



100TH GENERAL ASSEMBLY

State of Illinois

2017 and 2018

SB3422

Introduced 2/16/2018, by Sen. Pamela J. Althoff

SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Pension Code. Merges all Article 3 police pension funds into a single Downstate Police Pension Fund on January 1, 2020. Creates a Transition Board, which is responsible for planning, overseeing, and administering the consolidation. Authorizes the Transition Board to undertake numerous activities necessary for the consolidation, including making arrangements for staff, investments, transfer of assets and liabilities, acquisition of property, establishment of municipality accounts, and adopting rules and procedures. Authorizes the Transition Board to enter into contracts and to obligate and expend the assets of the Fund. Creates a new Board of Trustees for the Fund, and provides for administration of the Fund by the Transition Board until the new Board assumes its duties on January 1, 2021. Provides for investment of the Fund's assets by a custodian chosen by the Board of Trustees. Makes conforming and other changes. Amends the Property Tax Extension Limitation Law (PTELL) of the Property Tax Code to exclude from the definition of "aggregate extension" special purpose extensions made for contributions to the Downstate Police Pension Fund. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately, except that certain changes to the Illinois Pension Code and PTELL of the Property Tax Code take effect January 1, 2020.

LRB100 20449 MJP 35798 b

FISCAL NOTE ACT
MAY APPLY

PENSION IMPACT
NOTE ACT MAY
APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT concerning public employee benefits.

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

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

6 (35 ILCS 200/18-185)

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

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

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

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

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

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

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

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

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

24 "Aggregate extension" for the taxing districts to which
25 this Law did not apply before the 1995 levy year (except taxing
26 districts subject to this Law in accordance with Section

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

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

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

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

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

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

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

1 commission lease when the lease payments are for the retirement
2 of bonds issued by the commission before the effective date of
3 this amendatory Act of 1997 to pay for the building project;
4 (g) made for payments due under installment contracts entered
5 into before the effective date of this amendatory Act of 1997;
6 (h) made for payments of principal and interest on limited
7 bonds, as defined in Section 3 of the Local Government Debt
8 Reform Act, in an amount not to exceed the debt service
9 extension base less the amount in items (b), (c), and (e) of
10 this definition for non-referendum obligations, except
11 obligations initially issued pursuant to referendum; (i) made
12 for payments of principal and interest on bonds issued under
13 Section 15 of the Local Government Debt Reform Act; (j) made
14 for a qualified airport authority to pay interest or principal
15 on general obligation bonds issued for the purpose of paying
16 obligations due under, or financing airport facilities
17 required to be acquired, constructed, installed or equipped
18 pursuant to, contracts entered into before March 1, 1996 (but
19 not including any amendments to such a contract taking effect
20 on or after that date); (k) made to fund expenses of providing
21 joint recreational programs for persons with disabilities
22 under Section 5-8 of the Park District Code or Section 11-95-14
23 of the Illinois Municipal Code; ~~and~~ (l) made for contributions
24 to a firefighter's pension fund created under Article 4 of the
25 Illinois Pension Code, to the extent of the amount certified
26 under item (5) of Section 4-134 of the Illinois Pension Code;

1 and (m) made for contributions to the Downstate Police Pension
2 Fund under Article 3 of the Illinois Pension Code.

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

1 non-referendum bonds). A debt service extension base
2 established or increased at any time pursuant to any provision
3 of this Law, except Section 18-212, shall be increased each
4 year commencing with the later of (i) the 2009 levy year or
5 (ii) the first levy year in which this Law becomes applicable
6 to the taxing district, by the lesser of 5% or the percentage
7 increase in the Consumer Price Index during the 12-month
8 calendar year preceding the levy year. The debt service
9 extension base may be established or increased as provided
10 under Section 18-212. "Excluded non-referendum bonds" means
11 (i) bonds authorized by Public Act 88-503 and issued under
12 Section 20a of the Chicago Park District Act for aquarium and
13 museum projects; (ii) bonds issued under Section 15 of the
14 Local Government Debt Reform Act; or (iii) refunding
15 obligations issued to refund or to continue to refund
16 obligations initially issued pursuant to referendum.

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

25 "Aggregate extension base" means the taxing district's
26 last preceding aggregate extension as adjusted under Sections

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

18 Notwithstanding any other provision of law, for levy year
19 2012, the aggregate extension base for West Northfield School
20 District No. 31 in Cook County shall be \$12,654,592.

21 "Levy year" has the same meaning as "year" under Section
22 1-155.

23 "New property" means (i) the assessed value, after final
24 board of review or board of appeals action, of new improvements
25 or additions to existing improvements on any parcel of real
26 property that increase the assessed value of that real property

1 during the levy year multiplied by the equalization factor
2 issued by the Department under Section 17-30, (ii) the assessed
3 value, after final board of review or board of appeals action,
4 of real property not exempt from real estate taxation, which
5 real property was exempt from real estate taxation for any
6 portion of the immediately preceding levy year, multiplied by
7 the equalization factor issued by the Department under Section
8 17-30, including the assessed value, upon final stabilization
9 of occupancy after new construction is complete, of any real
10 property located within the boundaries of an otherwise or
11 previously exempt military reservation that is intended for
12 residential use and owned by or leased to a private corporation
13 or other entity, (iii) in counties that classify in accordance
14 with Section 4 of Article IX of the Illinois Constitution, an
15 incentive property's additional assessed value resulting from
16 a scheduled increase in the level of assessment as applied to
17 the first year final board of review market value, and (iv) any
18 increase in assessed value due to oil or gas production from an
19 oil or gas well required to be permitted under the Hydraulic
20 Fracturing Regulatory Act that was not produced in or accounted
21 for during the previous levy year. In addition, the county
22 clerk in a county containing a population of 3,000,000 or more
23 shall include in the 1997 recovered tax increment value for any
24 school district, any recovered tax increment value that was
25 applicable to the 1995 tax year calculations.

26 "Qualified airport authority" means an airport authority

1 organized under the Airport Authorities Act and located in a
2 county bordering on the State of Wisconsin and having a
3 population in excess of 200,000 and not greater than 500,000.

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

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

19 Except as otherwise provided in this Section, "limiting
20 rate" means a fraction the numerator of which is the last
21 preceding aggregate extension base times an amount equal to one
22 plus the extension limitation defined in this Section and the
23 denominator of which is the current year's equalized assessed
24 value of all real property in the territory under the
25 jurisdiction of the taxing district during the prior levy year.
26 For those taxing districts that reduced their aggregate

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

25 (Source: P.A. 99-143, eff. 7-27-15; 99-521, eff. 6-1-17;
26 100-465, eff. 8-31-17.)

1 Section 10. The Illinois Pension Code is amended by
2 changing Section 3-101 by adding Sections 3-101.1, 3-101.2, and
3 7-199.5 as follows:

4 (40 ILCS 5/3-101) (from Ch. 108 1/2, par. 3-101)

5 Sec. 3-101. Creation of Fund ~~fund~~.

6 (a) Until January 1, 2020, in ~~in~~ each municipality, as
7 defined in Section 3-103, the city council or the board of
8 trustees, as the case may be, shall establish and administer a
9 police pension fund, as prescribed in this Article, for the
10 benefit of its police officers and of their surviving spouses,
11 children, and certain other dependents. The duty of the
12 corporate authorities of a municipality to establish and
13 administer a police pension fund shall be suspended during any
14 period during which the fund is dissolved under Section 3-144.6
15 of this Code.

16 (b) On January 1, 2020, all of the individual police
17 pension funds then existing under this Article are merged and
18 consolidated into a single pension fund, to be known as the
19 Downstate Police Pension Fund, which shall be established and
20 administered as prescribed in this Article.

21 (c) Beginning January 1, 2020, each municipality, as
22 defined in Section 3-103, shall participate in the Downstate
23 Police Pension Fund for the benefit of its police officers and
24 of their surviving spouses, children, and certain other

1 dependents.

