the total amount of any payments of State funds
24 to the municipality.

25 The State Comptroller may not deduct from any payments of
26 State funds to the municipality more than the amount of

1 delinquent payments certified to the State Comptroller by the
2 fund.

3 (c) The board shall make available to the membership and
4 the general public for inspection and copying at reasonable
5 times the most recent Actuarial Valuation Balance Sheet and Tax
6 Levy Requirement issued to the fund by the Department of
7 Insurance.

8 (d) The firefighters' pension fund shall consist of the
9 following moneys which shall be set apart by the treasurer of
10 the municipality: (1) all moneys derived from the taxes levied
11 hereunder; (2) contributions by firefighters as provided under
12 Section 4-118.1; (3) all rewards in money, fees, gifts, and
13 emoluments that may be paid or given for or on account of
14 extraordinary service by the fire department or any member
15 thereof, except when allowed to be retained by competitive
16 awards; and (4) any money, real estate or personal property
17 received by the board.

18 (e) For the purposes of this Section, "enrolled actuary"
19 means an actuary: (1) who is a member of the Society of
20 Actuaries or the American Academy of Actuaries; and (2) who is
21 enrolled under Subtitle C of Title III of the Employee
22 Retirement Income Security Act of 1974, or who has been engaged
23 in providing actuarial services to one or more public
24 retirement systems for a period of at least 3 years as of July
25 1, 1983.

26 (f) The corporate authorities of a municipality that

1 employs a person who is described in subdivision (d) of Section
2 4-106 may add to the tax levy otherwise provided for in this
3 Section an amount equal to the projected cost of the employer
4 contributions required to be paid by the municipality to the
5 State Universities Retirement System under subsection (b-1) of
6 Section 15-155 of this Code.

7 (g) The Commission on Government Forecasting and
8 Accountability shall conduct a study of all funds established
9 under this Article and shall report its findings to the General
10 Assembly on or before January 1, 2013. To the fullest extent
11 possible, the study shall include, but not be limited to, the
12 following:

13 (1) fund balances;

14 (2) historical employer contribution rates for each
15 fund;

16 (3) the actuarial formulas used as a basis for employer
17 contributions, including the actual assumed rate of return
18 for each year, for each fund;

19 (4) available contribution funding sources;

20 (5) the impact of any revenue limitations caused by
21 PTELL and employer home rule or non-home rule status; and

22 (6) existing statutory funding compliance procedures
23 and funding enforcement mechanisms for all municipal
24 pension funds.

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

1 (40 ILCS 5/4-120) (from Ch. 108 1/2, par. 4-120)

2 Sec. 4-120. Reserves.

3 (a) The board shall establish and maintain a reserve to
4 insure the payment of all obligations incurred under this
5 Article. The reserve to be accumulated shall be equal to the
6 estimated total actuarial requirements of the Fund.

7 (b) In the case of an eligible pension fund under this
8 Article that has transferred its investment authority to the
9 Board of Trustees of the Downstate Firefighters Pension
10 Investment Fund under Section 1-113.05 of this Code, the assets
11 invested by the Board of Trustees of the Downstate Firefighters
12 Pension Investment Fund on behalf of the pension fund, and the
13 dividends and other investment earnings attributable thereto,
14 shall be considered as part of the reserve for the purposes of
15 this Section.

16 The Board of Trustees of the Downstate Firefighters Pension
17 Investment Fund shall report to the board of each such fund, at
18 least annually and upon the reasonable request of an eligible
19 pension fund, the financial information on the invested assets
20 and earnings attributable to that pension fund so that the
21 board may make the determinations required under this Article.

22 (Source: P.A. 83-1440.)

23 (40 ILCS 5/4-123) (from Ch. 108 1/2, par. 4-123)

24 Sec. 4-123. To control and manage the Pension Fund.

25 (a) Except as provided in subsection (a-5), in ~~in~~

1 accordance with the applicable provisions of Articles 1 and 1A
2 and this Article, the board of trustees of the pension fund
3 shall have the authority to control and manage, exclusively,
4 the following:

5 (1) the pension fund,

6 (2) investment expenditures and income, including
7 interest dividends, capital gains, and other distributions
8 on the investments, and

9 (3) all money donated, paid, assessed, or provided by
10 law for the pensioning of disabled and retired
11 firefighters, their surviving spouses, minor children, and
12 dependent parents.

13 All money received or collected shall be credited by the
14 treasurer of the municipality to the account of the pension
15 fund and held by the treasurer of the municipality subject to
16 the order and control of the board. The treasurer of the
17 municipality shall maintain a record of all money received,
18 transferred, and held for the account of the board.

