



Sen. John J. Cullerton

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10100SB0616sam001

LRB101 04395 RPS 64278 a

1 AMENDMENT TO SENATE BILL 616

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 616 by replacing  
3 everything after the enacting clause with the following:

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

6 (20 ILCS 3501/801-10)

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

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

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

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

5 (c) The term "public purpose project" means (i) any project  
6 or facility, including without limitation land, buildings,  
7 structures, machinery, equipment and all other real and  
8 personal property, which is authorized or required by law to be  
9 acquired, constructed, improved, rehabilitated, reconstructed,  
10 replaced or maintained by any unit of government or any other  
11 lawful public purpose, including provision of working capital,  
12 which is authorized or required by law to be undertaken by any  
13 unit of government or (ii) costs incurred and other  
14 expenditures, including expenditures for management,  
15 investment, or working capital costs, incurred in connection  
16 with the reform, consolidation, or implementation of the  
17 transition process as described in Articles 22B and 22C of the  
18 Illinois Pension Code.

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

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

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

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

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

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

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

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

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

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

1 Mental Health Rehabilitation Act of 2013, the ID/DD Community  
2 Care Act, or the MC/DD Act; (c) any public or licensed private  
3 hospital as defined in the Mental Health and Developmental  
4 Disabilities Code; (d) any such facility exempted from such  
5 licensure when the Director of Public Health attests that such  
6 exempted facility meets the statutory definition of a facility  
7 subject to licensure; (e) any other public or private health  
8 service institution, place, building, or agency which the  
9 Director of Public Health attests is subject to certification  
10 by the Secretary, U.S. Department of Health and Human Services  
11 under the Social Security Act, as now or hereafter amended, or  
12 which the Director of Public Health attests is subject to  
13 standard-setting by a recognized public or voluntary  
14 accrediting or standard-setting agency; (f) any public or  
15 private institution, place, building or agency engaged in  
16 providing one or more supporting services to a health facility;  
17 (g) any public or private institution, place, building or  
18 agency engaged in providing training in the healing arts,  
19 including, but not limited to, schools of medicine, dentistry,  
20 osteopathy, optometry, podiatry, pharmacy or nursing, schools  
21 for the training of x-ray, laboratory or other health care  
22 technicians and schools for the training of para-professionals  
23 in the health care field; (h) any public or private congregate,  
24 life or extended care or elderly housing facility or any public  
25 or private home for the aged or infirm, including, without  
26 limitation, any Facility as defined in the Life Care Facilities

1 Act; (i) any public or private mental, emotional or physical  
2 rehabilitation facility or any public or private educational,  
3 counseling, or rehabilitation facility or home, for those  
4 persons with a developmental disability, those who are  
5 physically ill or disabled, the emotionally disturbed, those  
6 persons with a mental illness or persons with learning or  
7 similar disabilities or problems; (j) any public or private  
8 alcohol, drug or substance abuse diagnosis, counseling  
9 treatment or rehabilitation facility, (k) any public or private  
10 institution, place, building or agency licensed by the  
11 Department of Children and Family Services or which is not so  
12 licensed but which the Director of Children and Family Services  
13 attests provides child care, child welfare or other services of  
14 the type provided by facilities subject to such licensure; (l)  
15 any public or private adoption agency or facility; and (m) any  
16 public or private blood bank or blood center. "Health facility"  
17 also means a public or private structure or structures suitable  
18 primarily for use as a laboratory, laundry, nurses or interns  
19 residence or other housing or hotel facility used in whole or  
20 in part for staff, employees or students and their families,  
21 patients or relatives of patients admitted for treatment or  
22 care in a health facility, or persons conducting business with  
23 a health facility, physician's facility, surgicenter,  
24 administration building, research facility, maintenance,  
25 storage or utility facility and all structures or facilities  
26 related to any of the foregoing or required or useful for the

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

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

20 (l) The term "health facility project", means a specific  
21 health facility work or improvement to be financed or  
22 refinanced (including without limitation through reimbursement  
23 of prior expenditures), acquired, constructed, enlarged,  
24 remodeled, renovated, improved, furnished, or equipped, with  
25 funds provided in whole or in part hereunder, any accounts  
26 receivable, working capital, liability or insurance cost or



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

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

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

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

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

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

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

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

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

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

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

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

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

8 (2) Provides an educational program for which it awards  
9 a bachelor's degree, or provides an educational program,  
10 admission into which is conditioned upon the prior  
11 attainment of a bachelor's degree or its equivalent, for  
12 which it awards a postgraduate degree, or provides not less  
13 than a 2-year program which is acceptable for full credit  
14 toward such a degree, or offers a 2-year program in  
15 engineering, mathematics, or the physical or biological  
16 sciences which is designed to prepare the student to work  
17 as a technician and at a semiprofessional level in  
18 engineering, scientific, or other technological fields  
19 which require the understanding and application of basic  
20 engineering, scientific, or mathematical principles or  
21 knowledge;

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

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

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

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

20 (v) The term "cultural institution" means any  
21 not-for-profit institution which is not owned by the State or  
22 any political subdivision, agency, instrumentality, district  
23 or municipality thereof, which institution engages in the  
24 cultural, intellectual, scientific, educational or artistic  
25 enrichment of the people of the State. Cultural institutions  
26 include, without limitation, aquaria, botanical societies,