2 (d) It is the purpose of this consolidation to provide the
3 advantages of (i) centralized custody and investment of pension
4 fund assets, (ii) consistent interpretation and application of
5 this Article in accordance with a single set of rules and
6 procedures adopted by the consolidated pension fund, and (iii)
7 securing the future funding of pension benefits through an
8 independent determination of each municipality's required
9 annual contribution rate.

10 (Source: P.A. 97-99, eff. 1-1-12.)

11 (40 ILCS 5/3-101.1 new)

12 Sec. 3-101.1. Transition Board.

13 (a) There is hereby created a Downstate Police Pension Fund
14 Transition Board, which may be referred to as the "Transition
15 Board". The Transition Board shall consist of 11 members as
16 follows:

17 (1) The Director of the Illinois Department of
18 Insurance, or his or her designee.

19 (2) Two persons with experience in managing or
20 administering an Illinois public employee pension fund or
21 retirement system, appointed by the Governor.

22 (3) One person with experience in providing actuarial
23 services to an Illinois public employee pension fund or
24 retirement system, appointed by the Governor.

25 (4) One person with experience in auditing Illinois

1 public employee pension funds or retirement systems,
2 appointed by the Auditor General.

3 (5) Two members of the labor organization representing
4 the largest number of police officers participating in
5 Article 3 pension funds, with one member being an active
6 participant and the other being a retired participant,
7 appointed by the Governor from recommendations of the
8 President of that organization.

9 (6) Two persons who are mayors or chief elected
10 officers of municipalities that maintain an Article 3
11 pension fund, appointed by the Governor from
12 recommendations of the Executive Director of the
13 organization representing the largest number of
14 municipalities in the State.

15 (7) One person familiar with the operation and
16 administration of the Illinois Municipal Retirement Fund,
17 appointed by the Executive Director of that Fund.

18 (8) One person familiar with the investment authority
19 and practices of the Illinois State Board of Investment,
20 appointed by the Executive Director of the Illinois State
21 Board of Investment.

22 All such appointments and designations shall be made by
23 filing a written notice thereof with the Secretary of State no
24 later than 30 days after the effective date of this amendatory
25 Act of the 100th General Assembly.

26 (b) The Transition Board shall be responsible for planning,

1 overseeing, and administering the consolidation and merger of
2 all existing Article 3 pension funds into a single Downstate
3 Police Pension Fund.

4 Members of the Transition Board shall act at all times in a
5 manner appropriate for fiduciaries of the Fund and fiduciaries
6 of the pension funds being consolidated.

7 The Transition Board's powers and duties include, but are
8 not limited to, the following:

9 (1) Providing for the establishment of offices,
10 infrastructure, and personnel necessary for the operation
11 of the Downstate Police Pension Fund.

12 (2) Providing for the preservation and consolidation
13 of membership, beneficiary, financial, and other records
14 relating to the Article 3 pension funds to be merged.

15 (3) Obtaining all necessary Internal Revenue Service
16 and any other necessary approval or review.

17 (4) Providing for the final auditing of existing
18 Article 3 pension funds, including a final accounting of
19 their respective assets and liabilities, paid for by the
20 applicable pension fund.

21 (5) Providing for the custody and transfer of the
22 assets and liabilities of the existing Article 3 pension
23 funds to the Downstate Police Pension Fund, on a schedule
24 to be determined by the Transition Board.

25 (6) Providing for the long-term investment of the
26 assets of the Downstate Police Pension Fund that are not

1 required for the short-term payment of benefits.

2 (7) Providing an appropriate system of accounting for
3 the assets and liabilities attributable to the existing
4 Article 3 pension funds and establishing separate reserves
5 and accounts for each municipality participating in the
6 Downstate Police Pension Fund in accordance with this
7 Article. In so doing, the Transition Board shall be guided
8 by the methods and experience of the Illinois Municipal
9 Retirement Fund.

10 (8) Providing an appropriate system of determining,
11 administering, receiving, and enforcing the required
12 municipal contributions to the Fund. In so doing, the
13 Transition Board shall be guided by the methods and
14 experience of the Illinois Municipal Retirement Fund. The
15 municipal contribution rate shall be determined separately
16 for each municipality on an annual basis in accordance with
17 the requirements of this Article, based on the
18 municipality's separate reserves and accounts within the
19 Fund. The Transition Board shall endeavor to determine the
20 required municipal contributions to the Fund and to notify
21 and provide reasonable guidance to municipalities in a
22 manner that ensures uninterrupted contributions during the
23 transition period.

24 (9) Ensuring the uninterrupted payment and
25 administration of benefits.

26 (10) Adopting any rules or procedures necessary for the

1 efficient consolidation of the existing Article 3 pension
2 funds and the efficient operation and administration of the
3 Downstate Police Pension Fund.

4 (11) Considering the consequences of the consolidation
5 on any QILDROs filed with the pension funds being
6 consolidated and giving appropriate notice and advice to
7 persons who may be affected by those QILDROs concerning the
8 possible effects of consolidation.

9 (12) Administering the Downstate Police Pension Fund
10 and exercising and performing all of the powers and duties
11 of its Board of Trustees from the time of the Fund's
12 inception until the Board of Trustees under subsection (d)
13 of Section 3-128 has been elected and assumes its duties.

14 (13) Making recommendations to the Governor and the
15 General Assembly with respect to legislation necessary or
16 useful for the implementation of this consolidation or for
17 the successful operation of the Downstate Police Pension
18 Fund.

19 (c) The Public Pension Division of the Department of
20 Insurance shall provide all reasonably necessary and available
21 temporary office space, technical and clerical support, and
22 monetary or other assistance at the request of the Transition
23 Board.

24 For the purpose of implementing the consolidation, the
25 Transition Board may direct the Public Pension Division to
26 accelerate, expand, or enhance its examination under Section

1 1A-104 of all or specific Article 3 pension funds, or to
2 conduct a particular study or investigation thereof. The
3 expenses of such examinations and investigations, to the extent
4 not paid by the Division, shall be charged to the applicable
5 pension fund.

6 (d) The Illinois Municipal Retirement Fund is authorized to
7 provide any reasonable managerial, professional, clerical, and
8 other assistance to the Transition Board that is consistent
9 with its fiduciary and other obligations.

10 The Transition Board is authorized to enter into reasonable
11 contracts or other agreements with the Illinois Municipal
12 Retirement Fund, without public bidding or procurement
13 procedures but not exceeding 3 years in duration, to provide
14 administrative, investment, professional, technical, or other
15 services or facilities for the Downstate Police Pension Fund.

16 (e) In preparation for the inception of the Downstate
17 Police Pension Fund on January 1, 2020 and during the period of
18 its administration of that Fund, the Transition Board is
19 authorized to expend or obligate the assets of the Fund for any
20 of the reasonable expenses of the Fund, including the payment
21 of benefits and reasonable administrative expenses. As used in
22 this Section, "reasonable administrative expenses" includes,
23 but is not limited to, the cost of hiring personnel and
24 obtaining professional services, the cost of leases or
25 purchases of property or services for the Fund, the cost of
26 insurance, and the cost of indemnifying members of the

1 Transition Board and its employees, advisors, and agents.

2 (f) In preparation for the inception of the Downstate
3 Police Pension Fund on January 1, 2020, the Transition Board is
4 specifically authorized to retain for the Fund, during the
5 period before its inception, an executive director and an
6 actuary with the powers and duties described in Sections 3-141c
7 and 3-141d.

8 (g) Members of the Transition Board, other than State
9 officials and employees, may be compensated for their service,
10 and all members may be reimbursed for their reasonable expenses
11 out of any moneys available for that purpose.

12 (h) Sixty days after the Board of Trustees under subsection
13 (d) of Section 3-128 assumes its duties, the Transition Board
14 is abolished.

15 (40 ILCS 5/3-101.2 new)

16 Sec. 3-101.2. Consolidation of pension funds.

17 (a) On January 1, 2020, all of the individual police
18 pension funds then established under this Article are merged
19 and consolidated into a single pension fund, to be known as the
20 Downstate Police Pension Fund, which shall be established and
21 administered as prescribed in this Article.