19 (a-5) In accordance with the applicable provisions of
20 Article 1, 1A, and this Article, the board of trustees of an
21 eligible pension fund under this Article shall have the
22 authority to control and manage, exclusively, the following:

23 (1) the pension fund, and

24 (2) all money donated, paid, assessed, or provided by
25 law for the pensioning of disabled and retired
26 firefighters, their surviving spouses, minor children, and

1 dependent parents.

2 All money received or collected shall be credited by the
3 treasurer of the municipality to the Downstate Firefighters
4 Pension Investment Fund's account of the pension fund and held
5 by the Downstate Fund for purposes of investment in accordance
6 with this Article and Article 4A of this Code.

7 (b) In accordance with rules adopted under Article 4A of
8 this Code, the board of trustees of an eligible pension fund
9 under this Article shall make periodic written application to
10 the Downstate Board for receipt and deposit of reserves into
11 the pension fund. Reserves in the amount of 3 months' current
12 liabilities, including annuity and benefit payments and
13 operational expenses owed by the fund, shall be held by the
14 treasurer of the municipality subject to the order and control
15 of the board. The treasurer of the municipality shall maintain
16 a record of all money received, transferred, and held for the
17 account of the board.

18 (c) In case of any dispute that may arise between the board
19 of trustees of any eligible pension fund under this Article and
20 the Downstate Fund under subsection (b) of this Section, the
21 board of trustees of the pension fund shall appeal the dispute
22 to the Director of Insurance. If the Director of Insurance
23 finds there exists a good faith dispute between the parties,
24 then the Director of Insurance may hold a hearing in accordance
25 with the rules of the Department of Insurance.

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

1 (40 ILCS 5/4-128) (from Ch. 108 1/2, par. 4-128)

2 Sec. 4-128. To invest funds and transfer funds.

3 (a) Except as provided in subsection (b), Beginning January
4 1, 1998, the board shall invest funds in accordance with
5 Sections 1-113.1 through 1-113.10 of this Code. Any pension
6 fund under this Article that does not meet the definition of an
7 eligible pension fund under Section 1-101.6 of this Code shall
8 retain the authority to control and manage investment
9 expenditures and income, including interest, dividends,
10 capital gains, and other distributions on the investments.

11 (b) Beginning January 1, 2020, the board of trustees of a
12 pension fund established under this Article having assets in
13 trust that exceed the threshold amount defined in Section
14 1-101.7 of this Code may elect to become an eligible pension
15 fund as defined in Section 1-101.6 of this Code. To elect to
16 become an eligible pension fund, the board of trustees of a
17 pension fund must adopt a resolution, by an absolute majority
18 of the total number of members entitled to serve on the board,
19 that irrevocably transfers its investment authority under this
20 Code to the Board of Trustees of the Downstate Firefighters
21 Pension Investment Fund. The board of trustees, or its
22 designee, shall provide and deliver to the Department of
23 Insurance, Treasurer, Auditor General, and Downstate Board a
24 copy of the duly adopted resolution within 5 business days
25 after its adoption. The Department of Insurance shall provide

1 and deliver to the board of trustees of the eligible pension
2 fund, Auditor General, and Downstate Board a written
3 acknowledgment of its receipt of the duly adopted resolution
4 and the date that it was received by the Department.

5 (c) The board of trustees of an eligible pension fund under
6 this Article that receives a certified investment asset list
7 under Section 4-128.1 shall cease investment activities upon
8 receiving the certified investment asset list and shall
9 transfer all investment assets, minus assets needed to comply
10 with subsection (b) of Section 4-123, to the Downstate Fund in
11 the manner prescribed by the rules adopted by the Downstate
12 Board under Article 4A of this Code. Upon completion of the
13 transfer described in this subsection, the investment
14 authority of the board of trustees of the eligible pension fund
15 shall terminate under this Article.

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

17 (40 ILCS 5/4-128.1 new)

18 Sec. 4-128.1. Certified investment asset list.

19 (a) Within 6 months after the Department of Insurance
20 receives the adopting resolution described in subsection (b) of
21 Section 4-128, the Department shall audit the investment assets
22 of the eligible pension fund established under this Article to
23 determine a certified investment asset list. The audit shall be
24 performed by a certified public accountant. The board of
25 trustees of the eligible pension fund shall defray the expense

1 of the audit.

2 (b) Upon completion of the audit, the Department shall
3 provide the certified investment asset list to the eligible
4 pension fund and the Downstate Board. The Department may adopt
5 rules governing the creation and distribution of the certified
6 investment asset list.

