



Sen. John J. Cullerton

Filed: 5/29/2018

10000SB0371sam001

LRB100 05079 MJP 41095 a

1 AMENDMENT TO SENATE BILL 371

2 AMENDMENT NO. _____. Amend Senate Bill 371 by replacing
3 everything after the enacting clause with the following:

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.

1 "Affected county" means a county of 3,000,000 or more
2 inhabitants or a county contiguous to a county of 3,000,000 or
3 more inhabitants.

4 "Taxing district" has the same meaning provided in Section
5 1-150, except as otherwise provided in this Section. For the
6 1991 through 1994 levy years only, "taxing district" includes
7 only each non-home rule taxing district having the majority of
8 its 1990 equalized assessed value within any county or counties
9 contiguous to a county with 3,000,000 or more inhabitants.
10 Beginning with the 1995 levy year, "taxing district" includes
11 only each non-home rule taxing district subject to this Law
12 before the 1995 levy year and each non-home rule taxing
13 district not subject to this Law before the 1995 levy year
14 having the majority of its 1994 equalized assessed value in an
15 affected county or counties. Beginning with the levy year in
16 which this Law becomes applicable to a taxing district as
17 provided in Section 18-213, "taxing district" also includes
18 those taxing districts made subject to this Law as provided in
19 Section 18-213.

20 "Aggregate extension" for taxing districts to which this
21 Law applied before the 1995 levy year means the annual
22 corporate extension for the taxing district and those special
23 purpose extensions that are made annually for the taxing
24 district, excluding special purpose extensions: (a) made for
25 the taxing district to pay interest or principal on general
26 obligation bonds that were approved by referendum; (b) made for

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

1 (b), (c), (e), and (h) of this definition for non-referendum
2 obligations, except obligations initially issued pursuant to
3 referendum; (j) made for payments of principal and interest on
4 bonds issued under Section 15 of the Local Government Debt
5 Reform Act; (k) made by a school district that participates in
6 the Special Education District of Lake County, created by
7 special education joint agreement under Section 10-22.31 of the
8 School Code, for payment of the school district's share of the
9 amounts required to be contributed by the Special Education
10 District of Lake County to the Illinois Municipal Retirement
11 Fund under Article 7 of the Illinois Pension Code; the amount
12 of any extension under this item (k) shall be certified by the
13 school district to the county clerk; (l) made to fund expenses
14 of providing joint recreational programs for persons with
15 disabilities under Section 5-8 of the Park District Code or
16 Section 11-95-14 of the Illinois Municipal Code; (m) made for
17 temporary relocation loan repayment purposes pursuant to
18 Sections 2-3.77 and 17-2.2d of the School Code; (n) made for
19 payment of principal and interest on any bonds issued under the
20 authority of Section 17-2.2d of the School Code; (o) made
21 before January 1, 2020 for contributions to a firefighter's
22 pension fund created under Article 4 of the Illinois Pension
23 Code, to the extent of the amount certified under item (5) of
24 Section 4-134 of the Illinois Pension Code; ~~and~~ (p) made for
25 road purposes in the first year after a township assumes the
26 rights, powers, duties, assets, property, liabilities,

1 obligations, and responsibilities of a road district abolished
2 under the provisions of Section 6-133 of the Illinois Highway
3 Code; and (g) made for contributions to an eligible pension
4 fund as defined under Section 1-101.6 of the Illinois Pension
5 Code.

6 "Aggregate extension" for the taxing districts to which
7 this Law did not apply before the 1995 levy year (except taxing
8 districts subject to this Law in accordance with Section
9 18-213) means the annual corporate extension for the taxing
10 district and those special purpose extensions that are made
11 annually for the taxing district, excluding special purpose
12 extensions: (a) made for the taxing district to pay interest or
13 principal on general obligation bonds that were approved by
14 referendum; (b) made for any taxing district to pay interest or
15 principal on general obligation bonds issued before March 1,
16 1995; (c) made for any taxing district to pay interest or
17 principal on bonds issued to refund or continue to refund those
18 bonds issued before March 1, 1995; (d) made for any taxing
19 district to pay interest or principal on bonds issued to refund
20 or continue to refund bonds issued after March 1, 1995 that
21 were approved by referendum; (e) made for any taxing district
22 to pay interest or principal on revenue bonds issued before
23 March 1, 1995 for payment of which a property tax levy or the
24 full faith and credit of the unit of local government is
25 pledged; however, a tax for the payment of interest or
26 principal on those bonds shall be made only after the governing

1 body of the unit of local government finds that all other
2 sources for payment are insufficient to make those payments;
3 (f) made for payments under a building commission lease when
4 the lease payments are for the retirement of bonds issued by
5 the commission before March 1, 1995 to pay for the building
6 project; (g) made for payments due under installment contracts
7 entered into before March 1, 1995; (h) made for payments of
8 principal and interest on bonds issued under the Metropolitan
9 Water Reclamation District Act to finance construction
10 projects initiated before October 1, 1991; (h-4) made for
11 stormwater management purposes by the Metropolitan Water
12 Reclamation District of Greater Chicago under Section 12 of the
13 Metropolitan Water Reclamation District Act; (i) made for
14 payments of principal and interest on limited bonds, as defined
15 in Section 3 of the Local Government Debt Reform Act, in an
16 amount not to exceed the debt service extension base less the
17 amount in items (b), (c), and (e) of this definition for
18 non-referendum obligations, except obligations initially
19 issued pursuant to referendum and bonds described in subsection
20 (h) of this definition; (j) made for payments of principal and
21 interest on bonds issued under Section 15 of the Local
22 Government Debt Reform Act; (k) made for payments of principal
23 and interest on bonds authorized by Public Act 88-503 and
24 issued under Section 20a of the Chicago Park District Act for
25 aquarium or museum projects; (l) made for payments of principal
26 and interest on bonds authorized by Public Act 87-1191 or

1 93-601 and (i) issued pursuant to Section 21.2 of the Cook
2 County Forest Preserve District Act, (ii) issued under Section
3 42 of the Cook County Forest Preserve District Act for
4 zoological park projects, or (iii) issued under Section 44.1 of
5 the Cook County Forest Preserve District Act for botanical
6 gardens projects; (m) made pursuant to Section 34-53.5 of the
7 School Code, whether levied annually or not; (n) made to fund
8 expenses of providing joint recreational programs for persons
9 with disabilities under Section 5-8 of the Park District Code
10 or Section 11-95-14 of the Illinois Municipal Code; (o) made by
11 the Chicago Park District for recreational programs for persons
12 with disabilities under subsection (c) of Section 7.06 of the
13 Chicago Park District Act; (p) made before January 1, 2020 for
14 contributions to a firefighter's pension fund created under
15 Article 4 of the Illinois Pension Code, to the extent of the
16 amount certified under item (5) of Section 4-134 of the
17 Illinois Pension Code; (q) made by Ford Heights School District
18 169 under Section 17-9.02 of the School Code; ~~and~~ (r) made for
19 the purpose of making employer contributions to the Public
20 School Teachers' Pension and Retirement Fund of Chicago under
21 Section 34-53 of the School Code; and (s) made for
22 contributions to an eligible pension fund as defined under
23 Section 1-101.6 of the Illinois Pension Code.

24 "Aggregate extension" for all taxing districts to which
25 this Law applies in accordance with Section 18-213, except for
26 those taxing districts subject to paragraph (2) of subsection

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

1 all other sources for payment are insufficient to make those
2 payments; (f) made for payments under a building commission
3 lease when the lease payments are for the retirement of bonds
4 issued by the commission before the date on which the
5 referendum making this Law applicable to the taxing district is
6 held to pay for the building project; (g) made for payments due
7 under installment contracts entered into before the date on
8 which the referendum making this Law applicable to the taxing
9 district is held; (h) made for payments of principal and
10 interest on limited bonds, as defined in Section 3 of the Local
11 Government Debt Reform Act, in an amount not to exceed the debt
12 service extension base less the amount in items (b), (c), and
13 (e) of this definition for non-referendum obligations, except
14 obligations initially issued pursuant to referendum; (i) made
15 for payments of principal and interest on bonds issued under
16 Section 15 of the Local Government Debt Reform Act; (j) made
17 for a qualified airport authority to pay interest or principal
18 on general obligation bonds issued for the purpose of paying
19 obligations due under, or financing airport facilities
20 required to be acquired, constructed, installed or equipped
21 pursuant to, contracts entered into before March 1, 1996 (but
22 not including any amendments to such a contract taking effect
23 on or after that date); (k) made to fund expenses of providing
24 joint recreational programs for persons with disabilities
25 under Section 5-8 of the Park District Code or Section 11-95-14
26 of the Illinois Municipal Code; (l) made before January 1, 2020

1 for contributions to a firefighter's pension fund created under
2 Article 4 of the Illinois Pension Code, to the extent of the
3 amount certified under item (5) of Section 4-134 of the
4 Illinois Pension Code; ~~and~~ (m) made for the taxing district to
5 pay interest or principal on general obligation bonds issued
6 pursuant to Section 19-3.10 of the School Code; and (n) made
7 for contributions to an eligible pension fund as defined under
8 Section 1-101.6 of the Illinois Pension Code.