22 In preparation for that consolidation, all pension funds
23 established under this Article, and the municipalities that
24 established them, shall cooperate with the Transition Board.

25 (b) The Downstate Police Pension Fund shall be the legal

1 successor to each of the pension funds that are consolidated
2 within it, and it may exercise any of the rights and powers and
3 perform any of the duties of those pension funds.

4 At the time of consolidation, or as otherwise directed by
5 the Transition Board, all assets and liabilities belonging to
6 or arising from the trust of an existing pension fund shall
7 become the assets and liabilities of the Downstate Police
8 Pension Fund.

9 As and when directed by the Transition Board, the trustees
10 of the pension funds established under Article 3 of this Code
11 shall transfer to the Downstate Police Pension Fund, for
12 management and investment as assets of the Downstate Police
13 Pension Fund, all of their securities and other investments not
14 needed for immediate use.

15 (c) At the time of consolidation or as otherwise directed
16 by the Transition Board, assets not belonging to or arising
17 from the trust that are incidentally owned by a pension fund,
18 and any incidental liabilities of a pension fund not relating
19 to or arising from the trust, shall become the assets and
20 liabilities of the municipality.

21 Assets not belonging to or arising from the trust that are
22 owned by a municipality and incidentally used by a pension
23 fund, and any associated liabilities, are not affected by the
24 consolidation and shall continue to be managed as assets and
25 liabilities of that municipality.

26 As necessary or useful to effectuate the consolidation, the

1 board of trustees of a pension fund to be consolidated and the
2 applicable municipality may each, in its discretion, continue
3 or renegotiate any employment or service contract, lease, or
4 other contract to which it is a party that relates to the
5 operation of the consolidated pension fund, and it may take
6 appropriate action to terminate any such contract as necessary
7 to terminate or avoid unnecessary or duplicative personnel,
8 facilities, or services.

9 (d) Beginning on January 1, 2020, all benefits payable
10 under this Article shall be payable from the Downstate Police
11 Pension Fund.

12 (e) The consolidation of pension funds under this Article
13 shall not diminish or impair the benefits of any current or
14 former police officer who participated in one of those pension
15 funds, or of any such police officer's surviving spouse,
16 children, or other dependents.

17 The consolidation of pension funds under this Article does
18 not entitle any person to a recalculation or combination of any
19 benefit or benefits previously granted or to a refund of any
20 contribution previously paid.

21 The consolidation of pension funds under this Article is
22 not intended to increase the benefits provided under this
23 Article, except insofar as the consolidation of pension funds
24 into a single Fund will allow police officers in active service
25 on or after the consolidation date to have their benefit
26 calculations (and those of their qualifying survivors) include

1 consideration of all of the police officer's service, salary,
2 and credits in the Fund as though arising under that single
3 Fund, rather than as arising under more than one participating
4 municipality or more than one Article 3 pension fund.

5 (40 ILCS 5/7-199.5 new)

6 Sec. 7-199.5. To assist in the creation and administration
7 of the Downstate Police Pension Fund. To assist in the
8 creation and administration of the Downstate Police Pension
9 Fund under Article 3 of this Code, including assisting the
10 Downstate Police Pension Fund Transition Board, created under
11 Section 3-101.1 of this Code; and pursuant to any contract or
12 other agreement it may enter into with the Transition Board or
13 the Board of Trustees of the Downstate Police Pension Fund, to
14 provide for the administrative staff of one Fund to provide
15 assistance to or consolidate particular services or operations
16 with that of the other Fund, to the extent consistent with
17 their respective fiduciary and other responsibilities.

18 Section 15. The Illinois Pension Code is amended by
19 changing Sections 3-101, 3-103, 3-105, 3-108.2, 3-108.3,
20 3-110, 3-110.7, 3-125, 3-125.1, 3-128, 3-134, 3-135, and 3-141
21 and by adding Sections 3-102.1, 3-103.9, 3-104, 3-128.1,
22 3-128.2, 3-140.5, 3-141a, 3-141b, 3-141c, and 3-141d as
23 follows:

1 (40 ILCS 5/3-102.1 new)

2 Sec. 3-102.1. Fund. "Fund" or "pension fund": Until January
3 1, 2020, a police pension fund established by a municipality
4 under this Article.

5 Beginning January 1, 2020, "Fund" or "pension fund" means
6 the Downstate Police Pension Fund created under this Article to
7 consolidate all of the individual pension funds previously
8 established under this Article; depending on the context, the
9 terms may include one or more of those previously established
10 pension funds.

11 (40 ILCS 5/3-103) (from Ch. 108 1/2, par. 3-103)

12 Sec. 3-103. Municipality; participating municipality;
13 governing body.

14 (a) "Municipality": (1) Any city, village or incorporated
15 town of 5,000 or more but less than 500,000 inhabitants, as
16 determined from the United States Government statistics or a
17 census taken at any time by the city, village or incorporated
18 town and (2) any city, village or incorporated town of less
19 than 5,000 inhabitants which, by referendum held under Section
20 3-145 adopts this Article.

21 (b) "Participating municipality" means a municipality, as
22 defined in subsection (a), that both is required (or has
23 elected) to and does in fact participate in the Downstate
24 Police Pension Fund under this Article.

25 (c) "Governing body" includes the board of town trustees or

1 other persons empowered to draft the tentative budget and
2 appropriation ordinance and the electors of such a township
3 acting at the annual or special meeting of town electors.

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

5 (40 ILCS 5/3-103.9 new)

6 Sec. 3-103.9. Authorized agent of a participating
7 municipality.

8 (a) Each participating municipality shall appoint an
9 authorized agent who shall have the powers and duties set forth
10 in this Section. In the absence of such an appointment, the
11 duties of the authorized agent shall devolve upon the clerk or
12 secretary of the municipality.

13 (b) The authorized agent of the municipality shall have the
14 following powers and duties:

15 (1) To certify to the Fund whether or not a given
16 person is authorized to participate in the Fund.

17 (2) To certify to the Fund when a participating
18 employee is on a leave of absence authorized by the
19 municipality.

20 (3) To request the proper officer to cause employee
21 contributions to be withheld from salary and promptly
22 transmitted to the Fund.

23 (4) To request the proper officer to cause municipality
24 contributions to be promptly forwarded to the Fund.

25 (5) To forward promptly to all participating employees

1 any communications for such employees from the Fund or the
2 municipality.

3 (6) To forward promptly to the Board of the Fund all
4 applications, claims reports, and other communications
5 delivered to the agent by participating employees.

6 (7) To perform all duties related to the administration
7 of the Fund as requested by the Fund or the governing body
8 of the municipality.

9 (c) The governing body of each participating municipality
10 may delegate either or both of the following powers to its
11 authorized agent:

12 (1) To file a petition for nomination of an executive
13 trustee of the Fund.

14 (2) To cast the ballot for election of an executive
15 trustee of the Fund.

16 If a governing body does not authorize its agent to perform
17 the powers set forth in this Section, they shall be performed
18 by the governing body itself, unless the governing body by
19 resolution duly certified to the Fund delegates them to some
20 other officer or employee.

21 (d) The delivery of any communication or document by an
22 employee or a municipality to the authorized agent of the
23 municipality does not constitute delivery to the Fund.

24 (40 ILCS 5/3-104 new)

25 Sec. 3-104. Prescribed rate of interest. "Prescribed rate

1 of interest": The rate of interest to be used for calculation
2 of the rates of municipality contributions and amounts of
3 annuities and benefits as determined by the Board on the basis
4 of the probable effective rate of interest on a long term
5 basis.

6 (40 ILCS 5/3-105) (from Ch. 108 1/2, par. 3-105)

7 Sec. 3-105. Board. "Board": Until January 1, 2020, the ~~The~~
8 board of trustees of the police pension fund of a municipality
9 as established in subsection (a) of Section 3-128.

10 Beginning January 1, 2020, the Board of Trustees of the
11 Downstate Police Pension Fund created under this Article to
12 consolidate all of the individual pension funds previously
13 established under this Article, as established in subsection
14 (d) of Section 3-128, or until that board is established and
15 has assumed its duties, the Transition Board created under
16 Section 3-101.1; depending on the context, the term may include
17 the former board of trustees of one or more of those previously
18 established pension funds.