7 (40 ILCS 5/4-128.2 new)

8 Sec. 4-128.2. To transfer investment funds. After the
9 initial transfer of assets in accordance with Section 4-128.3
10 of this Code, at each quarterly meeting of the board of
11 trustees of an eligible pension fund under this Article, the
12 board of trustees of the eligible pension fund shall transfer
13 any available funds for investment to the Downstate Fund
14 subject to and in accordance with the provisions of this
15 Article and Article 4A of this Code. Each transfer shall be
16 made within 30 days of the end of the fiscal year quarter, and
17 written notice of the transfer shall be given to the Downstate
18 Board subject to and in accordance with the provisions of this
19 Article and Article 4A of this Code.

20 (40 ILCS 5/4-128.3 new)

21 Sec. 4-128.3. Transfer of assets to the Downstate Fund.

22 (a) Upon receipt of a certified investment asset list
23 provided under Section 4-128.1 of this Code from an eligible
24 pension fund under this Article, the Downstate Board shall, as

1 soon as practicable, initiate the transfer of assets from the
2 board of trustees of the eligible fund, and the board of
3 trustees of the eligible fund shall transfer to the Downstate
4 Fund for management and investment all of its securities,
5 including securities for which commitments have been made, and
6 all funds, assets, or money representing permanent or temporary
7 investments, and cash reserves maintained for the purpose of
8 obtaining income thereon. The Downstate Board shall initiate
9 the transfer of assets by issuing and delivering to the board
10 of trustees of an eligible pension fund an order that sets
11 forth the schedule the eligible pension fund shall follow to
12 effectuate the transfer of assets.

13 (b) Upon the transfer of assets from a board of trustees
14 under this Section, the custody and control of the Downstate
15 Fund over the present and future investment assets of the
16 pension fund shall take effect. The transfer shall be receipted
17 for in detail by the chairperson and executive director of the
18 Downstate Board and the receipt shall be provided to the board
19 of trustees of the eligible pension fund within 30 days after
20 the effective date of the transfer.

21 (c) Each board of trustees of an eligible pension fund
22 under this Article shall report to the Downstate Board, at the
23 end of each quarter of the pension fund's fiscal year, the
24 amount of funds available for investment. These amounts shall
25 be transferred within 30 days of the end of the quarter to the
26 Downstate Fund in a manner prescribed by the Downstate Board.

1 Notice to the Downstate Board of each transfer shall be given
2 by the eligible pension fund as the transfer occurs.

3 (40 ILCS 5/4-128.4 new)

4 Sec. 4-128.4. Audit of transition. Within 6 months of the
5 completion of the transfer of investment assets from an
6 eligible pension fund in accordance with Section 4-128.3 of
7 this Code to the control of the Downstate Board, the books,
8 records, accounts, and securities of the board shall be audited
9 by a certified public accountant designated by the Auditor
10 General. The audit shall include, but not be limited to, the
11 following: (1) a full description of the investments acquired,
12 showing average costs; (2) a full description of the securities
13 sold or exchanged, showing average proceeds or other conditions
14 of exchange; (3) gains or losses realized during the period;
15 (4) income from investments; (5) administrative expenses of the
16 Downstate Board; and (6) the proportion of administrative
17 expense allocable to each pension fund. The audit shall be
18 published on the Downstate Board's website and filed with the
19 Department of Insurance.

20 (40 ILCS 5/Art. 4A heading new)

21 ARTICLE 4A. DOWNSTATE FIREFIGHTERS PENSION INVESTMENT FUND

22 (40 ILCS 5/4A-101 new)

23 Sec. 4A-101. Definitions. As used in this Article, unless

1 the context requires otherwise:

2 "Board" means the Board of Trustees of the Downstate
3 Firefighters Pension Investment Fund.

4 "Downstate Fund" or "Fund" means the Downstate
5 Firefighters Pension Investment Fund established under this
6 Article.

7 "Invest" means to acquire, invest, reinvest, exchange or
8 retain property held for a pension fund, sell and manage the
9 reserves, funds, securities, moneys, or assets of any eligible
10 pension fund under Article 4 in accordance with this Article.

11 "Investment" means any property acquired by the Board for
12 an eligible pension fund.

13 "Investment advisor" means any person or business entity
14 that provides investment advice to the Board on a personalized
15 basis and with an understanding of the policies and goals of
16 the Board. "Investment advisor" does not include any person or
17 business entity that provides statistical or general market
18 research data available for purchase or use by others.

19 "Manage" means to invest, reinvest, exchange, and to
20 perform all investment functions with regard to reserves,
21 funds, assets, securities, and moneys that the Board is
22 authorized to invest, and to preserve and protect these
23 reserves, funds, assets, securities, and moneys, including,
24 but not limited to, the authority to vote any stocks, bonds, or
25 other securities and to give general or special proxies or
26 powers of attorney with or without power of substitution.

1 "Manage" does not include any functions, duties, or
2 responsibilities incidental to the operation and
3 administration of an eligible pension fund other than that of
4 investments.