9 "Aggregate extension" for all taxing districts to which
10 this Law applies in accordance with paragraph (2) of subsection
11 (e) of Section 18-213 means the annual corporate extension for
12 the taxing district and those special purpose extensions that
13 are made annually for the taxing district, excluding special
14 purpose extensions: (a) made for the taxing district to pay
15 interest or principal on general obligation bonds that were
16 approved by referendum; (b) made for any taxing district to pay
17 interest or principal on general obligation bonds issued before
18 the effective date of this amendatory Act of 1997; (c) made for
19 any taxing district to pay interest or principal on bonds
20 issued to refund or continue to refund those bonds issued
21 before the effective date of this amendatory Act of 1997; (d)
22 made for any taxing district to pay interest or principal on
23 bonds issued to refund or continue to refund bonds issued after
24 the effective date of this amendatory Act of 1997 if the bonds
25 were approved by referendum after the effective date of this
26 amendatory Act of 1997; (e) made for any taxing district to pay

1 interest or principal on revenue bonds issued before the
2 effective date of this amendatory Act of 1997 for payment of
3 which a property tax levy or the full faith and credit of the
4 unit of local government is pledged; however, a tax for the
5 payment of interest or principal on those bonds shall be made
6 only after the governing body of the unit of local government
7 finds that all other sources for payment are insufficient to
8 make those payments; (f) made for payments under a building
9 commission lease when the lease payments are for the retirement
10 of bonds issued by the commission before the effective date of
11 this amendatory Act of 1997 to pay for the building project;
12 (g) made for payments due under installment contracts entered
13 into before the effective date of this amendatory Act of 1997;
14 (h) made for payments of principal and interest on limited
15 bonds, as defined in Section 3 of the Local Government Debt
16 Reform Act, in an amount not to exceed the debt service
17 extension base less the amount in items (b), (c), and (e) of
18 this definition for non-referendum obligations, except
19 obligations initially issued pursuant to referendum; (i) made
20 for payments of principal and interest on bonds issued under
21 Section 15 of the Local Government Debt Reform Act; (j) made
22 for a qualified airport authority to pay interest or principal
23 on general obligation bonds issued for the purpose of paying
24 obligations due under, or financing airport facilities
25 required to be acquired, constructed, installed or equipped
26 pursuant to, contracts entered into before March 1, 1996 (but

1 not including any amendments to such a contract taking effect
2 on or after that date); (k) made to fund expenses of providing
3 joint recreational programs for persons with disabilities
4 under Section 5-8 of the Park District Code or Section 11-95-14
5 of the Illinois Municipal Code; ~~and~~ (l) made before January 1,
6 2020 for contributions to a firefighter's pension fund created
7 under Article 4 of the Illinois Pension Code, to the extent of
8 the amount certified under item (5) of Section 4-134 of the
9 Illinois Pension Code; and (m) made for contributions to an
10 eligible pension fund as defined under Section 1-101.6 of the
11 Illinois Pension Code.

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

1 referendum (but not including excluded non-referendum bonds)
2 was less than 51% of the amount for the 1991 levy year
3 constituting an extension for payment of principal and interest
4 on bonds issued by the park district without referendum (but
5 not including excluded non-referendum bonds), "debt service
6 extension base" means an amount equal to that portion of the
7 extension for the 1991 levy year constituting an extension for
8 payment of principal and interest on bonds issued by the park
9 district without referendum (but not including excluded
10 non-referendum bonds). A debt service extension base
11 established or increased at any time pursuant to any provision
12 of this Law, except Section 18-212, shall be increased each
13 year commencing with the later of (i) the 2009 levy year or
14 (ii) the first levy year in which this Law becomes applicable
15 to the taxing district, by the lesser of 5% or the percentage
16 increase in the Consumer Price Index during the 12-month
17 calendar year preceding the levy year. The debt service
18 extension base may be established or increased as provided
19 under Section 18-212. "Excluded non-referendum bonds" means
20 (i) bonds authorized by Public Act 88-503 and issued under
21 Section 20a of the Chicago Park District Act for aquarium and
22 museum projects; (ii) bonds issued under Section 15 of the
23 Local Government Debt Reform Act; or (iii) refunding
24 obligations issued to refund or to continue to refund
25 obligations initially issued pursuant to referendum.

26 "Special purpose extensions" include, but are not limited

1 to, extensions for levies made on an annual basis for
2 unemployment and workers' compensation, self-insurance,
3 contributions to pension plans, and extensions made pursuant to
4 Section 6-601 of the Illinois Highway Code for a road
5 district's permanent road fund whether levied annually or not.
6 The extension for a special service area is not included in the
7 aggregate extension.

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

1 Notwithstanding any other provision of law, for levy year
2 2012, the aggregate extension base for West Northfield School
3 District No. 31 in Cook County shall be \$12,654,592.

4 "Levy year" has the same meaning as "year" under Section
5 1-155.

6 "New property" means (i) the assessed value, after final
7 board of review or board of appeals action, of new improvements
8 or additions to existing improvements on any parcel of real
9 property that increase the assessed value of that real property
10 during the levy year multiplied by the equalization factor
11 issued by the Department under Section 17-30, (ii) the assessed
12 value, after final board of review or board of appeals action,
13 of real property not exempt from real estate taxation, which
14 real property was exempt from real estate taxation for any
15 portion of the immediately preceding levy year, multiplied by
16 the equalization factor issued by the Department under Section
17 17-30, including the assessed value, upon final stabilization
18 of occupancy after new construction is complete, of any real
19 property located within the boundaries of an otherwise or
20 previously exempt military reservation that is intended for
21 residential use and owned by or leased to a private corporation
22 or other entity, (iii) in counties that classify in accordance
23 with Section 4 of Article IX of the Illinois Constitution, an
24 incentive property's additional assessed value resulting from
25 a scheduled increase in the level of assessment as applied to
26 the first year final board of review market value, and (iv) any

1 increase in assessed value due to oil or gas production from an
2 oil or gas well required to be permitted under the Hydraulic
3 Fracturing Regulatory Act that was not produced in or accounted
4 for during the previous levy year. In addition, the county
5 clerk in a county containing a population of 3,000,000 or more
6 shall include in the 1997 recovered tax increment value for any
7 school district, any recovered tax increment value that was
8 applicable to the 1995 tax year calculations.

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

13 "Recovered tax increment value" means, except as otherwise
14 provided in this paragraph, the amount of the current year's
15 equalized assessed value, in the first year after a
16 municipality terminates the designation of an area as a
17 redevelopment project area previously established under the
18 Tax Increment Allocation Development Act in the Illinois
19 Municipal Code, previously established under the Industrial
20 Jobs Recovery Law in the Illinois Municipal Code, previously
21 established under the Economic Development Project Area Tax
22 Increment Act of 1995, or previously established under the
23 Economic Development Area Tax Increment Allocation Act, of each
24 taxable lot, block, tract, or parcel of real property in the
25 redevelopment project area over and above the initial equalized
26 assessed value of each property in the redevelopment project

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

1 removal from the redevelopment project area.

2 Except as otherwise provided in this Section, "limiting
3 rate" means a fraction the numerator of which is the last
4 preceding aggregate extension base times an amount equal to one
5 plus the extension limitation defined in this Section and the
6 denominator of which is the current year's equalized assessed
7 value of all real property in the territory under the
8 jurisdiction of the taxing district during the prior levy year.
9 For those taxing districts that reduced their aggregate
10 extension for the last preceding levy year, except for school
11 districts that reduced their extension for educational
12 purposes pursuant to Section 18-206, the highest aggregate
13 extension in any of the last 3 preceding levy years shall be
14 used for the purpose of computing the limiting rate. The
15 denominator shall not include new property or the recovered tax
16 increment value. If a new rate, a rate decrease, or a limiting
17 rate increase has been approved at an election held after March
18 21, 2006, then (i) the otherwise applicable limiting rate shall
19 be increased by the amount of the new rate or shall be reduced
20 by the amount of the rate decrease, as the case may be, or (ii)
21 in the case of a limiting rate increase, the limiting rate
22 shall be equal to the rate set forth in the proposition
23 approved by the voters for each of the years specified in the
24 proposition, after which the limiting rate of the taxing
25 district shall be calculated as otherwise provided. In the case
26 of a taxing district that obtained referendum approval for an

1 increased limiting rate on March 20, 2012, the limiting rate
2 for tax year 2012 shall be the rate that generates the
3 approximate total amount of taxes extendable for that tax year,
4 as set forth in the proposition approved by the voters; this
5 rate shall be the final rate applied by the county clerk for
6 the aggregate of all capped funds of the district for tax year
7 2012.

8 (Source: P.A. 99-143, eff. 7-27-15; 99-521, eff. 6-1-17;
9 100-465, eff. 8-31-17.)

10 Section 10. The Illinois Pension Code is amended by
11 changing Sections 1-109.3, 1-113.1, 1-113.2, 1-113.3, 1-113.4,
12 1-113.4a, 1-113.5, 1-113.6, 1-113.7, 3-127, 3-132, 3-135,
13 4-120, 4-123, and 4-128 and by adding Article 3A and Article 4A
14 and Sections 1-101.6, 1-101.7, 1-113.05, 1-167, 3-102.1,
15 3-102.2, 3-132.1, 3-132.2, 3-132.3, 3-132.4, 4-102.1, 4-102.2,
16 4-128.1, 4-128.2, 4-128.3, 4-128.4, 7-199.5, and 22A-115.7 as
17 follows:

18 (40 ILCS 5/1-101.6 new)

19 Sec. 1-101.6. Eligible pension fund. "Eligible pension
20 fund" means: (1) a pension fund established under Article 3 of
21 this Code that has elected to transfer its investment authority
22 under this Code to the Downstate Police Pension Investment Fund
23 under subsection (b) of Section 3-135 of this Code, and has net
24 assets in trust that exceed the threshold amount defined in

1 Section 1-101.7 of this Code; or (2) a pension fund established
2 under Article 4 of this Code that has elected to transfer its
3 investment authority under this Code to the Downstate
4 Firefighters Pension Investment Fund under subsection (b) of
5 Section 4-128 of this Code, and has net assets in trust that
6 exceed the threshold amount defined in Section 1-101.7 of this
7 Code. The status of an "eligible pension fund", once
8 established, continues in effect without regard to subsequent
9 variations in the net assets of the pension fund.

10 (40 ILCS 5/1-101.7 new)

11 Sec. 1-101.7. Threshold amount. "Threshold amount", when
12 used in relation to the financial assets of a pension fund
13 established under Article 3 or Article 4 of this Code, means an
14 amount equal to 3 months of current liabilities of the pension
15 fund, including benefit payments owed to annuitants and
16 beneficiaries of the pension fund and reasonable operational
17 expenses.

18 (40 ILCS 5/1-109.3)

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

20 (a) All elected and appointed trustees under Article 3 and
21 4 of this Code must participate in a mandatory trustee
22 certification training seminar that consists of at least 32
23 hours of initial trustee certification at a training facility
24 that is accredited and affiliated with a State of Illinois

1 certified college or university. This training must include
2 without limitation all of the following:

3 (1) Duties and liabilities of a fiduciary under Article
4 1 of the Illinois Pension Code.