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

20 (40 ILCS 5/3-108.2)

21 Sec. 3-108.2. Participant. "Participant": A police officer
22 or deferred pensioner of the Fund ~~a pension fund~~, or a
23 beneficiary of the Fund ~~pension fund~~.

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

1 (40 ILCS 5/3-108.3)

2 Sec. 3-108.3. Beneficiary. "Beneficiary": A person
3 receiving benefits from the Fund ~~a pension fund~~, including, but
4 not limited to, retired pensioners, disabled pensioners, their
5 surviving spouses, minor children, disabled children, and
6 dependent parents. If a special needs trust as described in
7 Section 1396p(d)(4) of Title 42 of the United States Code, as
8 amended from time to time, has been established for a disabled
9 adult child, then the special needs trust may stand in lieu of
10 the disabled adult child as a beneficiary for the purposes of
11 this Article.

12 (Source: P.A. 96-1143, eff. 7-21-10.)

13 (40 ILCS 5/3-110) (from Ch. 108 1/2, par. 3-110)

14 Sec. 3-110. Creditable service.

15 (a) "Creditable service" is the time served by a police
16 officer as a member of a regularly constituted police force of
17 a municipality. In computing creditable service furloughs
18 without pay exceeding 30 days shall not be counted, but all
19 leaves of absence for illness or accident, regardless of
20 length, and all periods of disability retirement for which a
21 police officer has received no disability pension payments
22 under this Article shall be counted.

23 (a-3) Upon the consolidation of the police pension funds
24 under this Article into the Downstate Police Pension Fund on

1 January 1, 2020, creditable service under any such pension fund
2 shall be deemed to be creditable service in the Downstate
3 Police Pension Fund, subject to the following provisions:

4 (1) The consolidation of police pension funds into the
5 Downstate Police Pension Fund shall not result in the
6 duplication of any service credit based on the same period
7 of service in this or any other pension fund or retirement
8 system subject to this Code.

9 (2) If this Section or any other provision of this
10 Article imposes a limit on the amount of creditable service
11 that may be established for a particular activity or
12 purpose and prior to consolidation a police officer has
13 established periods of creditable service for that
14 activity or purpose in more than one former police pension
15 fund under this Article, which periods are within that
16 limitation for each such fund but together exceed that
17 limitation, then upon consolidation all such credit
18 previously established by the police officer shall be
19 preserved under the Fund, but no additional creditable
20 service for that activity or purpose may be established by
21 that police officer in the Fund.

22 (3) The consolidation of police pension funds into the
23 Downstate Police Pension Fund shall not entitle any person
24 or pension fund to a refund of any contribution or payment
25 previously paid or transferred in order to establish or
26 transfer creditable service under this Article.

1 (a-5) Up to 3 years of time during which the police officer
2 receives a disability pension under Section 3-114.1, 3-114.2,
3 3-114.3, or 3-114.6 shall be counted as creditable service,
4 provided that (i) the police officer returns to active service
5 after the disability for a period at least equal to the period
6 for which credit is to be established and (ii) the police
7 officer makes contributions to the Fund ~~fund~~ based on the rates
8 specified in Section 3-125.1 and the salary upon which the
9 disability pension is based. These contributions may be paid at
10 any time prior to the commencement of a retirement pension. The
11 police officer may, but need not, elect to have the
12 contributions deducted from the disability pension or to pay
13 them in installments on a schedule approved by the board. If
14 not deducted from the disability pension, the contributions
15 shall include interest at the rate of 6% per year, compounded
16 annually, from the date for which service credit is being
17 established to the date of payment. If contributions are paid
18 under this subsection (a-5) in excess of those needed to
19 establish the credit, the excess shall be refunded. This
20 subsection (a-5) applies to persons receiving a disability
21 pension under Section 3-114.1, 3-114.2, 3-114.3, or 3-114.6 on
22 the effective date of this amendatory Act of the 91st General
23 Assembly, as well as persons who begin to receive such a
24 disability pension after that date.

25 (b) Creditable service includes all periods of service in
26 the military, naval or air forces of the United States entered

1 upon while an active police officer of a municipality, provided
2 that upon applying for a permanent pension, and in accordance
3 with the rules of the board, the police officer pays into the
4 Fund ~~fund~~ the amount the officer would have contributed if he
5 or she had been a regular contributor during such period, to
6 the extent that the municipality which the police officer
7 served has not made such contributions in the officer's behalf.
8 The total amount of such creditable service shall not exceed 5
9 years, except that any police officer who on July 1, 1973 had
10 more than 5 years of such creditable service shall receive the
11 total amount thereof.

12 (b-5) Creditable service includes all periods of service in
13 the military, naval, or air forces of the United States entered
14 upon before beginning service as an active police officer of a
15 municipality, provided that, in accordance with the rules of
16 the board, the police officer pays into the Fund ~~fund~~ the
17 amount the police officer would have contributed if he or she
18 had been a regular contributor during such period, plus an
19 amount determined by the Board to be equal to the
20 municipality's normal cost of the benefit, plus interest at the
21 actuarially assumed rate calculated from the date the employee
22 last became a police officer under this Article. The total
23 amount of such creditable service shall not exceed 2 years.

24 (c) Creditable service also includes service rendered by a
25 police officer while on leave of absence from a police
26 department to serve as an executive of an organization whose

1 membership consists of members of a police department, subject
2 to the following conditions: (i) the police officer is a
3 participant of the Fund ~~a fund established under this Article~~
4 with at least 10 years of service as a police officer; (ii) the
5 police officer received no credit for such service under any
6 other retirement system, pension fund, or annuity and benefit
7 fund included in this Code; (iii) pursuant to the rules of the
8 board the police officer pays to the Fund ~~fund~~ the amount he or
9 she would have contributed had the officer been an active
10 member of the police department; (iv) the organization pays a
11 contribution equal to the municipality's normal cost for that
12 period of service; and (v) for all leaves of absence under this
13 subsection (c), including those beginning before the effective
14 date of this amendatory Act of the 97th General Assembly, the
15 police officer continues to remain in sworn status, subject to
16 the professional standards of the public employer or those
17 terms established in statute.

18 (d) (1) Creditable service also includes periods of
19 service originally established in another police pension
20 fund under this Article or in the Fund established under
21 Article 7 of this Code for which (i) the contributions have
22 been transferred under Section 3-110.7 or Section 7-139.9
23 and (ii) any additional contribution required under
24 paragraph (2) of this subsection has been paid in full in
25 accordance with the requirements of this subsection (d).

26 (2) If the board of the pension fund to which

1 creditable service and related contributions are
2 transferred under Section 7-139.9 determines that the
3 amount transferred is less than the true cost to the
4 pension fund of allowing that creditable service to be
5 established, then in order to establish that creditable
6 service the police officer must pay to the pension fund,
7 within the payment period specified in paragraph (3) of
8 this subsection, an additional contribution equal to the
9 difference, as determined by the board in accordance with
10 the rules and procedures adopted under paragraph (6) of
11 this subsection. If the board of the pension fund to which
12 creditable service and related contributions are
13 transferred under Section 3-110.7 determines that the
14 amount transferred is less than the true cost to the
15 pension fund of allowing that creditable service to be
16 established, then the police officer may elect (A) to
17 establish that creditable service by paying to the pension
18 fund, within the payment period specified in paragraph (3)
19 of this subsection (d), an additional contribution equal to
20 the difference, as determined by the board in accordance
21 with the rules and procedures adopted under paragraph (6)
22 of this subsection (d) or (B) to have his or her creditable
23 service reduced by an amount equal to the difference
24 between the amount transferred under Section 3-110.7 and
25 the true cost to the pension fund of allowing that
26 creditable service to be established, as determined by the

1 board in accordance with the rules and procedures adopted
2 under paragraph (6) of this subsection (d).