5 "Participating municipality" means a municipality, as
6 defined in Section 4-103 of this Code, with a board of trustees
7 of a pension fund established under Article 4 of this Code that
8 elected to become an eligible pension fund in accordance with
9 subsection (b) of Section 4-128 of this Code and transferred
10 its investment authority to the Downstate Fund.

11 "Pension fund" means the reserves, funds, assets,
12 securities, moneys, and property of any eligible pension fund
13 under Article 4.

14 (40 ILCS 5/4A-105 new)

15 Sec. 4A-105. Establishment. The Downstate Firefighters
16 Pension Investment Fund is created as a special district in
17 accordance with Section 8 of Article VII of the Illinois
18 Constitution to exercise the authority to manage, invest, and
19 reinvest the reserves, funds, assets, securities, and moneys of
20 any eligible pension fund under Article 4 and to perform other
21 duties as may from time to time be authorized by the General
22 Assembly.

23 (40 ILCS 5/4A-110 new)

24 Sec. 4A-110. Downstate Board; membership.

1 (a) The Board of Trustees of the Downstate Firefighters
2 Pension Investment Fund is created.

3 (b) Before January 1, 2023 and notwithstanding any law to
4 the contrary, the Board shall consist of the following members:

5 (1) The State Treasurer or his or her designee, who
6 shall serve as chairperson and may vote only in the event
7 of a tie.

8 (2) Three trustees, each of whom shall be a mayor,
9 chief elected officer, chief executive officer, chief
10 finance officer, or other officer, executive, or
11 department head of a participating municipality. Each of
12 these trustees shall be designated as an executive trustee
13 and appointed in accordance with a joint resolution adopted
14 by the General Assembly.

15 (3) Two trustees, each of whom shall be a firefighter
16 participating in an eligible pension fund under Article 4.
17 Each of these trustees shall be designated as a firefighter
18 trustee and appointed in accordance with a joint resolution
19 adopted by the General Assembly.

20 (4) One trustee who shall be a retired firefighter of
21 an eligible pension fund under Article 4. This trustee
22 shall be designated the annuitant trustee and appointed in
23 accordance with a joint resolution adopted by the General
24 Assembly. For the purposes of this paragraph, a firefighter
25 receiving a disability pension shall be considered a
26 retired firefighter.

1 Appointments and designations to the Board shall be made by
2 filing a written notice with the Secretary of State no later
3 than 120 days after the effective date of this amendatory Act
4 of the 101st General Assembly. If an appointment under this
5 subsection is not made within that 120-day period, then the
6 State Treasurer shall make the appointment within 30 days after
7 the expiration of the 120-day period. Each appointed member
8 shall serve for a term of office commencing November 1, 2020
9 and ending December 31, 2022. A vacancy among the appointed
10 members shall be filled in the same manner as the original
11 appointment. An appointed member shall continue to serve until
12 his or her successor has been appointed and qualified.

13 A majority of the members of the Board shall constitute a
14 quorum. The executive trustees shall elect one executive
15 trustee to serve as vice-chairperson. The firefighter trustees
16 and annuitant trustees shall elect one firefighter trustee or
17 annuitant trustee to serve as vice-chairperson. The Board shall
18 elect from its membership a recording secretary. The
19 vice-chairpersons and recording secretary shall constitute the
20 executive committee. During the interim between regular
21 meetings of the Board, the executive committee shall have
22 authority to conduct all business of the Board and shall report
23 such business conducted at the next following meeting of the
24 Board for ratification.

25 (c) Beginning January 1, 2023, the Board shall consist of
26 the following members:

1 (1) Five trustees, each of whom shall be a mayor, chief
2 elected officer, chief executive officer, chief finance
3 officer, or other officer, executive, or department head of
4 a participating municipality. Each of these trustees shall
5 be designated as an executive trustee and elected in
6 accordance with this subsection.

7 (2) Three trustees, each of whom shall be a firefighter
8 participating in an eligible pension fund under Article 4.
9 Each of these trustees shall be designated as a firefighter
10 trustee and elected in accordance with this subsection.

11 (3) Two trustees, each of whom shall be a retired
12 firefighter of an eligible pension fund under Article 4.
13 Each of these trustees shall be designated the annuitant
14 trustees and elected in accordance with this subsection.
15 For the purposes of this paragraph, a firefighter receiving
16 a disability pension shall be considered a retired
17 firefighter.

18 (4) The State Treasurer or his or her designee, who
19 shall serve as the chairperson and may only vote in the
20 event of a tie.