5 (2) Adjudication of pension claims.

6 (3) Basic accounting and actuarial training.

7 (4) Trustee ethics.

8 (5) The Illinois Open Meetings Act.

9 (6) The Illinois Freedom of Information Act.

10 The training required under this subsection (a) must be
11 completed within the first 2 years after the ~~year that a~~
12 trustee takes office ~~is elected or appointed~~ under an Article 3
13 or 4 pension fund. At least 8 hours of training during the
14 first year of training must cover fiduciary duties and
15 liabilities and trustee ethics. The elected and appointed
16 trustees of an Article 3 or 4 pension fund who are police
17 officers (as defined in Section 3-106 of this Code) or
18 firefighters (as defined in Section 4-106 of this Code) or are
19 employed by the municipality shall be permitted time away from
20 their duties to attend such training without reduction of
21 accrued leave or benefit time. Active or appointed trustees
22 serving on the effective date of this amendatory Act of the
23 96th General Assembly shall not be required to attend the
24 training required under this subsection (a).

25 (b) Upon completion of and in ~~in~~ addition to the initial
26 trustee certification training required under subsection (a),

1 all elected and appointed trustees under Article 3 and 4 of
2 this Code, ~~including trustees serving on the effective date of~~
3 ~~this amendatory Act of the 96th General Assembly,~~ shall also
4 complete at least an additional ~~participate in a minimum of~~ 16
5 hours of continuing trustee education during (i) the 2 years
6 following the date by which the training required under
7 subsection (a) must be completed and (ii) every 2 years
8 thereafter. At least 4 hours of training during each year must
9 be devoted to fiduciary duties and liabilities and trustee
10 ethics. At least 8 hours of the biennial training required
11 under this subsection (b) must be in the form of a live lecture
12 or classroom training forum or, if taken in an online training
13 program, must be in an interactive form with ascertainable
14 verification of participation and learning by the trustee in
15 the online training program. The balance of biennial trustee
16 training may take the form of participation in other training
17 opportunities incident to the functioning of the pension board,
18 such as participation in board hearings on the award of
19 disability or other benefits or training opportunities
20 associated with other organizations or employment that are
21 applicable to the duties of a pension fund trustee ~~each year~~
22 ~~after the first year that the trustee is elected or appointed.~~

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

25 (d) Any board member who does not timely complete the
26 training required under this Section is not eligible to serve

1 on the board of trustees of an Article 3 or 4 pension fund,
2 unless the board member completes the missed training within 6
3 months after the date the member failed to complete the
4 required training. In the event of a board member's failure to
5 complete the required training, a successor shall be appointed
6 or elected, as applicable, for the unexpired term. A successor
7 who is elected under such circumstances must be elected at a
8 special election called by the board and conducted in the same
9 manner as a regular election under Article 3 or 4, as
10 applicable.

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

12 (40 ILCS 5/1-113.05 new)

13 Sec. 1-113.05. Transfer of investment authority of
14 eligible pension funds under Article 3 and Article 4.

15 (a) Upon receiving a certified investment asset list from
16 the Department of Insurance in accordance with Section 3-132.1
17 of this Code, the board of trustees of an eligible pension fund
18 established under Article 3 of this Code shall cease investment
19 activities and shall transfer all investment assets of the
20 pension fund to the Board of Trustees of the Downstate Police
21 Pension Investment Fund in the manner prescribed by rules
22 adopted by the Board of Trustees of the Downstate Police
23 Pension Investment Fund. Upon completion of that transfer, the
24 investment authority of the board of trustees of the eligible
25 pension fund shall terminate.

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

12 (40 ILCS 5/1-113.1)

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

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

19 This Section continues to apply to any pension fund
20 established under Article 3 or Article 4 that is not an
21 eligible pension fund as defined in Section 1-101.6.

22 (b) The board of trustees of a police pension fund
23 established under Article 3 of this Code or firefighter pension
24 fund established under Article 4 of this Code shall draw
25 pension funds from the treasurer of the municipality and,

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

8 Interest and any other income from the investments shall be
9 credited to the pension fund.

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

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

14 (40 ILCS 5/1-113.2)

15 Sec. 1-113.2. List of permitted investments for certain ~~all~~
16 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 (b) of this Section does not
20 apply to that eligible pension fund.

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

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

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

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

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

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

26 (6) Investments in credit unions, to the extent that the

1 investments are insured by agencies or instrumentalities of the
2 federal government.

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

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

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

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

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

23 (i) bonds, notes, certificates of indebtedness,
24 treasury bills, or other securities that are guaranteed by
25 the full faith and credit of the United States of America
26 as to principal and interest;

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

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

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

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

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

22 (ii) separate accounts that are managed by insurance
23 companies authorized to transact business in Illinois, and
24 are comprised of real estate or loans upon real estate
25 secured by first or second mortgages; and

26 (iii) mutual funds that meet the following

1 requirements:

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

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

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

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

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

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

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

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

21 (40 ILCS 5/1-113.3)

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

24 (a) When the transfer of investment authority of an
25 eligible pension fund, as defined in Section 1-101.6, is made

1 under Section 1-113.05, subsection (a-5) of this Section does
2 not apply to that eligible pension fund.

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

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

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

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

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

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

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

25 (b) A pension fund's total investment in the items
26 authorized under this Section shall not exceed 35% of the

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

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

5 (40 ILCS 5/1-113.4)

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

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

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

21 (1) The common stocks are listed on a national
22 securities exchange or board of trade (as defined in the
23 federal Securities Exchange Act of 1934 and set forth in
24 subdivision G of Section 3 of the Illinois Securities Law
25 of 1953) or quoted in the National Association of

1 Securities Dealers Automated Quotation System National
2 Market System (NASDAQ NMS).

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

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

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

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

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

23 (b) A pension fund's total investment in the items
24 authorized under this Section and Section 1-113.3 shall not
25 exceed 35% of the market value of the pension fund's net
26 present assets stated in its most recent annual report on file

1 with the Illinois Department of Insurance.

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

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

7 (40 ILCS 5/1-113.4a)

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

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

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

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

23 (1) The common stocks must be 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 paragraph G of Section 3 of the Illinois Securities Law of
2 1953) or quoted in the National Association of Securities
3 Dealers Automated Quotation System National Market System.

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

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

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

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

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

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

22 (3) The mutual fund must have total net assets of
23 \$250,000,000 or more.

24 (4) The mutual fund must be comprised of a diversified
25 portfolio of common or preferred stocks, bonds, or money
26 market instruments.

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

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

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

12 (40 ILCS 5/1-113.5)

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

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

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

25 The investment adviser or consultant shall be a fiduciary,

1 as defined in Section 1-101.2, with respect to the pension fund
2 and shall be one of the following:

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

6 (2) a bank or trust company authorized to conduct a
7 trust business in Illinois;

8 (3) a life insurance company authorized to transact
9 business in Illinois; or

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

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

25 (1) The offeror.

26 (2) Any entity that is a parent of, or owns a

1 controlling interest in, the offeror.

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

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

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

19 The contract shall include all of the following:

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

23 (2) the board's investment policy;

24 (3) full disclosure of direct and indirect fees,
25 commissions, penalties, and any other compensation that
26 may be received by the investment adviser, including

1 reimbursement for expenses; and

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

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

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

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

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

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

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

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

25 (f) Upon the initial transfer of assets and investment
26 authority of an eligible pension fund under subsection (b) of

1 Section 4-128 of this Code, and thereafter in perpetuity, the
2 Board of Trustees of the Downstate Firefighters Pension
3 Investment Fund shall provide all investment services for that
4 eligible pension fund. Any fees for these services shall be
5 paid from the respective pension funds.

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

11 (g) Upon the initial transfer of assets and investment
12 authority of an eligible pension fund under subsection (b) of
13 Section 3-135 of this Code, and thereafter in perpetuity, the
14 Board of Trustees of the Downstate Police Pension Investment
15 Fund shall provide all investment services for that eligible
16 pension fund. Any fees for these services shall be paid from
17 the respective pension funds.

18 The Board of Trustees of the Downstate Police Pension
19 Investment Fund shall not be held liable by or indemnify any
20 individual annuitant or beneficiary of any eligible pension
21 fund established under Article 3 of this Code for nonpayment of
22 benefits by the eligible pension fund.

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

24 (40 ILCS 5/1-113.6)

25 Sec. 1-113.6. Investment policies.

1 (a) Except as provided in subsection (b), every ~~Every~~ board
2 of trustees of a pension fund shall adopt a written investment
3 policy and file a copy of that policy with the Department of
4 Insurance within 30 days after its adoption. Whenever a board
5 changes its investment policy, it shall file a copy of the new
6 policy with the Department within 30 days.

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

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

12 (40 ILCS 5/1-113.7)

13 Sec. 1-113.7. Registration of investments; custody and
14 safekeeping.

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

17 The board of trustees may register the investments of its
18 pension fund in the name of the pension fund, in the nominee
19 name of a bank or trust company authorized to conduct a trust
20 business in Illinois, or in the nominee name of the Illinois
21 Public Treasurer's Investment Pool.

22 The assets of the pension fund and ownership of its
23 investments shall be protected through third-party custodial
24 safekeeping. The board of trustees may appoint as custodian of
25 the investments of its pension fund the treasurer of the

1 municipality, a bank or trust company authorized to conduct a
2 trust business in Illinois, or the Illinois Public Treasurer's
3 Investment Pool.