3 (3) Except as provided in paragraph (4), the additional
4 contribution that is required or elected under paragraph
5 (2) of this subsection (d) must be paid to the board (i)
6 within 5 years from the date of the transfer of
7 contributions under Section 3-110.7 or 7-139.9 and (ii)
8 before the police officer terminates service with the fund.
9 The additional contribution may be paid in a lump sum or in
10 accordance with a schedule of installment payments
11 authorized by the board.

12 (4) If the police officer dies in service before
13 payment in full has been made and before the expiration of
14 the 5-year payment period, the surviving spouse of the
15 officer may elect to pay the unpaid amount on the officer's
16 behalf within 6 months after the date of death, in which
17 case the creditable service shall be granted as though the
18 deceased police officer had paid the remaining balance on
19 the day before the date of death.

20 (5) If the additional contribution that is required or
21 elected under paragraph (2) of this subsection (d) is not
22 paid in full within the required time, the creditable
23 service shall not be granted and the police officer (or the
24 officer's surviving spouse or estate) shall be entitled to
25 receive a refund of (i) any partial payment of the
26 additional contribution that has been made by the police

1 officer and (ii) those portions of the amounts transferred
2 under subdivision (a)(1) of Section 3-110.7 or
3 subdivisions (a)(1) and (a)(3) of Section 7-139.9 that
4 represent employee contributions paid by the police
5 officer (but not the accumulated interest on those
6 contributions) and interest paid by the police officer to
7 the prior pension fund in order to reinstate service
8 terminated by acceptance of a refund.

9 At the time of paying a refund under this item (5), the
10 pension fund shall also repay to the pension fund from
11 which the contributions were transferred under Section
12 3-110.7 or 7-139.9 the amount originally transferred under
13 subdivision (a)(2) of that Section, plus interest at the
14 rate of 6% per year, compounded annually, from the date of
15 the original transfer to the date of repayment. Amounts
16 repaid to the Article 7 fund under this provision shall be
17 credited to the appropriate municipality.

18 Transferred credit that is not granted due to failure
19 to pay the additional contribution within the required time
20 is lost; it may not be transferred to another pension fund
21 and may not be reinstated in the pension fund from which it
22 was transferred.

23 (6) The Public Employee Pension Fund Division of the
24 Department of Insurance shall establish by rule the manner
25 of making the calculation required under paragraph (2) of
26 this subsection, taking into account the appropriate

1 actuarial assumptions; the police officer's service, age,
2 and salary history; the level of funding of the pension
3 fund to which the credits are being transferred; and any
4 other factors that the Division determines to be relevant.
5 The rules may require that all calculations made under
6 paragraph (2) be reported to the Division by the board
7 performing the calculation, together with documentation of
8 the creditable service to be transferred, the amounts of
9 contributions and interest to be transferred, the manner in
10 which the calculation was performed, the numbers relied
11 upon in making the calculation, the results of the
12 calculation, and any other information the Division may
13 deem useful.

14 (e) (1) Creditable service also includes periods of
15 service originally established in the Fund established
16 under Article 7 of this Code for which the contributions
17 have been transferred under Section 7-139.11.

18 (2) If the board of the pension fund to which
19 creditable service and related contributions are
20 transferred under Section 7-139.11 determines that the
21 amount transferred is less than the true cost to the
22 pension fund of allowing that creditable service to be
23 established, then the amount of creditable service the
24 police officer may establish under this subsection (e)
25 shall be reduced by an amount equal to the difference, as
26 determined by the board in accordance with the rules and

1 procedures adopted under paragraph (3) of this subsection.

2 (3) The Public Pension Division of the Department of
3 Financial and Professional Regulation shall establish by
4 rule the manner of making the calculation required under
5 paragraph (2) of this subsection, taking into account the
6 appropriate actuarial assumptions; the police officer's
7 service, age, and salary history; the level of funding of
8 the pension fund to which the credits are being
9 transferred; and any other factors that the Division
10 determines to be relevant. The rules may require that all
11 calculations made under paragraph (2) be reported to the
12 Division by the board performing the calculation, together
13 with documentation of the creditable service to be
14 transferred, the amounts of contributions and interest to
15 be transferred, the manner in which the calculation was
16 performed, the numbers relied upon in making the
17 calculation, the results of the calculation, and any other
18 information the Division may deem useful.

19 (4) Until January 1, 2010, a police officer who
20 transferred service from the Fund established under
21 Article 7 of this Code under the provisions of Public Act
22 94-356 may establish additional credit, but only for the
23 amount of the service credit reduction in that transfer, as
24 calculated under paragraph (3) of this subsection (e). This
25 credit may be established upon payment by the police
26 officer of an amount to be determined by the board, equal

1 to (1) the amount that would have been contributed as
2 employee and employer contributions had all of the service
3 been as an employee under this Article, plus interest
4 thereon at the rate of 6% per year, compounded annually
5 from the date of service to the date of transfer, less (2)
6 the total amount transferred from the Article 7 Fund, plus
7 (3) interest on the difference at the rate of 6% per year,
8 compounded annually, from the date of the transfer to the
9 date of payment. The additional service credit is allowed
10 under this amendatory Act of the 95th General Assembly
11 notwithstanding the provisions of Article 7 terminating
12 all transferred credits on the date of transfer.

13 (Source: P.A. 96-297, eff. 8-11-09; 96-1260, eff. 7-23-10;
14 97-651, eff. 1-5-12.)

15 (40 ILCS 5/3-110.7)

16 Sec. 3-110.7. Transfer between Article 3 funds.

17 (a) Until January 1, 2020 (the consolidation date), an An
18 active member of a pension fund established under this Article
19 may apply for transfer to that fund of his or her creditable
20 service and related contributions accumulated in any other
21 police pension fund established under this Article, except that
22 a police officer may not transfer creditable service under this
23 Section from a pension fund unless (i) the police officer
24 actively served in the police department under that fund for at
25 least 2 years, (ii) the police officer actively served in the

1 police department under that fund for less than 2 years but was
2 laid off or otherwise involuntarily terminated for a reason
3 other than the fault of the officer, or (iii) the police
4 officer was not in service in the police department under that
5 fund on or after the effective date of this Section. Upon
6 receiving the application, that other pension fund shall
7 transfer to the pension fund in which the applicant currently
8 participates an amount equal to:

9 (1) the amounts actually contributed by or on behalf of
10 the applicant to the fund as employee contributions
11 (including any interest paid by the applicant in order to
12 reinstate service), plus interest on those amounts at the
13 rate of 6% per year, compounded annually, from the date of
14 contribution to the date of transfer; plus

15 (2) an amount representing employer contributions,
16 equal to the total amount determined under subdivision (1).

17 Participation in that other pension fund shall terminate on the
18 date of transfer.

19 (b) An active member of the Fund ~~a pension fund established~~
20 ~~under this Article~~ may reinstate in the Fund service ~~in any~~
21 ~~other pension fund~~ established under this Article that was
22 terminated by receipt of a refund, by paying to the Fund ~~that~~
23 ~~other pension fund~~ the amount of the refund plus interest
24 thereon at the rate of 6% per year, compounded annually, from
25 the date of refund to the date of payment.

26 (Source: P.A. 90-460, eff. 8-17-97.)