21 Elections for executive trustees shall be conducted in
22 accordance with Section 4A-115 and elections for firefighter
23 and annuitant trustees shall be conducted in accordance with
24 Section 4A-120. An executive or firefighter trustee shall be
25 disqualified immediately upon any change in status which
26 removes the trustee from the required employment or office

1 within the group he or she represents. The annuitant trustee
2 shall be disqualified upon termination or suspension of his or
3 her retirement or disability pension. The Board shall fill any
4 vacancy by appointment of a person with the appropriate
5 employment status for the period until the next election of
6 trustees, or, if the remaining term is less than 2 years, for
7 the remainder of the term, and until a successor has been
8 elected and qualified.

9 A majority of the members of the Board shall constitute a
10 quorum. The executive trustees shall elect one executive
11 trustee to serve as vice-chairperson. The firefighter trustees
12 and annuitant trustees shall elect one firefighter trustee or
13 annuitant trustee to serve as vice-chairperson. The Board shall
14 elect from its membership a recording secretary. The
15 vice-chairpersons and recording secretary shall constitute the
16 executive committee. During the interim between regular
17 meetings of the Board, the executive committee shall have the
18 authority to conduct all business of the Board and shall report
19 such business conducted at the next following meeting of the
20 Board for ratification. Members of the Board shall act at all
21 times in a manner appropriate for fiduciaries of the Fund and
22 fiduciaries of each eligible pension fund transferring
23 investment authority.

24 (d) Each person appointed under subsection (b) or elected
25 under subsection (c) of this Section to membership shall
26 qualify by taking an oath of office before the Secretary of

1 State stating that he or she will diligently and honestly
2 administer the affairs of the Board and will not violate or
3 knowingly permit the violation of any provision of this
4 Article.

5 Members of the Board shall receive no salary for service on
6 the Board but shall be reimbursed for travel expenses incurred
7 while on business for the Board according to the standards in
8 effect for members of the Commission on Government Forecasting
9 and Accountability Research Unit.

10 No member of the Board shall have any interest in any
11 brokerage fee, commission, or other profit or gain arising out
12 of any investment made by the Board, however, this does not
13 preclude ownership by any member of any minority interest in
14 any common stock or any corporate obligation in which
15 investment is made by the Board. Members of the Board shall act
16 at all times in a manner appropriate for fiduciaries of the
17 Fund and fiduciaries of the eligible pension funds transferring
18 investment authority.

19 The Board shall contract for a blanket fidelity bond in the
20 penal sum of not less than \$1,000,000 to cover members of the
21 Board, the executive director, and all other employees of the
22 Board conditioned on the faithful performance of the duties of
23 their respective offices, the premium of which shall be paid by
24 the Board.

1 Sec. 4A-115. Election of executive trustees.

2 (a) For terms beginning on or after January 1, 2023, the
3 election of executive trustees shall be conducted in accordance
4 with this Section.

5 (b) During the period beginning on August 1 and ending on
6 September 15 of each year, the Board shall accept nominations
7 of candidates for election as executive trustees for terms
8 beginning on the next January 1, and for vacancies to be filled
9 by election. All nominations for the position of executive
10 trustee shall be by petition, signed by a representative of the
11 governing body of at least 5 participating municipalities.

12 (c) The election shall be by ballot and may be conducted in
13 person, by mail, or electronically, in accordance with the
14 rules and procedures established by the Board. All candidates
15 properly nominated in petitions received by the Board shall be
16 placed in alphabetical order upon the proper ballot. In the
17 initial election, there shall be one election for the 5
18 executive trusteeships, and the 5 candidates getting the
19 highest number of votes shall be declared elected.

20 (d) The governing body of each participating municipality
21 participating in the Downstate Fund shall have one vote at any
22 election in which an executive trustee is to be elected, and
23 may cast that vote for any candidate on the executive trustee
24 ballot. A vote may be cast for a person not on the ballot by
25 writing in his or her name. In case of a tie vote, the
26 candidate employed by the municipality having the greatest

1 number of participating firefighters at the time of the
2 election shall be declared elected.

3 (e) Each election shall be completed by December 1 of the
4 calendar year preceding the start of a term. The results shall
5 be entered in the minutes of the meeting of the Board following
6 the tally of votes.

7 (f) Each executive trustee shall hold office for a term of
8 4 years and until his or her successor has been duly elected
9 and qualified, except as otherwise provided in this subsection.
10 For the initial executive trustees, 2 of the initial executive
11 trustees shall serve for a term of one year, one initial
12 executive trustee shall serve for a term of 2 years, one
13 initial executive trustee shall serve for a term of 3 years,
14 and one initial executive trustee shall serve for a term of 4
15 years. The terms of the initial executive trustees shall be
16 determined by lot at the first meeting of the Board.

17 (40 ILCS 5/4A-120 new)

18 Sec. 4A-120. Election of firefighter and annuitant
19 trustees.

20 (a) For terms beginning on or after January 1, 2023, the
21 election of firefighter and annuitant trustees shall be
22 conducted in accordance with this Section. The annuitant
23 trustees shall be elected in an election separate from the
24 election for firefighter trustees.