4 A dealer may not maintain possession of or control over
5 securities of a pension fund subject to the provisions of this
6 Section unless it is registered as a broker-dealer with the
7 U.S. Securities and Exchange Commission and is a member in good
8 standing of the National Association of Securities Dealers, and
9 (1) with respect to securities that are not issued only in
10 book-entry form, (A) all such securities of each fund are
11 either held in safekeeping in a place reasonably free from risk
12 of destruction or held in custody by a securities depository
13 that is a "clearing agency" registered with the U.S. Securities
14 and Exchange Commission, (B) the dealer is a member of the
15 Securities Investor Protection Corporation, (C) the dealer
16 sends to each fund, no less frequently than each calendar
17 quarter, an itemized statement showing the moneys and
18 securities in the custody or possession of the dealer at the
19 end of such period, and (D) an independent certified public
20 accountant conducts an audit, no less frequently than each
21 calendar year, that reviews the dealer's internal accounting
22 controls and procedures for safeguarding securities; and (2)
23 with respect to securities that are issued only in book-entry
24 form, (A) all such securities of each fund are held either in a
25 securities depository that is a "clearing agency" registered
26 with the U.S. Securities and Exchange Commission or in a bank

1 that is a member of the Federal Reserve System, (B) the dealer
2 records the ownership interest of the funds in such securities
3 on the dealer's books and records, (C) the dealer is a member
4 of the Securities Investor Protection Corporation, (D) the
5 dealer sends to each fund, no less frequently than each
6 calendar quarter, an itemized statement showing the moneys and
7 securities in the custody or possession of the dealer at the
8 end of such period, and (E) the dealer's financial statement
9 (which shall contain among other things a statement of the
10 dealer's net capital and its required net capital computed in
11 accordance with Rule 15c3-1 under the Securities Exchange Act
12 of 1934) is audited annually by an independent certified public
13 accountant, and the dealer's most recent audited financial
14 statement is furnished to the fund. No broker-dealer serving as
15 a custodian for any public pension fund as provided by this Act
16 shall be authorized to serve as an investment advisor for that
17 same public pension fund as described in Section 1-101.4 of
18 this Code, to the extent that the investment advisor acquires
19 or disposes of any asset of that same public pension fund.
20 Notwithstanding the foregoing, in no event may a broker or
21 dealer that is a natural person maintain possession of or
22 control over securities or other assets of a pension fund
23 subject to the provisions of this Section. In maintaining
24 securities of a pension fund subject to the provisions of this
25 Section, each dealer must maintain those securities in
26 conformity with the provisions of Rule 15c3-3(b) of the

1 Securities Exchange Act of 1934 (Physical Possession or Control
2 of Securities). The Director of the Department of Insurance may
3 adopt such rules and regulations as shall be necessary and
4 appropriate in his or her judgment to effectuate the purposes
5 of this Section.

6 A bank or trust company authorized to conduct a trust
7 business in Illinois shall register, deposit, or hold
8 investments for safekeeping, all in accordance with the
9 obligations and subject to the limitations of the Securities in
10 Fiduciary Accounts Act.

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

12 (40 ILCS 5/1-167 new)

13 Sec. 1-167. Commission on Government Forecasting and
14 Accountability study.

15 (a) The Commission on Government Forecasting and
16 Accountability shall conduct an analysis of the merits and
17 feasibility of:

18 (1) transitioning the investment authority of all
19 downstate boards of trustees of police pension funds
20 organized under Article 3 to the Downstate Police Pension
21 Investment Fund under Article 3A; the analysis shall
22 include any cost or cost savings associated with
23 establishing the administrative systems and transferring
24 assets for investment management under the Downstate
25 Police Pension Investment Fund; the analysis shall include

1 an examination of the impact of the investment pool, the
2 expected future fund performance of the Downstate Police
3 Pension Investment Fund under the prudent investor rule,
4 the expected future total expense ratio and expenses of the
5 Downstate Police Pension Investment Fund, and any other
6 issues of costs and savings of transition unique to a
7 Downstate Police Pension Investment Fund-managed pension
8 fund operation; the analysis should evaluate the time
9 period in which the transition could reasonably occur,
10 recommend a reasonable transition period, and maintain the
11 present funding requirements of 90% funding by 2040; and

12 (2) transitioning the investment authority of all
13 downstate boards of trustees of firefighters pension funds
14 organized under Article 4 to the Downstate Firefighters
15 Pension Investment Fund under Article 4A; the analysis
16 shall include any cost or cost savings associated with
17 establishing the administrative systems and transferring
18 assets for investment management under the Downstate
19 Firefighters Pension Investment Fund; the analysis shall
20 include an examination of the impact of the investment
21 pool, the expected future fund performance of the Downstate
22 Firefighters Pension Investment Fund under the prudent
23 investor rule, the expected future total expense ratio and
24 expenses of the Downstate Firefighters Pension Investment
25 Fund, and any other issues of costs and savings of
26 transition unique to a Downstate Firefighters Pension

1 Investment Fund-managed pension fund operation; the
2 analysis should evaluate the time period in which the
3 transition could reasonably occur, recommend a reasonable
4 transition period, and maintain the present funding
5 requirements of 90% funding by 2040.

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

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

11 (2) identify those pension funds, as of the most recent
12 fiscal year, with funded ratios of 20% or below, above 20%
13 but below 30%, above 30% but below 40%, above 40% but below
14 50%, and 50% and above;

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

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

22 (c) The Commission shall issue a report containing its
23 analysis on or before December 31, 2020.

24 (40 ILCS 5/3-102.1 new)

25 Sec. 3-102.1. "Downstate Fund". "Downstate Fund" means the

1 Downstate Police Pension Investment Fund created under Article
2 3A of this Code to control and manage the investment
3 expenditures and income, including interest dividends, capital
4 gains, and other distributions on the investments of an
5 eligible pension fund, as defined in Section 1-101.6 of this
6 Code, that elected to transfer its investment authority under
7 this Code in accordance with subsection (b) of Section 3-135 of
8 this Code.

9 (40 ILCS 5/3-102.2 new)

10 Sec. 3-102.2. "Downstate Board". "Downstate Board" means
11 the Board of Trustees of the Downstate Police Pension
12 Investment Fund created under Article 3A of this Code.

13 (40 ILCS 5/3-127) (from Ch. 108 1/2, par. 3-127)

14 Sec. 3-127. Reserves.

15 (a) The board shall establish and maintain a reserve to
16 insure the payment of all obligations incurred under this
17 Article excluding retirement annuities established under
18 Section 3-109.3. The reserve to be accumulated shall be equal
19 to the estimated total actuarial requirements of the fund.

20 If a pension fund has a reserve of less than the accrued
21 liabilities of the fund, the board of the pension fund, in
22 making its annual report to the city council or board of
23 trustees of the municipality, shall designate the amount,
24 calculated as a level percentage of payroll, needed annually to

1 insure the accumulation of the reserve to the level of the
2 fund's accrued liabilities over a period of 40 years from July
3 1, 1993 for pension funds then in operation, or from the date
4 of establishment in the case of a fund created thereafter, so
5 that the necessary reserves will be attained over such a
6 period.

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 Police Pension Investment
10 Fund under Section 1-113.05 of this Code, the assets invested
11 by the Board of the Downstate Police Pension Investment Fund on
12 behalf of the pension fund, and the dividends and other
13 investment earnings attributable thereto, shall be considered
14 as part of the reserve for the purposes of this Section.

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

21 (Source: P.A. 91-939, eff. 2-1-01.)

22 (40 ILCS 5/3-132) (from Ch. 108 1/2, par. 3-132)

23 Sec. 3-132. To control and manage the Pension Fund.

24 (a) Except as provided in subsection (a-5), in ~~in~~
25 accordance with the applicable provisions of Articles 1 and 1A

1 and this Article, to control and manage, exclusively, the
2 following:

3 (1) the pension fund,

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

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

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

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

21 (1) the pension fund, and

22 (2) all money donated, paid, assessed, or provided by
23 law for the pensioning of disabled and retired police
24 officers, their surviving spouses, minor children, and
25 dependent parents.

26 All money received or collected shall be credited by the

1 treasurer of the municipality to the Downstate Police Pension
2 Investment Fund's account of the pension fund and held by the
3 Downstate Fund for purposes of investment in accordance with
4 this Article and Article 3A of this Code.

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

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

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

1 Sec. 3-132.1. Certified investment asset list.

2 (a) Within 6 months after the Department of Insurance
3 receives the adopting resolution described in subsection (b) of
4 Section 3-135, the Department shall audit the investment assets
5 of the eligible pension fund established under this Article to
6 determine a certified investment asset list. The audit shall be
7 performed by a certified public accountant. The board of
8 trustees of the eligible pension fund shall defray the expense
9 of the audit.

10 (b) Upon completion of the audit, the Department shall
11 provide the certified investment asset list to the eligible
12 pension fund and the Downstate Board. The Department may adopt
13 rules governing the creation and distribution of the certified
14 investment asset list.

15 (40 ILCS 5/3-132.2 new)

16 Sec. 3-132.2. To transfer investment funds. After the
17 initial transfer of assets in accordance with Section 3-132.3
18 of this Code, at each quarterly meeting of the board of
19 trustees of an eligible pension fund under this Article, the
20 board of trustees of the eligible pension fund shall transfer
21 any available funds for investment to the Downstate Fund
22 subject to and in accordance with the provisions of this
23 Article and Article 3A of this Code. Each transfer shall be
24 made within 30 days of the end of the fiscal year quarter, and
25 written notice of the transfer shall be given to the Downstate

1 Board subject to and in accordance with the provisions of this
2 Article and Article 3A of this Code.

3 (40 ILCS 5/3-132.3 new)

4 Sec. 3-132.3. Transfer of assets to the Downstate Fund.

5 (a) Upon receipt of a certified investment asset list
6 provided under Section 3-132.1 of this Code from an eligible
7 pension fund under this Article, the Downstate Board shall, as
8 soon as practicable, initiate the transfer of assets from the
9 board of trustees of the eligible fund, and the board of
10 trustees of the eligible fund shall transfer to the Downstate
11 Fund for management and investment all of its securities,
12 including securities for which commitments have been made, and
13 all funds, assets, or money representing permanent or temporary
14 investments, and cash reserves maintained for the purpose of
15 obtaining income thereon. The Downstate Board shall initiate
16 the transfer of assets by issuing and delivering to the board
17 of trustees of an eligible pension fund an order that sets
18 forth the schedule the eligible pension fund shall follow to
19 effectuate the transfer of assets.