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

2 Sec. 3-125. Financing; tax.

3 (a) The governing body ~~city council or the board of~~
4 ~~trustees~~ of a participating ~~the~~ municipality shall annually
5 levy a tax upon all the taxable property of the municipality at
6 the rate on the dollar which will produce an amount which, when
7 added to the deductions from the salaries or wages of police
8 officers, and revenues available from other sources, will equal
9 a sum sufficient to meet the annual requirements of the account
10 of the participating municipality ~~police pension fund~~. The
11 annual requirements to be provided by such tax levy are equal
12 to (1) the normal cost of benefits attributable to the
13 participating municipality and its police officers, as
14 determined by an enrolled actuary employed by the Fund, the
15 ~~pension fund~~ for the year involved, plus (2) an amount
16 sufficient to bring the total assets of the account of the
17 participating municipality ~~pension fund~~ up to 90% of the total
18 actuarial liabilities of the account of the participating
19 municipality ~~pension fund~~ by the end of municipal fiscal year
20 2040, as annually updated and determined by an enrolled actuary
21 employed by the Fund ~~Illinois Department of Insurance or by an~~
22 ~~enrolled actuary retained by the pension fund or the~~
23 ~~municipality~~. In making these determinations, the required
24 minimum employer contribution shall be calculated each year as
25 a level percentage of payroll over the years remaining up to

1 and including fiscal year 2040 and shall be determined under
2 the projected unit credit actuarial cost method. The tax shall
3 be levied and collected in the same manner as the general taxes
4 of the municipality, and in addition to all other taxes now or
5 hereafter authorized to be levied upon all property within the
6 municipality, and shall be in addition to the amount authorized
7 to be levied for general purposes as provided by Section 8-3-1
8 of the Illinois Municipal Code, approved May 29, 1961, as
9 amended. The tax shall be forwarded directly to the treasurer
10 of the board within 30 business days after receipt by the
11 county.

12 (b) For purposes of determining the required employer
13 contribution to the Fund ~~a pension fund~~, the value of the
14 pension fund's assets shall be equal to the actuarial value of
15 the pension fund's assets, which shall be calculated as
16 follows:

17 (1) (Blank). ~~On March 30, 2011, the actuarial value of~~
18 ~~a pension fund's assets shall be equal to the market value~~
19 ~~of the assets as of that date.~~

20 (2) In determining the actuarial value of the ~~System's~~
21 assets of the account of the participating municipality ~~for~~
22 ~~fiscal years after March 30, 2011~~, any actuarial gains or
23 losses from investment return incurred in a fiscal year
24 shall be recognized in equal annual amounts over the 5-year
25 period following that fiscal year.

26 (c) If a participating municipality fails to transmit to

1 the Fund ~~fund~~ contributions required of it under this Article
2 for more than 90 days after the payment of those contributions
3 is due, the Fund ~~fund~~ may, after giving notice to the
4 municipality, certify to the State Comptroller the amounts of
5 the delinquent payments in accordance with any applicable rules
6 of the Comptroller, and the Comptroller must, beginning in
7 fiscal year 2016, deduct and remit to the Fund, for credit to
8 the account of the participating municipality, ~~fund~~ the
9 certified amounts or a portion of those amounts from the
10 following proportions of payments of State funds to the
11 municipality:

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

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

16 (3) in fiscal year 2018 and each fiscal year
17 thereafter, the total amount of any payments of State funds
18 to the municipality.

19 The State Comptroller may not deduct from any payments of
20 State funds to the municipality more than the amount of
21 delinquent payments certified to the State Comptroller by the
22 Fund ~~fund~~.

23 (d) (Blank). ~~The police pension fund shall consist of the~~
24 ~~following moneys which shall be set apart by the treasurer of~~
25 ~~the municipality:~~

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

1 ~~(2) Contributions by police officers under Section~~
2 ~~3-125.1;~~

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

6 ~~(4) Donations, gifts or other transfers authorized by~~
7 ~~this Article.~~

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

14 ~~(1) fund balances;~~

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

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

20 ~~(4) available contribution funding sources;~~

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

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

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

1 (40 ILCS 5/3-125.1) (from Ch. 108 1/2, par. 3-125.1)

2 Sec. 3-125.1. Contributions by police officers. Each
3 police officer shall contribute to the Fund ~~pension fund~~ the
4 following percentages of salary for the periods stated:
5 Beginning July 1, 1909 and prior to July 23, 1943, 1% (except
6 that prior to July 1, 1921 not more than one dollar per month
7 shall be deducted, and except that beginning July 1, 1921 and
8 prior to July 1, 1927 not more than \$2 per month shall be
9 deducted); beginning July 23, 1943 and prior to July 20, 1949,
10 3%; beginning July 20, 1949 and prior to July 17, 1959, 5%;
11 beginning July 17, 1959 and prior to July 1, 1971, 7%;
12 beginning July 1, 1971 and prior to July 1, 1975, 7 1/2%;
13 beginning July 1, 1975 and prior to January 1, 1987, 8 1/2%;
14 beginning January 1, 1987 and prior to January 1, 2001, 9%; and
15 beginning January 1, 2001, 9.91%. Such sums shall be paid or
16 deducted monthly. Contribution to the self-managed plan shall
17 be no less than 10% of salary.

18 "Salary" means the annual salary, including longevity,
19 attached to the police officer's rank, as established by the
20 municipality's appropriation ordinance, including any
21 compensation for overtime which is included in the salary so
22 established, but excluding any "overtime pay", "holiday pay",
23 "bonus pay", "merit pay", or any other cash benefit not
24 included in the salary so established.

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

1 (40 ILCS 5/3-128) (from Ch. 108 1/2, par. 3-128)

2 Sec. 3-128. Board created.

3 (a) This subsection (a) applies until January 1, 2020.

4 A board of 5 members shall constitute a board of trustees to
5 administer the pension fund and to designate the beneficiaries
6 thereof. The board shall be known as the "Board of Trustees of
7 the Police Pension Fund" of the municipality.

8 Two members of the board shall be appointed by the mayor or
9 president of the board of trustees of the municipality
10 involved. The 3rd and 4th members of the board shall be elected
11 from the active participants of the pension fund by such active
12 participants. The 5th member shall be elected by and from the
13 beneficiaries.

14 One of the members appointed by the mayor or president of
15 the board of trustees shall serve for one year beginning on the
16 2nd Tuesday in May after the municipality comes under this
17 Article. The other appointed member shall serve for 2 years
18 beginning on the same date. Their successors shall serve for 2
19 years each or until their successors are appointed and
20 qualified.

21 (b) The members of the boards of trustees serving on
22 December 31, 2019 may continue to exercise the powers of that
23 office until March 1, 2020 for the sole purpose of assisting in
24 the consolidation of their respective pension funds, but
25 subject to the supervision and requirements of the Transition

1 Board.

2 (c) Beginning January 1, 2020, and until the board
3 established under subsection (d) has been elected and assumes
4 its duties, the Transition Board established under Section
5 3-101.1 shall operate as the Board of Trustees of the Fund.

6 (d) Beginning January 1, 2021, or as soon thereafter as it
7 is able to assume its duties, the Board of Trustees of the
8 Downstate Police Pension Fund shall consist of 11 members. The
9 Board shall consist of representatives of various groups as
10 follows:

11 (1) One trustee, appointed by the Governor, who shall
12 serve as the chairman and may vote only in the event of a
13 tie.

14 (2) Five trustees shall each be a mayor, chief elected
15 officer, chief executive officer, chief finance officer,
16 or other officer, executive, or department head of a
17 participating municipality, and each such trustee shall be
18 designated as an executive trustee.

19 (3) Three trustees shall each be a police officer
20 participating in the Fund, and each such trustee shall be
21 designated as a police officer trustee. No person shall be
22 eligible to become a police officer trustee who does not
23 have at least 8 years of creditable service in the Fund.

24 (4) Two trustees shall be retired police officers of
25 the Fund, who shall be designated the annuitant trustees.
26 No person shall be eligible to become an annuitant trustee

1 who does not have at least 8 years of creditable service in
2 the Fund. For the purposes of this Section and Section
3 3-128.2, a police officer receiving a disability pension
4 shall be considered a retired police officer.

5 Beginning January 1, 2020, elections for executive
6 trustees shall be conducted in accordance with Section 3-128.1
7 and elections for police officer and annuitant trustees shall
8 be conducted in accordance with Section 3-128.2.

9 (e) The executive trustees shall elect one executive
10 trustee to serve as vice-chairman. The police officer trustees
11 and annuitant trustees shall elect one police officer trustee
12 or annuitant trustee to serve as vice-chairman.

13 (f) An executive or police officer trustee shall be
14 disqualified immediately upon any change in status which
15 removes the trustee from the required employment or office
16 within the group he or she represents. The annuitant trustee
17 shall be disqualified upon termination or suspension of his or
18 her retirement or disability pension.