25 (b) During the period beginning on August 1 and ending on

1 September 15 of each applicable year, the Board shall accept
2 nominations of candidates for election as firefighter or
3 annuitant trustees for terms beginning on the next January 1,
4 and for vacancies to be filled by election. All nominations for
5 the position of firefighter trustee shall be by petition,
6 signed by at least 50 active firefighters participating in an
7 eligible pension fund under Article 4. All nominations for the
8 position of annuitant trustee shall be by petition, signed by
9 at least 25 annuitants of an eligible pension fund under
10 Article 4.

11 (c) The election shall be by ballot and may be conducted in
12 person, by mail, or electronically, in accordance with the
13 rules and procedures established by the Board. All candidates
14 properly nominated in petitions received by the Board shall be
15 placed in alphabetical order on the proper ballot. In the
16 initial election, there shall be one election for the 3
17 firefighter trusteeships, and the 3 candidates getting the
18 highest number of votes shall be declared elected. In the
19 initial election there shall be one election for the 2
20 annuitant trusteeships, and the 2 candidates receiving the
21 highest number of votes shall be declared elected.

22 (d) No person shall cast more than one vote for each
23 candidate for whom he or she is eligible to vote. In elections
24 for Board members to be chosen from the active firefighters,
25 all active firefighters and no others may vote. In elections
26 for Board members to be chosen from retired firefighters, all

1 retired firefighters and no others may vote. In case of a tie
2 vote, the candidate currently, or in the case of an annuitant
3 trustee, formerly, employed by the municipality having the
4 greatest number of participating firefighters at the time of
5 the election shall be declared elected.

6 (e) The election shall be completed by December 1 of the
7 calendar year preceding the start of a term. The result shall
8 be entered in the minutes of the meeting of the Board following
9 the tally of votes.

10 (f) Each trustee so elected shall hold office for a term of
11 4 years and until his or her successor has been duly elected
12 and qualified, except that (1) the initial firefighter trustees
13 shall serve for terms of one, 2, or 3 years, as determined by
14 lot at the first meeting of the Board; and (2) the initial
15 annuitant trustees shall serve terms of 3 or 4 years, as
16 determined by lot at the first meeting of the Board.

17 (40 ILCS 5/4A-125 new)

18 Sec. 4A-125. Administration.

19 (a) The Board shall appoint an executive director to
20 administer the affairs of the Board subject to and under its
21 supervision and fix his or her compensation. The Board may
22 appoint investment officers and fix their compensation. With
23 the approval of the Board, the Executive Director may employ
24 such personnel, professional or clerical, as may be desirable
25 and fix their compensation.

1 The Board may adopt rules to implement and administer this
2 Article. A copy of any rule adopted by the Board shall be filed
3 with the Secretary of State.

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

10 An office for meetings of the Board and for administrative
11 personnel shall be established at any suitable place in
12 Springfield as may be selected by the Board. All books and
13 records of the Board shall be kept at this office.

14 (b) The Executive Director, with the approval of the Board,
15 is authorized to enter into reasonable contracts or other
16 agreements with either the Illinois Municipal Retirement Fund
17 or the Illinois State Board of Investment, or both, without
18 public bidding or procurement procedures but not exceeding 3
19 years in duration, to provide administrative, investment,
20 professional, technical, or other services or facilities for
21 the Downstate Firefighters Pension Investment Fund.

22 (c) The Public Pension Division of the Department of
23 Insurance shall provide all reasonably necessary and available
24 temporary office space, technical and clerical support, and
25 monetary or other assistance at the request of the Downstate
26 Board or its executive director as directed by the Downstate

1 Board. For the purpose of implementing the transfer of
2 investment authority, the Downstate Board may direct the Public
3 Pension Division to accelerate, expand, or enhance its
4 examination under Section 1A-104 of all or specific Article 4
5 pension funds, or to conduct a particular study or
6 investigation. The expenses for these examinations and
7 investigations, to the extent not paid by the Division, shall
8 be charged to the applicable pension fund.

9 (40 ILCS 5/4A-130 new)

10 Sec. 4A-130. Duties. The Board shall manage the investments
11 of any eligible pension fund under Article 4 for the purpose of
12 obtaining a total return on investments for the long term. The
13 Board shall also perform other functions as may be assigned or
14 directed by the General Assembly.

15 The authority of the Board to manage pension fund
16 investments and the liability shall begin when there has been a
17 physical transfer of the pension fund investments to the Board
18 and the pension fund investments have been placed in the
19 custody of the Board's custodian.