20 (b) Upon the transfer of assets from a board of trustees
21 under this Section, the custody and control of the Downstate
22 Fund over the present and future investment assets of the
23 pension fund shall take effect. The transfer shall be receipted
24 for in detail by the chairperson and executive director of the
25 Downstate Board and the receipt shall be provided to the board

1 of trustees of the eligible pension fund within 30 days after
2 the effective date of the transfer.

3 (c) Each board of trustees of an eligible pension fund
4 under this Article shall report to the Downstate Board, at the
5 end of each quarter of the pension fund's fiscal year, the
6 amount of funds available for investment. These amounts shall
7 be transferred within 30 days of the end of the quarter to the
8 Downstate Fund in a manner prescribed by the Downstate Board.
9 Notice to the Downstate Board of each transfer shall be given
10 by the eligible pension fund as the transfer occurs.

11 (40 ILCS 5/3-132.4 new)

12 Sec. 3-132.4. Audit of transition. Within 6 months of the
13 completion of the transfer of investment assets from an
14 eligible pension fund in accordance with Section 3-132.3 of
15 this Code to the control of the Downstate Board, the books,
16 records, accounts, and securities of the board shall be audited
17 by a certified public accountant designated by the Auditor
18 General. The audit shall include, but not be limited to, the
19 following: (1) a full description of the investments acquired,
20 showing average costs; (2) a full description of the securities
21 sold or exchanged, showing average proceeds or other conditions
22 of exchange; (3) gains or losses realized during the period;
23 (4) income from investments; (5) administrative expenses of the
24 Downstate Board; and (6) the proportion of administrative
25 expense allocable to each pension fund. The audit shall be

1 published on the Downstate Board's website and filed with the
2 Department of Insurance.

3 (40 ILCS 5/3-135) (from Ch. 108 1/2, par. 3-135)

4 Sec. 3-135. To invest funds and transfer funds.

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

13 (b) Beginning January 1, 2019, the board of trustees of a
14 pension fund established under this Article having assets in
15 trust that exceed the threshold amount defined in Section
16 1-101.7 of this Code may elect to become an eligible pension
17 fund as defined in Section 1-101.6 of this Code. To elect to
18 become an eligible pension fund, the board of trustees of a
19 pension fund must adopt a resolution, by an absolute majority
20 of the total number of members entitled to serve on the board,
21 that irrevocably transfers its investment authority under this
22 Code to the Board of Trustees of the Downstate Police Pension
23 Investment Fund. The board of trustees, or its designee, shall
24 provide and deliver to the Department of Insurance, Treasurer,
25 Auditor General, and Downstate Board a copy of the duly adopted

1 resolution within 5 business days after its adoption. The
2 Department of Insurance shall provide and deliver to the board
3 of trustees of the eligible pension fund, Auditor General, and
4 Downstate Board a written acknowledgment of its receipt of the
5 duly adopted resolution and the date that it was received by
6 the Department.

7 (c) The board of trustees of an eligible pension fund under
8 this Article that receives a certified investment asset list
9 under Section 3-132.1 shall cease investment activities upon
10 receiving the certified investment asset list and shall
11 transfer all investment assets, minus assets needed to comply
12 with subsection (b) of Section 3-132, to the Downstate Fund in
13 the manner prescribed by the rules adopted by the Downstate
14 Board under Article 3A of this Code. Upon completion of the
15 transfer described in this subsection, the investment
16 authority of the board of trustees of the eligible pension fund
17 shall terminate under this Article.

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

19 (40 ILCS 5/Art. 3A heading new)

20 ARTICLE 3A. DOWNSTATE POLICE PENSION INVESTMENT FUND

21 (40 ILCS 5/3A-101 new)

22 Sec. 3A-101. Definitions. As used in this Article, unless
23 the context requires otherwise:

24 "Board" means the Board of Trustees of the Downstate Police

1 Pension Investment Fund.

2 "Downstate Fund" or "Fund" means the Downstate Police
3 Pension Investment Fund established under this Article.

4 "Invest" means to acquire, invest, reinvest, exchange or
5 retain property held for a pension fund, sell and manage the
6 reserves, funds, securities, moneys, or assets of any eligible
7 pension fund under Article 3 in accordance with this Article.

8 "Investment" means any property acquired by the Board for
9 an eligible pension fund.

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

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

24 "Manage" does not include any functions, duties, or
25 responsibilities incidental to the operation and
26 administration of an eligible pension fund other than that of

1 investments.

2 "Participating municipality" means a municipality, as
3 defined in Section 3-103 of this Code, with a board of trustees
4 of a pension fund established under Article 3 of this Code that
5 elected to become an eligible pension fund in accordance with
6 subsection (b) of Section 3-135 of this Code and transferred
7 its investment authority to the Downstate Fund.

8 "Pension fund" means the reserves, funds, assets,
9 securities, moneys, and property of any eligible pension fund
10 under Article 3.

11 (40 ILCS 5/3A-105 new)

12 Sec. 3A-105. Establishment. The Downstate Police Pension
13 Investment Fund is created as a special district in accordance
14 with Section 8 of Article VII of the Illinois Constitution to
15 exercise the authority to manage, invest, and reinvest the
16 reserves, funds, assets, securities, and moneys of any eligible
17 pension fund under Article 3 and to perform other duties as may
18 from time to time be authorized by the General Assembly.

19 (40 ILCS 5/3A-110 new)

20 Sec. 3A-110. Downstate Board; membership.

21 (a) The Board of Trustees of the Downstate Police Pension
22 Investment Fund is created.

23 (b) Before January 1, 2022 and notwithstanding any law to
24 the contrary, the Board shall consist of the following members:

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

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

11 (3) Two trustees, each of whom shall be a police
12 officer participating in an eligible pension fund. Each of
13 these trustees shall be designated as a police officer
14 trustee and appointed in accordance with a joint resolution
15 adopted by the General Assembly.

16 (4) One trustee who shall be a retired police officer
17 of an eligible pension fund. This trustee shall be
18 designated the annuitant trustee and appointed in
19 accordance with a joint resolution adopted by the General
20 Assembly. For the purposes of this paragraph, a police
21 officer receiving a disability pension shall be considered
22 a retired police officer.

23 Appointments and designations to the Board shall be made by
24 filing a written notice with the Secretary of State no later
25 than 120 days after the effective date of this amendatory Act
26 of the 100th General Assembly. If an appointment under this

1 subsection is not made within that 120-day period, then the
2 State Treasurer shall make the appointment within 30 days after
3 the expiration of the 120-day period. Each appointed member
4 shall serve for a term of office commencing November 1, 2019
5 and ending December 31, 2021. A vacancy among the appointed
6 members shall be filled in the same manner as the original
7 appointment. An appointed member shall continue to serve until
8 his or her successor has been appointed 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 police officer
12 trustees and annuitant trustees shall elect one police officer
13 trustee or annuitant trustee to serve as vice-chairperson. The
14 Board shall elect from its membership a recording secretary.
15 The vice-chairpersons and recording secretary shall constitute
16 the executive committee. During the interim between regular
17 meetings of the Board, the executive committee shall have
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.

21 (c) Beginning January 1, 2022, the Board shall consist of
22 the following members:

23 (1) Five trustees, each of whom shall be a mayor, chief
24 elected officer, chief executive officer, chief finance
25 officer, or other officer, executive, or department head of
26 a participating municipality. Each of these trustees shall

1 be designated as an executive trustee and elected in
2 accordance with this subsection.

3 (2) Three trustees, each of whom shall be a police
4 officer participating in an eligible pension fund. Each of
5 these trustees shall be designated as a police officer
6 trustee and elected in accordance with this subsection.

7 (3) Two trustees, each of whom shall be a retired
8 police officer of an eligible pension fund. Each of these
9 trustees shall be designated the annuitant trustees and
10 elected in accordance with this subsection. For the
11 purposes of this paragraph, a police officer receiving a
12 disability pension shall be considered a retired police
13 officer.

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

17 Elections for executive trustees shall be conducted in
18 accordance with Section 3A-115 and elections for police officer
19 and annuitant trustees shall be conducted in accordance with
20 Section 3A-120. An executive or police officer trustee shall be
21 disqualified immediately upon any change in status which
22 removes the trustee from the required employment or office
23 within the group he or she represents. The annuitant trustee
24 shall be disqualified upon termination or suspension of his or
25 her retirement or disability pension. The Board shall fill any
26 vacancy by appointment of a person with the appropriate

1 employment status for the period until the next election of
2 trustees, or, if the remaining term is less than 2 years, for
3 the remainder of the term, and until a successor has been
4 elected and qualified.

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

20 (d) Each person appointed under subsection (b) or elected
21 under subsection (c) of this Section to membership shall
22 qualify by taking an oath of office before the Secretary of
23 State stating that he or she will diligently and honestly
24 administer the affairs of the Board and will not violate or
25 knowingly permit the violation of any provision of this
26 Article.

1 Members of the Board shall receive no salary for service on
2 the Board but shall be reimbursed for travel expenses incurred
3 while on business for the Board according to the standards in
4 effect for members of the Illinois Legislative Research Unit.

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

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

20 (40 ILCS 5/3A-115 new)

21 Sec. 3A-115. Election of executive trustees.

22 (a) For terms beginning on or after January 1, 2022, the
23 election of executive trustees shall be conducted in accordance
24 with this Section.

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

1 September 15 of each year, the Board shall accept nominations
2 of candidates for election as executive trustees for terms
3 beginning on the next January 1, and for vacancies to be filled
4 by election. All nominations for the position of executive
5 trustee shall be by petition, signed by a representative of the
6 governing body of at least 5 participating municipalities.

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

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

24 (e) Each election shall be completed by December 1 of the
25 calendar year preceding the start of a term. The results shall
26 be entered in the minutes of the meeting of the Board following

1 the tally of votes.

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

12 (40 ILCS 5/3A-120 new)

13 Sec. 3A-120. Election of police officer and annuitant
14 trustees.

15 (a) For terms beginning on or after January 1, 2022, the
16 election of police officer and annuitant trustees shall be
17 conducted in accordance with this Section. The annuitant
18 trustees shall be elected in an election separate from the
19 election for police officer trustees.