19 The Board shall fill any vacancy by appointment of a person
20 with the appropriate employment status for the period until the
21 next election of trustees, or, if the remaining term is less
22 than 2 years, for the remainder of the term, and until a
23 successor has been elected and has qualified.

24 (g) The Board shall elect annually from its members a
25 president and secretary.

26 ~~The election for board members shall be held biennially on~~

1 ~~the 3rd Monday in April, at such place or places in the~~
2 ~~municipality and under the Australian ballot system and such~~
3 ~~other regulations as shall be prescribed by the appointed~~
4 ~~members of the board.~~

5 ~~The active pension fund participants shall be entitled to~~
6 ~~vote only for the active participant members of the board. All~~
7 ~~beneficiaries of legal age may vote only for the member chosen~~
8 ~~from among the beneficiaries. No person shall be entitled to~~
9 ~~cast more than one ballot at such election. The term of elected~~
10 ~~members shall be 2 years, beginning on the 2nd Tuesday of the~~
11 ~~first May after the election.~~

12 ~~Upon the death, resignation or inability to act of any~~
13 ~~elected board member, his or her successor shall be elected for~~
14 ~~the unexpired term at a special election, to be called by the~~
15 ~~board and conducted in the same manner as the regular biennial~~
16 ~~election.~~

17 (h) Members of the board shall neither receive nor have any
18 right to receive any salary from the Fund ~~pension fund~~ for
19 services performed as trustees in that office, but shall be
20 reimbursed for any reasonable expenses incurred in attending
21 meetings of the Board and in performing duties on behalf of the
22 Fund and for the amount of any earnings withheld by any
23 employing municipality because of attendance at any Board
24 meeting.

25 (i) Except for the chairman, who may vote only in the event
26 of a tie, each trustee shall be entitled to one vote on any and

1 all actions before the Board. At least 6 concurring votes shall
2 be necessary for every decision or action by the Board at any
3 of its meetings. No decision or action shall become effective
4 unless presented and so approved at a regular or duly called
5 special meeting of the Board.

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

7 (40 ILCS 5/3-128.1 new)

8 Sec. 3-128.1. Election of executive trustees.

9 (a) Beginning January 1, 2020, the election of executive
10 trustees shall be conducted in accordance with this Section.

11 (b) During the period beginning on August 1 and ending on
12 September 15 of each year, the Board shall accept nominations
13 of candidates for election as executive trustees for terms
14 beginning on the next January 1, and for vacancies to be filled
15 by election.

16 All nominations for the position of executive trustee shall
17 be by petition, signed by a representative of the governing
18 body of at least 5 participating municipalities.

19 (c) The election shall be by ballot and may be conducted in
20 person, by mail, or electronically, pursuant to the rules and
21 procedures established by the Board.

22 All candidates properly nominated in petitions received by
23 the Board shall be placed in alphabetical order upon the proper
24 ballot. In the initial election, there shall be one election
25 for the 5 executive trusteeships, and the 5 candidates getting

1 the highest number of votes shall be declared elected.

2 (d) The governing body of each participating municipality
3 participating in the Fund shall have one vote at any election
4 in which an executive trustee is to be elected, and may cast
5 that vote for any candidate on the executive trustee ballot.

6 A vote may be cast for a person not on the ballot by
7 writing in his or her name.

8 In case of a tie vote, the candidate employed by the
9 municipality having the greatest number of participating
10 police officers at the time of the election shall be declared
11 elected.

12 (e) The election shall be completed by December 1 of the
13 year. The results shall be entered in the minutes of the
14 meeting of the Board following the tally of votes.

15 (f) Each executive trustee so elected shall hold office for
16 a term of 4 years and until his or her successor has been duly
17 elected and qualified. However, for the initial executive
18 trustees, 2 of the initial executive trustees shall serve for a
19 term of one year, one initial executive trustee shall serve for
20 a term of 2 years, one initial executive trustee shall serve
21 for a term of 3 years, and one initial executive trustee shall
22 serve for a term of 4 years. The terms of the initial executive
23 trustees shall be determined by lot at the first meeting of the
24 Board.

25 (40 ILCS 5/3-128.2 new)

1 Sec. 3-128.2. Election of police officer and annuitant
2 trustees.

3 (a) Beginning January 1, 2020, the election of police
4 officer and annuitant trustees shall be conducted in accordance
5 with this Section. The annuitant trustees shall be elected in
6 an election separate from the election for police officer
7 trustees.

8 (b) During the period beginning on August 1 and ending on
9 September 15 of each applicable year, the Board shall accept
10 nominations of candidates for election as police officer or
11 annuitant trustees for terms beginning on the next January 1,
12 and for vacancies to be filled by election.

13 All nominations for the position of police officer trustee
14 shall be by petition, signed by at least 50 active police
15 officers participating in the Fund. All nominations for the
16 position of annuitant trustee shall be by petition, signed by
17 at least 25 annuitants of the Fund.

18 (c) The election shall be by ballot and may be conducted in
19 person, by mail, or electronically, pursuant to the rules and
20 procedures established by the Board.

21 All candidates properly nominated in petitions received by
22 the Board shall be placed in alphabetical order on the proper
23 ballot. In the initial election, there shall be one election
24 for the 3 police officer trusteeships, and the 3 candidates
25 getting the highest number of votes shall be declared elected.
26 In the initial election there shall be one election for the 2

1 annuitant trusteeships, and the 2 candidates receiving the
2 highest number of votes shall be declared elected.

3 (d) No person shall cast more than one vote for each
4 candidate for whom he or she is eligible to vote. In elections
5 for board members to be chosen from the active police officers,
6 all active police officers and no others may vote. In elections
7 for board members to be chosen from retired police officers,
8 all retired police officers and no others may vote.

9 In case of a tie vote, the candidate currently (or in the
10 case of an annuitant trustee, formerly) employed by the
11 municipality having the greatest number of participating
12 police officers at the time of the election shall be declared
13 elected.

14 (e) The election shall be completed by December 1 of the
15 year. The result shall be entered in the minutes of the meeting
16 of the Board following the tally of votes.

17 (f) Each trustee so elected shall hold office for a term of
18 4 years and until his or her successor has been duly elected
19 and qualified, except that the initial police officer trustees
20 shall serve for terms of one, 2, or 3 years, as determined by
21 lot at the first meeting of the Board. The initial annuitant
22 trustees shall serve terms of 3 or 4 years, as determined by
23 lot at the first meeting of the Board.

24 (40 ILCS 5/3-134) (from Ch. 108 1/2, par. 3-134)

25 Sec. 3-134. To submit annual list of Fund ~~fund~~ payments. To

1 submit annually to the governing body of each participating
2 municipality ~~city council or board of trustees~~ at the close of
3 the municipality's fiscal year, a list of persons entitled to
4 payments from the Fund that are chargeable to the account of
5 the participating municipality fund, stating the amount of
6 payments, and their purpose, as ordered by the Board ~~board~~. It
7 shall also include items of income accrued to the account of
8 the participating municipality fund during the fiscal year. The
9 list shall be signed by the secretary and president of the
10 Board ~~board~~, and attested under oath. A resolution or order for
11 the payment of money shall not be valid unless approved by a
12 majority of the Board ~~board~~ members, and signed by the
13 president and secretary of the Board ~~board~~.

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

15 (40 ILCS 5/3-135) (from Ch. 108 1/2, par. 3-135)

16 Sec. 3-135. To invest funds. To determine the limitations
17 on the amounts of cash to be invested in order to maintain such
18 cash balances as may be deemed advisable to meet current
19 annuity, benefit, and expense requirements, and to invest the
20 remaining available cash in securities, in accordance with the
21 prudent person investment rule and the other provisions of this
22 Article. Beginning on the consolidation date, the Article 1 and
23 1A restrictions on the investment of Article 3 Funds no longer
24 apply, except to the extent that they do not also apply to
25 Article 7 of this Code. Beginning January 1, 1998, the board

1 ~~shall invest funds in accordance with Sections 1-113.1 through~~
2 ~~1-113.10 of this Code.~~

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

4 (40 ILCS 5/3-140.5 new)

5 Sec. 3-140.5. Custodian. The Board shall appoint one or
6 more custodians to receive and hold the assets of the Fund on
7 such terms as the Board may agree.