20 The Board may not delegate its management functions, but it
21 may, but is not required to, arrange to compensate for
22 personalized investment advisory service for any or all
23 investments under its control with any national or State bank
24 or trust company authorized to do a trust business and
25 domiciled in Illinois, other financial institution organized

1 under the laws of Illinois, or an investment advisor who is
2 qualified under the Federal Investment Advisers Act of 1940 and
3 is registered under the Illinois Securities Law of 1953.
4 Nothing contained in this Section shall prevent the Board from
5 subscribing to general investment research services available
6 for purchase or use by others. The Board shall also have the
7 authority to compensate for accounting services.

8 This Section shall not be construed to prohibit the
9 Downstate Fund from directly investing pension assets in public
10 market investments, private investments, real estate
11 investments, or other investments authorized by this Code.

12 (40 ILCS 5/4A-135 new)

13 Sec. 4A-135. Investment authority. The Board shall have the
14 authority to invest funds, subject to the requirements and
15 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
16 1-110, 1-111, 1-114, and 1-115.

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

24 The Board shall have the authority to enter into agreements
25 and to execute documents as it determines to be necessary to

1 complete any investment transaction.

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

9 Investments shall be carried at cost or at a value
10 determined in accordance with generally accepted accounting
11 principles and accounting procedures approved by the Board.

12 The value of investments held by a pension fund in one or
13 more commingled investment accounts shall be determined in
14 accordance with generally accepted accounting principles.

15 (40 ILCS 5/4A-140 new)

16 Sec. 4A-140. Transfer of securities and investment
17 functions.

18 (a) Each Board of trustees of an eligible pension fund
19 under Article 4 shall transfer to the Downstate Board
20 management authority and investment authority for all of their
21 securities or for which commitments have been made, and all
22 funds, assets or moneys representing permanent or temporary
23 investments, or cash reserves maintained for the purpose of
24 obtaining income thereon in accordance with Sections 4-128.1,
25 4-128.2, 4-128.3, and 4-128.4 of this Code and the provisions

1 of this Article.

2 (b) Upon receipt of a transfer order from the Downstate
3 Fund under subsection (a) of Section 4-128.3 of this Code, the
4 board of trustees of the eligible pension fund shall effectuate
5 a transfer of the assets set forth on the certified investment
6 asset list issued by the Department of Insurance under Section
7 4-128.1 of this Code according to the transfer schedule set
8 forth in the order of the Downstate Board. Upon the transfer,
9 the investment authority of the Downstate Fund with respect to
10 the eligible pension fund shall be effective. These transfers
11 shall be receipted for in detail by the chairperson and
12 executive director of the Downstate Board.

13 (40 ILCS 5/4A-145 new)

14 Sec. 4A-145. Investable funds. Each eligible pension fund
15 under the management of the Downstate Fund shall report to the
16 Board from time to time the amounts of funds available for
17 investment. These amounts shall be transferred to the Board's
18 custodian or the custodian's authorized agent for the account
19 of the Board to be applied for investment by the Board in
20 accordance with Section 4-128.2 of this Code or as otherwise
21 specified by the Board in its transfer order or rules. Notice
22 to the Downstate Fund of each transfer shall be given by the
23 eligible pension fund as the transfer occurs.

24 (40 ILCS 5/4A-150 new)

1 Sec. 4A-150. Custodian. The securities, funds, and other
2 assets transferred to the Downstate Fund or otherwise acquired
3 by the Downstate Board shall be placed in the custody of the
4 Downstate Board's custodian. The custodian shall provide
5 adequate safe deposit facilities and hold all the securities,
6 funds, and other assets subject to the order of the Board.

7 As soon as may be practicable, the Board shall appoint and
8 retain a qualified custodian. Until a custodian has been
9 appointed by the Board, the State Treasurer shall serve as
10 official custodian of the Board.

11 The custodian shall furnish a corporate surety bond of an
12 amount the Board designates. The bond shall indemnify the Board
13 against any loss that may result from any action or failure to
14 act by the custodian or any of the custodian's agents. All
15 charges incidental to the procuring and giving of the bond
16 shall be paid by the Board. The bond shall be in the custody of
17 the Board.

18 (40 ILCS 5/4A-155 new)

19 Sec. 4A-155. Accounting. In the management of pension funds
20 of an eligible pension fund under Article 4, the Board:

21 (1) may, for investment purposes, commingle all or a part
22 of the invested assets of one or more eligible pension funds
23 under its jurisdiction and authority;

24 (2) shall carry assets of all funds at cost or a value
25 determined in accordance with generally accepted accounting

1 principles and accounting procedures approved by the Board;
2 each investment initially transferred to the Board by an
3 eligible pension fund shall be similarly valued, except that
4 the Board may elect to place the value on any investment
5 conditionally, in which case the amount of any later
6 realization of the asset in cash that is in excess of or is
7 less than the amount so credited shall be credited or charged
8 to the eligible pension fund that made the transfer;

9 (3) shall keep proper books of account that shall reflect
10 at all times the value of all investments held by the Board for
11 an eligible pension fund whether for the separate account of
12 the Downstate Fund or in a commingled fund;

13 (4) shall charge each eligible pension fund with its share
14 of all expenses of the Board at quarter-yearly periods pro rata
15 according to the value of the investments held for the
16 respective funds at the beginning of the quarter or any other
17 equitable formula; and

18 (5) shall charge all distributions made by the Board to or
19 for an eligible pension fund to the account maintained for that
20 fund.