20 (b) During the period beginning on August 1 and ending on
21 September 15 of each applicable year, the Board shall accept
22 nominations of candidates for election as police officer or
23 annuitant trustees for terms beginning on the next January 1,
24 and for vacancies to be filled by election. All nominations for
25 the position of police officer trustee shall be by petition,

1 signed by at least 50 active police officers participating in
2 an eligible pension fund. All nominations for the position of
3 annuitant trustee shall be by petition, signed by at least 25
4 annuitants of an eligible pension fund.

5 (c) The election shall be by ballot and may be conducted in
6 person, by mail, or electronically, in accordance with the
7 rules and procedures established by the Board. All candidates
8 properly nominated in petitions received by the Board shall be
9 placed in alphabetical order on the proper ballot. In the
10 initial election, there shall be one election for the 3 police
11 officer trusteeships, and the 3 candidates getting the highest
12 number of votes shall be declared elected. In the initial
13 election there shall be one election for the 2 annuitant
14 trusteeships, and the 2 candidates receiving the highest number
15 of votes shall be declared elected.

16 (d) No person shall cast more than one vote for each
17 candidate for whom he or she is eligible to vote. In elections
18 for Board members to be chosen from the active police officers,
19 all active police officers and no others may vote. In elections
20 for Board members to be chosen from retired police officers,
21 all retired police officers and no others may vote. In case of
22 a tie vote, the candidate currently, or in the case of an
23 annuitant trustee, formerly, employed by the municipality
24 having the greatest number of participating police officers at
25 the time of the election shall be declared elected.

26 (e) The election shall be completed by December 1 of the

1 calendar year preceding the start of a term. The result shall
2 be entered in the minutes of the meeting of the Board following
3 the tally of votes.

4 (f) Each trustee so elected shall hold office for a term of
5 4 years and until his or her successor has been duly elected
6 and qualified, except that (1) the initial police officers
7 trustees shall serve for terms of one, 2, or 3 years, as
8 determined by lot at the first meeting of the Board; and (2)
9 the initial annuitant trustees shall serve terms of 3 or 4
10 years, as determined by lot at the first meeting of the Board.

11 (40 ILCS 5/3A-125 new)

12 Sec. 3A-125. Administration.

13 (a) The Board shall appoint an executive director to
14 administer the affairs of the Board subject to and under its
15 supervision and fix his or her compensation. The Board may
16 appoint investment officers and fix their compensation. With
17 the approval of the Board, the Executive Director may employ
18 such personnel, professional or clerical, as may be desirable
19 and fix their compensation.

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

23 The Board may exercise any of the powers granted to boards
24 of trustees of pension funds under Sections 1-107 or 1-108 of
25 this Code, and may by resolution provide for the

1 indemnification of its members and any of its directors,
2 officers, advisors, or employees in a manner consistent with
3 those Sections.

4 An office for meetings of the Board and for administrative
5 personnel shall be established at any suitable place in
6 Springfield as may be selected by the Board. All books and
7 records of the Board shall be kept at this office.

8 (b) The Executive Director, with the approval of the Board,
9 is authorized to enter into reasonable contracts or other
10 agreements with either the Illinois Municipal Retirement Fund
11 or the Illinois State Board of Investment, or both, without
12 public bidding or procurement procedures but not exceeding 3
13 years in duration, to provide administrative, investment,
14 professional, technical, or other services or facilities for
15 the Downstate Police Pension Investment Fund.

16 (c) The Public Pension Division of the Department of
17 Insurance shall provide all reasonably necessary and available
18 temporary office space, technical and clerical support, and
19 monetary or other assistance at the request of the Downstate
20 Board or its executive director as directed by the Downstate
21 Board. For the purpose of implementing the transfer of
22 investment authority, the Downstate Board may direct the Public
23 Pension Division to accelerate, expand, or enhance its
24 examination under Section 1A-104 of all or specific Article 3
25 pension funds, or to conduct a particular study or
26 investigation. The expenses for these examinations and

1 investigations, to the extent not paid by the Division, shall
2 be charged to the applicable pension fund.

3 (40 ILCS 5/3A-130 new)

4 Sec. 3A-130. Duties. The Board shall manage the investments
5 of any eligible pension fund under Article 3 for the purpose of
6 obtaining a total return on investments for the long term. The
7 Board shall also perform other functions as may be assigned or
8 directed by the General Assembly.

9 The authority of the Board to manage pension fund
10 investments and the liability shall begin when there has been a
11 physical transfer of the pension fund investments to the Board
12 and the pension fund investments have been placed in the
13 custody of the Board's custodian.

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

1 authority to compensate for accounting services.

2 This Section shall not be construed to prohibit the
3 Downstate Fund from directly investing pension assets in public
4 market investments, private investments, real estate
5 investments, or other investments authorized by this Code.

6 (40 ILCS 5/3A-135 new)

7 Sec. 3A-135. Investment authority. The Board shall have the
8 authority to invest funds, subject to the requirements and
9 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
10 1-110, 1-111, 1-114, and 1-115.

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

18 The Board shall have the authority to enter into agreements
19 and to execute documents as it determines to be necessary to
20 complete any investment transaction.

21 All investments shall be clearly held and accounted for to
22 indicate ownership by the Board. The Board may direct the
23 registration of securities in its own name or in the name of a
24 nominee created for the express purpose of registration of
25 securities by a national or state bank or trust company

1 authorized to conduct a trust business in the State of
2 Illinois.

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

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

9 (40 ILCS 5/3A-140 new)

10 Sec. 3A-140. Transfer of securities and investment
11 functions.

12 (a) Each Board of trustees of an eligible pension fund
13 under Article 3 shall transfer to the Downstate Board
14 management authority and investment authority for all of their
15 securities or for which commitments have been made, and all
16 funds, assets or moneys representing permanent or temporary
17 investments, or cash reserves maintained for the purpose of
18 obtaining income thereon in accordance with Sections 3-132.1,
19 3-132.2, 3-132.3, and 3-132.4 of this Code and the provisions
20 of this Article.

21 (b) Upon receipt of a transfer order from the Downstate
22 Fund under subsection (a) of Section 3-132.3 of this Code, the
23 board of trustees of the eligible pension fund shall effectuate
24 a transfer of the assets set forth on the certified investment
25 asset list issued by the Department of Insurance under Section

1 3-132.1 of this Code according to the transfer schedule set
2 forth in the order of the Downstate Board. Upon the transfer,
3 the investment authority of the Downstate Fund with respect to
4 the eligible pension fund shall be effective. These transfers
5 shall be receipted for in detail by the chairperson and
6 executive director of the Downstate Board.

7 (40 ILCS 5/3A-145 new)

8 Sec. 3A-145. Investable funds. Each eligible pension fund
9 under the management of the Downstate Fund shall report to the
10 Board from time to time the amounts of funds available for
11 investment. These amounts shall be transferred to the Board's
12 custodian or the custodian's authorized agent for the account
13 of the Board to be applied for investment by the Board in
14 accordance with Section 3-132.2 of this Code or as otherwise
15 specified by the Board in its transfer order or rules. Notice
16 to the Downstate Fund of each transfer shall be given by the
17 eligible pension fund as the transfer occurs.

18 (40 ILCS 5/3A-150 new)

19 Sec. 3A-150. Custodian. The securities, funds, and other
20 assets transferred to the Downstate Fund or otherwise acquired
21 by the Downstate Board shall be placed in the custody of the
22 Downstate Board's custodian. The custodian shall provide
23 adequate safe deposit facilities and hold all the securities,
24 funds, and other assets subject to the order of the Board.

1 As soon as may be practicable, the Board shall appoint and
2 retain a qualified custodian. Until a custodian has been
3 appointed by the Board, the State Treasurer shall serve as
4 official custodian of the Board.

5 The custodian shall furnish a corporate surety bond of an
6 amount the Board designates. The bond shall indemnify the Board
7 against any loss that may result from any action or failure to
8 act by the custodian or any of the custodian's agents. All
9 charges incidental to the procuring and giving of the bond
10 shall be paid by the Board. The bond shall be in the custody of
11 the Board.

12 (40 ILCS 5/3A-155 new)

13 Sec. 3A-155. Accounting. In the management of pension funds
14 of an eligible pension fund under Article 3, the Board:

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

18 (2) shall carry assets of all funds at cost or a value
19 determined in accordance with generally accepted accounting
20 principles and accounting procedures approved by the Board;
21 each investment initially transferred to the Board by an
22 eligible pension fund shall be similarly valued, except that
23 the Board may elect to place the value on any investment
24 conditionally, in which case the amount of any later
25 realization of the asset in cash that is in excess of or is

1 less than the amount so credited shall be credited or charged
2 to the eligible pension fund that made the transfer;

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

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

12 (5) shall charge all distributions made by the Board to or
13 for an eligible pension fund to the account maintained for that
14 fund.

15 (40 ILCS 5/3A-160 new)

16 Sec. 3A-160. Audits and reports. At least annually, the
17 books, records, accounts, and securities of the Board shall be
18 audited by a certified public accountant designated by the
19 Auditor General. The audit opinion shall be published as a part
20 of the annual report of the Board.

21 For the quarterly periods ending September 30, December 31,
22 and March 31, the Board shall submit to each eligible pension
23 fund under its jurisdiction a report containing, among other
24 things, the following information: a full description of the
25 investments acquired, showing average costs; a full

1 description of the securities sold or exchanged, showing
2 average proceeds or other conditions of an exchange; gains or
3 losses realized during the period; income from investments;
4 administrative expenses of the Board; and the proportion of
5 administrative expenses allocable to each pension fund.

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

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

17 (2) the amounts as determined under paragraph (1)
18 allocable to each eligible pension fund managed by the
19 Board;

20 (3) comments on the pertinent factors affecting the
21 operations of the Board for the year;

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

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

26 (6) recommendations for possible changes in the law

1 governing the operations of the Board; and

2 (7) a listing of the names of securities brokers and
3 dealers dealt with during the year showing the total amount
4 of commissions received by each in transactions with the
5 Board.

6 (40 ILCS 5/4-102.1 new)

7 Sec. 4-102.1. "Downstate Board". "Downstate Board" means
8 the Board of Trustees of the Downstate Firefighters Pension
9 Investment Fund created under Article 4A of this Code.