8 (40 ILCS 5/3-141) (from Ch. 108 1/2, par. 3-141)

9 Sec. 3-141. Annual report by treasurer. On the 2nd Tuesday
10 in May annually through 2020, the treasurer of the municipality
11 and all other officials of the municipality who had the custody
12 of any pension funds herein provided, shall make a sworn
13 statement to the pension board, and to the mayor and council or
14 president and board of trustees of the municipality, of all
15 moneys received and paid out by them on account of the pension
16 fund during the year, and of the amount of funds then on hand
17 and owing to the pension fund. The final report required under
18 this subsection shall be due in May of 2020 and shall include
19 the period up to and including the consolidation of the
20 municipality's pension fund into the Downstate Police Pension
21 Fund. All surplus then remaining with any official other than
22 the treasurer shall be paid to the treasurer of the
23 municipality or as directed by the Board. Upon demand of the
24 Board ~~pension board~~, any official shall furnish a statement

1 relative to the official method of collection or handling of
2 the pension funds. All books and records of that official shall
3 be produced at any time by him for examination and inspection
4 by the Board board.

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

6 (40 ILCS 5/3-141a new)

7 Sec. 3-141a. Deposit and disposition of funds; custodian.

8 (a) All money received by the Board shall immediately be
9 deposited with the custodian for the account of the Fund. All
10 payments from the accounts of the Fund shall be made by the
11 custodian only, and only by a check or draft signed by the
12 president of the board or the executive director, as the board
13 may direct. Such checks and drafts shall be drawn only upon
14 proper authorization by the board as properly recorded in the
15 official minute books of the meetings of the Board.

16 (b) The assets of the Pension Fund shall be invested as one
17 fund, and no particular person or municipality shall have any
18 right in any specific security or in any item of cash other
19 than an undivided interest in the whole.

20 (c) If a participating municipality terminates
21 participation because it fails to meet the requirements of
22 Section 3-103, it shall pay to the Fund the amount equal to any
23 net debit balance in its municipality account and any account
24 receivable. Its successors, assigns, and transferees of its
25 assets shall be obligated to make this payment to the extent of

1 the value of assets transferred to them. The Fund shall pay an
2 amount equal to any net credit balance to the participating
3 municipality, its successors or assigns. Any remaining net
4 debit or credit balance not collectible or payable shall be
5 transferred to a terminated municipality reserve account. The
6 Fund shall pay to each police officer of the participating
7 municipality an amount equal to his or her credits in the
8 employee reserves. The employees shall have no further rights
9 to any benefits from the Fund, except that annuities awarded
10 prior to the date of termination shall continue to be paid.

11 (40 ILCS 5/3-141b new)

12 Sec. 3-141b. Authorizations.

13 (a) Each participating municipality shall:

14 (1) deduct all normal and additional contributions
15 from each payment of earnings payable to each participating
16 employee who is entitled to any earnings from the
17 municipality, and remit all normal and additional
18 contributions immediately to the Board; and

19 (2) pay to the Board contributions required by this
20 Article.

21 (b) Each participating employee shall, by virtue of the
22 payment of contributions to this Fund, receive a vested
23 interest in the annuities and benefits provided in this Article
24 and in consideration of such vested interest shall be deemed to
25 have agreed and authorized the deduction from earnings of all

1 contributions payable to this Fund in accordance with this
2 Article.

3 (c) Payment of earnings less the amounts of contributions
4 provided in this Article shall be a full and complete discharge
5 of all claims for payment for services rendered by any employee
6 during the period covered by any such payment.

7 (40 ILCS 5/3-141c new)

8 Sec. 3-141c. Executive director. The executive director
9 shall be in charge of the general administration of the Fund
10 and shall have such special powers and duties as may be
11 properly delegated or assigned by the Board from time to time.
12 Such general administrative duties shall include: the
13 computation of the amounts of annuities, benefits, prior
14 service credits, and contributions required for reinstatement
15 of credits for Board consideration; the processing of approved
16 benefit claims and expenses of administration for payment; the
17 placing of any and all matters before the Board which require
18 action or are in the interest of the Board or the Fund; the
19 preparation and maintenance of necessary and proper records for
20 administrative and actuarial purposes; the conduct of any
21 necessary or desirable communications in the course of
22 operations of the Fund; and the carrying out of any actions of
23 the Board which are so delegated.

24 (40 ILCS 5/3-141d new)

1 Sec. 3-141d. Actuary.

2 (a) The actuary shall be the technical advisor of the
3 Board. In addition to general advice, the actuary shall
4 specifically be responsible for and shall make a general
5 investigation, at least once every 3 years, of the experience
6 of the participating municipalities as to mortality,
7 disability, retirement, separation, marital status of
8 employees, marriage of surviving spouses, interest, and
9 employee earnings rates, and to make recommendations as a
10 result of any such investigation as to:

11 (1) the actuarial tables to be used for computing
12 annuities and benefits and for determining the premiums for
13 disability and death benefit purposes;

14 (2) the tables to be used in any regular actuarial
15 valuations; and

16 (3) the prescribed rate of interest.

17 (b) The actuary shall make the computations of municipality
18 obligations, contribution rates including annual valuations of
19 the liabilities and reserves for present and prospective
20 annuities and benefits, and certify to the correctness thereof.

21 (c) The actuary shall advise the Board on any matters of an
22 actuarial nature affecting the Fund.

23 Section 90. The State Mandates Act is amended by adding
24 Section 8.42 as follows:

1 (30 ILCS 805/8.42 new)

2 Sec. 8.42. Exempt mandate. Notwithstanding Sections 6 and 8
3 of this Act, no reimbursement by the State is required for the
4 implementation of any mandate created by this amendatory Act of
5 the 100th General Assembly.

6 Section 95. No acceleration or delay. Where this Act makes
7 changes in a statute that is represented in this Act by text
8 that is not yet or no longer in effect (for example, a Section
9 represented by multiple versions), the use of that text does
10 not accelerate or delay the taking effect of (i) the changes
11 made by this Act or (ii) provisions derived from any other
12 Public Act.

13 Section 99. Effective date. This Act takes effect upon
14 becoming law, except that Sections 5 and 15 take effect January
15 1, 2020.

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2 Statutes amended in order of appearance

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4 40 ILCS 5/3-101 from Ch. 108 1/2, par. 3-101
5 40 ILCS 5/3-101.1 new
6 40 ILCS 5/3-101.2 new
7 40 ILCS 5/7-199.5 new
8 40 ILCS 5/3-102.1 new
9 40 ILCS 5/3-103 from Ch. 108 1/2, par. 3-103
10 40 ILCS 5/3-103.9 new
11 40 ILCS 5/3-104 new
12 40 ILCS 5/3-105 from Ch. 108 1/2, par. 3-105
13 40 ILCS 5/3-108.2
14 40 ILCS 5/3-108.3
15 40 ILCS 5/3-110 from Ch. 108 1/2, par. 3-110
16 40 ILCS 5/3-110.7
17 40 ILCS 5/3-125 from Ch. 108 1/2, par. 3-125
18 40 ILCS 5/3-125.1 from Ch. 108 1/2, par. 3-125.1
19 40 ILCS 5/3-128 from Ch. 108 1/2, par. 3-128
20 40 ILCS 5/3-128.1 new
21 40 ILCS 5/3-128.2 new
22 40 ILCS 5/3-134 from Ch. 108 1/2, par. 3-134
23 40 ILCS 5/3-135 from Ch. 108 1/2, par. 3-135
24 40 ILCS 5/3-140.5 new
25 40 ILCS 5/3-141 from Ch. 108 1/2, par. 3-141

- 1 40 ILCS 5/3-141a new
- 2 40 ILCS 5/3-141b new
- 3 40 ILCS 5/3-141c new
- 4 40 ILCS 5/3-141d new
- 5 30 ILCS 805/8.42 new