21 (40 ILCS 5/4A-160 new)

22 Sec. 4A-160. Audits and reports. At least annually, the
23 books, records, accounts, and securities of the Board shall be
24 audited by a certified public accountant designated by the
25 Auditor General. The audit opinion shall be published as a part

1 of the annual report of the Board.

2 For the quarterly periods ending September 30, December 31,
3 and March 31, the Board shall submit to each eligible pension
4 fund under its jurisdiction a report containing, among other
5 things, the following information: a full description of the
6 investments acquired, showing average costs; a full
7 description of the securities sold or exchanged, showing
8 average proceeds or other conditions of an exchange; gains or
9 losses realized during the period; income from investments;
10 administrative expenses of the Board; and the proportion of
11 administrative expenses allocable to each pension fund.

12 An annual report shall be prepared by the Board for
13 submission to each eligible pension fund under its jurisdiction
14 within 6 months after the close of each fiscal year. A fiscal
15 year shall date from July 1 of one year to June 30 of the year
16 next following. This report shall embody full information
17 concerning the results of investment operations of the Board
18 for the year, including the quarterly report information, as
19 well as the following:

20 (1) a listing of the investments held by the Board as
21 at the end of the year showing their book values and market
22 values and their income yields on market values;

23 (2) the amounts as determined under paragraph (1)
24 allocable to each eligible pension fund managed by the
25 Board;

26 (3) comments on the pertinent factors affecting the

1 operations of the Board for the year;

2 (4) a review of the policies maintained by the Board
3 and any changes therein that occurred during the year;

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

6 (6) recommendations for possible changes in the law
7 governing the operations of the Board; and

8 (7) a listing of the names of securities brokers and
9 dealers dealt with during the year showing the total amount
10 of commissions received by each in transactions with the
11 Board.

12 (40 ILCS 5/7-199.5 new)

13 Sec. 7-199.5. To assist in the creation and administration
14 of the Downstate Firefighters Pension Investment Fund. To
15 assist in the creation and administration of the Downstate
16 Firefighters Pension Investment Fund under Article 4A of this
17 Code; and in accordance with any contract or other agreement it
18 may enter into with the Board of Trustees of the Downstate
19 Firefighters Pension Investment Fund to provide for the
20 administrative staff of one Fund to provide assistance to
21 particular services or operations with that of the other Fund,
22 to the extent consistent with their respective fiduciary and
23 other responsibilities.

24 (40 ILCS 5/22A-115.7 new)

1 Sec. 22A-115.7. Assistance for the Downstate Firefighters
2 Pension Investment Fund. The Board may provide assistance to
3 the Downstate Firefighters Pension Investment Fund with
4 respect to the Downstate Firefighters Pension Investment
5 Fund's creation and administration under Article 4A of this
6 Code. The Board may enter into any contract or other agreement
7 upon mutually agreed upon terms with the Board of Trustees of
8 the Downstate Firefighters Pension Investment Fund to the
9 extent consistent with their respective fiduciary and other
10 responsibilities.

11 Section 90. The State Mandates Act is amended by adding
12 Section 8.43 as follows:

13 (30 ILCS 805/8.43 new)

14 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8
15 of this Act, no reimbursement by the State is required for the
16 implementation of any mandate created by this amendatory Act of
17 the 101st General Assembly.

18 Section 99. Effective date. This Act takes effect upon
19 becoming law.

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35 ILCS 200/18-185

4

40 ILCS 5/1-101.6 new

5

40 ILCS 5/1-101.7 new

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40 ILCS 5/1-109.3

7

40 ILCS 5/1-113.05 new

8

40 ILCS 5/1-113.1

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40 ILCS 5/1-113.2

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40 ILCS 5/1-113.3

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40 ILCS 5/1-113.4

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40 ILCS 5/1-113.5

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40 ILCS 5/1-113.6

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40 ILCS 5/1-113.7

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40 ILCS 5/1-167 new

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40 ILCS 5/4-102.1 new

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40 ILCS 5/4-102.2 new

19

40 ILCS 5/4-109

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40 ILCS 5/4-109.1

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40 ILCS 5/4-114

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40 ILCS 5/4-118

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22 30 ILCS 805/8.43 new