10 (40 ILCS 5/4-102.2 new)

11 Sec. 4-102.2. "Downstate Fund". "Downstate Fund" means the
12 Downstate Firefighters Pension Investment Fund created under
13 Article 4A of this Code to control and manage the investment
14 expenditures and income, including interest dividends, capital
15 gains, and other distributions on the investments of an
16 eligible pension fund that elected to transfer its investment
17 authority under this Code in accordance with subsection (b) of
18 Section 4-128 of this Code.

19 (40 ILCS 5/4-120) (from Ch. 108 1/2, par. 4-120)

20 Sec. 4-120. Reserves.

21 (a) The board shall establish and maintain a reserve to
22 insure the payment of all obligations incurred under this
23 Article. The reserve to be accumulated shall be equal to the

1 estimated total actuarial requirements of the Fund.

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

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

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

18 (40 ILCS 5/4-123) (from Ch. 108 1/2, par. 4-123)

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

20 (a) Except as provided in subsection (a-5), in ~~in~~
21 accordance with the applicable provisions of Articles 1 and 1A
22 and this Article, the board of trustees of the pension fund
23 shall have the authority to control and manage, exclusively,
24 the following:

25 (1) the pension fund,

1 (2) investment expenditures and income, including
2 interest dividends, capital gains, and other distributions
3 on the investments, and

4 (3) all money donated, paid, assessed, or provided by
5 law for the pensioning of disabled and retired
6 firefighters, their surviving spouses, minor children, and
7 dependent parents.

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

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

18 (1) the pension fund, and

19 (2) all money donated, paid, assessed, or provided by
20 law for the pensioning of disabled and retired
21 firefighters, their surviving spouses, minor children, and
22 dependent parents.

23 All money received or collected shall be credited by the
24 treasurer of the municipality to the Downstate Firefighters
25 Pension Investment Fund's account of the pension fund and held
26 by the Downstate Fund for purposes of investment in accordance

1 with this Article and Article 4A of this Code.

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

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

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

22 (40 ILCS 5/4-128) (from Ch. 108 1/2, par. 4-128)

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

24 (a) Except as provided in subsection (b), ~~Beginning January~~
25 ~~1, 1998,~~ the board shall invest funds in accordance with

1 Sections 1-113.1 through 1-113.10 of this Code. Any pension
2 fund under this Article that does not meet the definition of an
3 eligible pension fund under Section 1-101.6 of this Code shall
4 retain the authority to control and manage investment
5 expenditures and income, including interest, dividends,
6 capital gains, and other distributions on the investments.

7 (b) Beginning January 1, 2019, the board of trustees of a
8 pension fund established under this Article having assets in
9 trust that exceed the threshold amount defined in Section
10 1-101.7 of this Code may elect to become an eligible pension
11 fund as defined in Section 1-101.6 of this Code. To elect to
12 become an eligible pension fund, the board of trustees of a
13 pension fund must adopt a resolution, by an absolute majority
14 of the total number of members entitled to serve on the board,
15 that irrevocably transfers its investment authority under this
16 Code to the Board of Trustees of the Downstate Firefighters
17 Pension Investment Fund. The board of trustees, or its
18 designee, shall provide and deliver to the Department of
19 Insurance, Treasurer, Auditor General, and Downstate Board a
20 copy of the duly adopted resolution within 5 business days
21 after its adoption. The Department of Insurance shall provide
22 and deliver to the board of trustees of the eligible pension
23 fund, Auditor General, and Downstate Board a written
24 acknowledgment of its receipt of the duly adopted resolution
25 and the date that it was received by the Department.

26 (c) The board of trustees of an eligible pension fund under

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

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

12 (40 ILCS 5/4-128.1 new)

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

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

22 (b) Upon completion of the audit, the Department shall
23 provide the certified investment asset list to the eligible
24 pension fund and the Downstate Board. The Department may adopt
25 rules governing the creation and distribution of the certified

1 investment asset list.

2 (40 ILCS 5/4-128.2 new)

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

15 (40 ILCS 5/4-128.3 new)

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

17 (a) Upon receipt of a certified investment asset list
18 provided under Section 4-128.1 of this Code from an eligible
19 pension fund under this Article, the Downstate Board shall, as
20 soon as practicable, initiate the transfer of assets from the
21 board of trustees of the eligible fund, and the board of
22 trustees of the eligible fund shall transfer to the Downstate
23 Fund for management and investment all of its securities,
24 including securities for which commitments have been made, and

1 all funds, assets, or money representing permanent or temporary
2 investments, and cash reserves maintained for the purpose of
3 obtaining income thereon. The Downstate Board shall initiate
4 the transfer of assets by issuing and delivering to the board
5 of trustees of an eligible pension fund an order that sets
6 forth the schedule the eligible pension fund shall follow to
7 effectuate the transfer of assets.

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

16 (c) Each board of trustees of an eligible pension fund
17 under this Article shall report to the Downstate Board, at the
18 end of each quarter of the pension fund's fiscal year, the
19 amount of funds available for investment. These amounts shall
20 be transferred within 30 days of the end of the quarter to the
21 Downstate Fund in a manner prescribed by the Downstate Board.
22 Notice to the Downstate Board of each transfer shall be given
23 by the eligible pension fund as the transfer occurs.

24 (40 ILCS 5/4-128.4 new)

25 Sec. 4-128.4. Audit of transition. Within 6 months of the

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

16 (40 ILCS 5/Art. 4A heading new)

17 ARTICLE 4A. DOWNSTATE FIREFIGHTERS PENSION INVESTMENT FUND

18 (40 ILCS 5/4A-101 new)

19 Sec. 4A-101. Definitions. As used in this Article, unless
20 the context requires otherwise:

21 "Board" means the Board of Trustees of the Downstate
22 Firefighters Pension Investment Fund.

23 "Downstate Fund" or "Fund" means the Downstate
24 Firefighters Pension Investment Fund established under this

1 Article.

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

6 "Investment" means any property acquired by the Board for
7 an eligible pension fund.

8 "Investment advisor" means any person or business entity
9 that provides investment advice to the Board on a personalized
10 basis and with an understanding of the policies and goals of
11 the Board. "Investment Advisor" does not include any person or
12 business entity that provides statistical or general market
13 research data available for purchase or use by others.

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

22 "Manage" does not include any functions, duties, or
23 responsibilities incidental to the operation and
24 administration of an eligible pension fund other than that of
25 investments.

26 "Participating municipality" means a municipality, as

1 defined in Section 4-103 of this Code, with a board of trustees
2 of a pension fund established under Article 4 of this Code that
3 elected to become an eligible pension fund in accordance with
4 subsection (b) of Section 4-128 of this Code and transferred
5 its investment authority to the Downstate Fund.

6 "Pension fund" means the reserves, funds, assets,
7 securities, moneys, and property of any eligible pension fund
8 under Article 4.

9 (40 ILCS 5/4A-105 new)

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

18 (40 ILCS 5/4A-110 new)

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

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

22 (b) Before January 1, 2022 and notwithstanding any law to
23 the contrary, the Board shall consist of the following members:

24 (1) The State Treasurer or his or her designee, who

1 shall serve as chairperson and may vote only in the event
2 of a tie.

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

10 (3) Two trustees, each of whom shall be a firefighter
11 participating in an eligible pension fund under Article 4.
12 Each of these trustees shall be designated as a firefighter
13 trustee and appointed in accordance with a joint resolution
14 adopted by the General Assembly.

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

22 Appointments and designations to the Board shall be made by
23 filing a written notice with the Secretary of State no later
24 than 120 days after the effective date of this amendatory Act
25 of the 100th General Assembly. If an appointment under this
26 subsection is not made within that 120-day period, then the

1 State Treasurer shall make the appointment within 30 days after
2 the expiration of the 120-day period. Each appointed member
3 shall serve for a term of office commencing November 1, 2019
4 and ending December 31, 2021. A vacancy among the appointed
5 members shall be filled in the same manner as the original
6 appointment. An appointed member shall continue to serve until
7 his or her successor has been appointed and qualified.

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

20 (c) Beginning January 1, 2022, the Board shall consist of
21 the following members:

22 (1) Five trustees, each of whom shall be a mayor, chief
23 elected officer, chief executive officer, chief finance
24 officer, or other officer, executive, or department head of
25 a participating municipality. Each of these trustees shall
26 be designated as an executive trustee and elected in

1 accordance with this subsection.

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

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

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

16 Elections for executive trustees shall be conducted in
17 accordance with Section 4A-115 and elections for firefighter
18 and annuitant trustees shall be conducted in accordance with
19 Section 4A-120. An executive or firefighter trustee shall be
20 disqualified immediately upon any change in status which
21 removes the trustee from the required employment or office
22 within the group he or she represents. The annuitant trustee
23 shall be disqualified upon termination or suspension of his or
24 her retirement or disability pension. The Board shall fill any
25 vacancy by appointment of a person with the appropriate
26 employment status for the period until the next election of

1 trustees, or, if the remaining term is less than 2 years, for
2 the remainder of the term, and until a successor has been
3 elected and qualified.

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

19 (d) Each person appointed under subsection (b) or elected
20 under subsection (c) of this Section to membership shall
21 qualify by taking an oath of office before the Secretary of
22 State stating that he or she will diligently and honestly
23 administer the affairs of the Board and will not violate or
24 knowingly permit the violation of any provision of this
25 Article.

26 Members of the Board shall receive no salary for service on

1 the Board but shall be reimbursed for travel expenses incurred
2 while on business for the Board according to the standards in
3 effect for members of the Illinois Legislative Research Unit.

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

13 The Board shall contract for a blanket fidelity bond in the
14 penal sum of not less than \$1,000,000 to cover members of the
15 Board, the executive director, and all other employees of the
16 Board conditioned on the faithful performance of the duties of
17 their respective offices, the premium of which shall be paid by
18 the Board.

19 (40 ILCS 5/4A-115 new)

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

21 (a) For terms beginning on or after January 1, 2022, the
22 election of executive trustees shall be conducted in accordance
23 with this Section.

24 (b) During the period beginning on August 1 and ending on
25 September 15 of each year, the Board shall accept nominations

1 of candidates for election as executive trustees for terms
2 beginning on the next January 1, and for vacancies to be filled
3 by election. All nominations for the position of executive
4 trustee shall be by petition, signed by a representative of the
5 governing body of at least 5 participating municipalities.

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

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

23 (e) Each election shall be completed by December 1 of the
24 calendar year preceding the start of a term. The results shall
25 be entered in the minutes of the meeting of the Board following
26 the tally of votes.

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

11 (40 ILCS 5/4A-120 new)

12 Sec. 4A-120. Election of firefighter and annuitant
13 trustees.

14 (a) For terms beginning on or after January 1, 2022, the
15 election of firefighter and annuitant trustees shall be
16 conducted in accordance with this Section. The annuitant
17 trustees shall be elected in an election separate from the
18 election for firefighter trustees.

19 (b) During the period beginning on August 1 and ending on
20 September 15 of each applicable year, the Board shall accept
21 nominations of candidates for election as firefighter or
22 annuitant trustees for terms beginning on the next January 1,
23 and for vacancies to be filled by election. All nominations for
24 the position of firefighter trustee shall be by petition,
25 signed by at least 50 active firefighters participating in an

1 eligible pension fund under Article 4. All nominations for the
2 position of annuitant trustee shall be by petition, signed by
3 at least 25 annuitants of an eligible pension fund under
4 Article 4.

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

16 (d) No person shall cast more than one vote for each
17 candidate for whom he or she is eligible to vote. In elections
18 for Board members to be chosen from the active firefighters,
19 all active firefighters and no others may vote. In elections
20 for Board members to be chosen from retired firefighters, all
21 retired firefighters and no others may vote. In case of a tie
22 vote, the candidate currently, or in the case of an annuitant
23 trustee, formerly, employed by the municipality having the
24 greatest number of participating firefighters at the time of
25 the election shall be declared elected.

26 (e) The election shall be completed by December 1 of the

1 calendar year preceding the start of a term. The result shall
2 be entered in the minutes of the meeting of the Board following
3 the tally of votes.

4 (f) Each trustee so elected shall hold office for a term of
5 4 years and until his or her successor has been duly elected
6 and qualified, except that (1) the initial firefighter trustees
7 shall serve for terms of one, 2, or 3 years, as determined by
8 lot at the first meeting of the Board; and (2) the initial
9 annuitant trustees shall serve terms of 3 or 4 years, as
10 determined by lot at the first meeting of the Board.

11 (40 ILCS 5/4A-125 new)

12 Sec. 4A-125. Administration.

13 (a) The Board shall appoint an executive director to
14 administer the affairs of the Board subject to and under its
15 supervision and fix his or her compensation. The Board may
16 appoint investment officers and fix their compensation. With
17 the approval of the Board, the Executive Director may employ
18 such personnel, professional or clerical, as may be desirable
19 and fix their compensation.

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

23 The Board may exercise any of the powers granted to boards
24 of trustees of pension funds under Sections 1-107 or 1-108 of
25 this Code, and may by resolution provide for the

1 indemnification of its members and any of its directors,
2 officers, advisors, or employees in a manner consistent with
3 those Sections.

4 An office for meetings of the Board and for administrative
5 personnel shall be established at any suitable place in
6 Springfield as may be selected by the Board. All books and
7 records of the Board shall be kept at this office.

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

16 (c) The Public Pension Division of the Department of
17 Insurance shall provide all reasonably necessary and available
18 temporary office space, technical and clerical support, and
19 monetary or other assistance at the request of the Downstate
20 Board or its executive director as directed by the Downstate
21 Board. For the purpose of implementing the transfer of
22 investment authority, the Downstate Board may direct the Public
23 Pension Division to accelerate, expand, or enhance its
24 examination under Section 1A-104 of all or specific Article 4
25 pension funds, or to conduct a particular study or
26 investigation. The expenses for these examinations and

1 investigations, to the extent not paid by the Division, shall
2 be charged to the applicable pension fund.

3 (40 ILCS 5/4A-130 new)

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

9 The authority of the Board to manage pension fund
10 investments and the liability shall begin when there has been a
11 physical transfer of the pension fund investments to the Board
12 and the pension fund investments have been placed in the
13 custody of the Board's custodian.

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

1 authority to compensate for accounting services.

2 This Section shall not be construed to prohibit the
3 Downstate Fund from directly investing pension assets in public
4 market investments, private investments, real estate
5 investments, or other investments authorized by this Code.

6 (40 ILCS 5/4A-135 new)

7 Sec. 4A-135. Investment authority. The Board shall have the
8 authority to invest funds, subject to the requirements and
9 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,
10 1-110, 1-111, 1-114, and 1-115.

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

18 The Board shall have the authority to enter into agreements
19 and to execute documents as it determines to be necessary to
20 complete any investment transaction.

21 All investments shall be clearly held and accounted for to
22 indicate ownership by the Board. The Board may direct the
23 registration of securities in its own name or in the name of a
24 nominee created for the express purpose of registration of
25 securities by a national or state bank or trust company

1 authorized to conduct a trust business in the State of
2 Illinois.

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

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

9 (40 ILCS 5/4A-140 new)

10 Sec. 4A-140. Transfer of securities and investment
11 functions.

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

21 (b) Upon receipt of a transfer order from the Downstate
22 Fund under subsection (a) of Section 4-128.3 of this Code, the
23 board of trustees of the eligible pension fund shall effectuate
24 a transfer of the assets set forth on the certified investment
25 asset list issued by the Department of Insurance under Section

1 4-128.1 of this Code according to the transfer schedule set
2 forth in the order of the Downstate Board. Upon the transfer,
3 the investment authority of the Downstate Fund with respect to
4 the eligible pension fund shall be effective. These transfers
5 shall be receipted for in detail by the chairperson and
6 executive director of the Downstate Board.

7 (40 ILCS 5/4A-145 new)

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

18 (40 ILCS 5/4A-150 new)

19 Sec. 4A-150. Custodian. The securities, funds, and other
20 assets transferred to the Downstate Fund or otherwise acquired
21 by the Downstate Board shall be placed in the custody of the
22 Downstate Board's custodian. The custodian shall provide
23 adequate safe deposit facilities and hold all the securities,
24 funds, and other assets subject to the order of the Board.

1 As soon as may be practicable, the Board shall appoint and
2 retain a qualified custodian. Until a custodian has been
3 appointed by the Board, the State Treasurer shall serve as
4 official custodian of the Board.

5 The custodian shall furnish a corporate surety bond of an
6 amount the Board designates. The bond shall indemnify the Board
7 against any loss that may result from any action or failure to
8 act by the custodian or any of the custodian's agents. All
9 charges incidental to the procuring and giving of the bond
10 shall be paid by the Board. The bond shall be in the custody of
11 the Board.

12 (40 ILCS 5/4A-155 new)

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

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

18 (2) shall carry assets of all funds at cost or a value
19 determined in accordance with generally accepted accounting
20 principles and accounting procedures approved by the Board;
21 each investment initially transferred to the Board by an
22 eligible pension fund shall be similarly valued, except that
23 the Board may elect to place the value on any investment
24 conditionally, in which case the amount of any later
25 realization of the asset in cash that is in excess of or is

1 less than the amount so credited shall be credited or charged
2 to the eligible pension fund that made the transfer;

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

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

12 (5) shall charge all distributions made by the Board to or
13 for an eligible pension fund to the account maintained for that
14 fund.

15 (40 ILCS 5/4A-160 new)

16 Sec. 4A-160. Audits and reports. At least annually, the
17 books, records, accounts, and securities of the Board shall be
18 audited by a certified public accountant designated by the
19 Auditor General. The audit opinion shall be published as a part
20 of the annual report of the Board.

21 For the quarterly periods ending September 30, December 31,
22 and March 31, the Board shall submit to each eligible pension
23 fund under its jurisdiction a report containing, among other
24 things, the following information: a full description of the
25 investments acquired, showing average costs; a full

1 description of the securities sold or exchanged, showing
2 average proceeds or other conditions of an exchange; gains or
3 losses realized during the period; income from investments;
4 administrative expenses of the Board; and the proportion of
5 administrative expenses allocable to each pension fund.

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

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

17 (2) the amounts as determined under paragraph (1)
18 allocable to each eligible pension fund managed by the
19 Board;

20 (3) comments on the pertinent factors affecting the
21 operations of the Board for the year;

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

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

26 (6) recommendations for possible changes in the law

1 governing the operations of the Board; and

2 (7) a listing of the names of securities brokers and
3 dealers dealt with during the year showing the total amount
4 of commissions received by each in transactions with the
5 Board.

6 (40 ILCS 5/7-199.5 new)

7 Sec. 7-199.5. To assist in the creation and administration
8 of the Downstate Police Pension Investment Fund and the
9 Downstate Firefighters Pension Investment Fund. To assist in
10 the creation and administration of the Downstate Police Pension
11 Investment Fund under Article 3A of this Code and the Downstate
12 Firefighters Pension Investment Fund under Article 4A of this
13 Code; and in accordance with any contract or other agreement it
14 may enter into with the Board of Trustees of the Downstate
15 Police Pension Investment Fund and with the Board of Trustees
16 of the Downstate Firefighters Pension Investment Fund to
17 provide for the administrative staff of one Fund to provide
18 assistance to particular services or operations with that of
19 the other Fund, to the extent consistent with their respective
20 fiduciary and other responsibilities.

21 (40 ILCS 5/22A-115.7 new)

22 Sec. 22A-115.7. Assistance for the Downstate Police
23 Pension Investment Fund and the Downstate Firefighters Pension
24 Investment Fund. The Board may provide assistance to the

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

10 Section 90. The State Mandates Act is amended by adding
11 Section 8.42 as follows:

12 (30 ILCS 805/8.42 new)

13 Sec. 8.42. Exempt mandate. Notwithstanding Sections 6 and 8
14 of this Act, no reimbursement by the State is required for the
15 implementation of any mandate created by this amendatory Act of
16 the 100th General Assembly.

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