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

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

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

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

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

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

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

1 packaging;

2 (2) seed and feed grain development and processing;

3 (3) fruit and vegetable processing, including  
4 preparation, canning and packaging;

5 (4) processing of livestock and livestock products,  
6 dairy products, poultry and poultry products, fish or  
7 apiarian products, including slaughter, shearing,  
8 collecting, preparation, canning and packaging;

9 (5) fertilizer and agricultural chemical  
10 manufacturing, processing, application and supplying;

11 (6) farm machinery, equipment and implement  
12 manufacturing and supplying;

13 (7) manufacturing and supplying of agricultural  
14 commodity processing machinery and equipment, including  
15 machinery and equipment used in slaughter, treatment,  
16 handling, collecting, preparation, canning or packaging of  
17 agricultural commodities;

18 (8) farm building and farm structure manufacturing,  
19 construction and supplying;

20 (9) construction, manufacturing, implementation,  
21 supplying or servicing of irrigation, drainage and soil and  
22 water conservation devices or equipment;

23 (10) fuel processing and development facilities that  
24 produce fuel from agricultural commodities or byproducts;

25 (11) facilities and equipment for processing and  
26 packaging agricultural commodities specifically for



1 export;

2 (12) facilities and equipment for forestry product  
3 processing and supplying, including sawmilling operations,  
4 wood chip operations, timber harvesting operations, and  
5 manufacturing of prefabricated buildings, paper, furniture  
6 or other goods from forestry products;

7 (13) facilities and equipment for research and  
8 development of products, processes and equipment for the  
9 production, processing, preparation or packaging of  
10 agricultural commodities and byproducts.

11 (aa) The term "asset" with respect to financing of any  
12 agricultural facility or any agribusiness, means, but is not  
13 limited to the following: cash crops or feed on hand; livestock  
14 held for sale; breeding stock; marketable bonds and securities;  
15 securities not readily marketable; accounts receivable; notes  
16 receivable; cash invested in growing crops; net cash value of  
17 life insurance; machinery and equipment; cars and trucks; farm  
18 and other real estate including life estates and personal  
19 residence; value of beneficial interests in trusts; government  
20 payments or grants; and any other assets.

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

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

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

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

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

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

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

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

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

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

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

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

2 (20 ILCS 3501/801-40)

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

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

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

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

1 issuance of such bonds, of any premium on any insurance, or of  
2 the cost of any guarantees, letters of credit or other similar  
3 documents, may provide for the funding of the reserves deemed  
4 necessary in connection with such bonds, and may provide for  
5 the refunding or advance refunding of any bonds or for accounts  
6 deemed necessary in connection with any purpose of the  
7 Authority. The bonds may bear interest payable at any time or  
8 times and at any rate or rates, notwithstanding any other  
9 provision of law to the contrary, and such rate or rates may be  
10 established by an index or formula which may be implemented or  
11 established by persons appointed or retained therefor by the  
12 Authority, or may bear no interest or may bear interest payable  
13 at maturity or upon redemption prior to maturity, may bear such  
14 date or dates, may be payable at such time or times and at such  
15 place or places, may mature at any time or times not later than  
16 40 years from the date of issuance, may be sold at public or  
17 private sale at such time or times and at such price or prices,  
18 may be secured by such pledges, reserves, guarantees, letters  
19 of credit, insurance contracts or other similar credit support  
20 or liquidity instruments, may be executed in such manner, may  
21 be subject to redemption prior to maturity, may provide for the  
22 registration of the bonds, and may be subject to such other  
23 terms and conditions all as may be provided by the resolution  
24 or indenture authorizing the issuance of such bonds. The holder  
25 or holders of any bonds issued by the Authority may bring suits  
26 at law or proceedings in equity to compel the performance and

1 observance by any person or by the Authority or any of its  
2 agents or employees of any contract or covenant made with the  
3 holders of such bonds and to compel such person or the  
4 Authority and any of its agents or employees to perform any  
5 duties required to be performed for the benefit of the holders  
6 of any such bonds by the provision of the resolution  
7 authorizing their issuance, and to enjoin such person or the  
8 Authority and any of its agents or employees from taking any  
9 action in conflict with any such contract or covenant.  
10 Notwithstanding the form and tenor of any such bonds and in the  
11 absence of any express recital on the face thereof that it is  
12 non-negotiable, all such bonds shall be negotiable  
13 instruments. Pending the preparation and execution of any such  
14 bonds, temporary bonds may be issued as provided by the  
15 resolution. The bonds shall be sold by the Authority in such  
16 manner as it shall determine. The bonds may be secured as  
17 provided in the authorizing resolution by the receipts,  
18 revenues, income and other available funds of the Authority and  
19 by any amounts derived by the Authority from the loan agreement  
20 or lease agreement with respect to the project or projects; and  
21 bonds may be issued as general obligations of the Authority  
22 payable from such revenues, funds and obligations of the  
23 Authority as the bond resolution shall provide, or may be  
24 issued as limited obligations with a claim for payment solely  
25 from such revenues, funds and obligations as the bond  
26 resolution shall provide. The Authority may grant a specific

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

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

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

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

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

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



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

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

3 (h) The Authority has the power, upon the termination of  
4 any leasehold period of any project, to sell or lease for a  
5 further term or terms such project on such terms and conditions  
6 as the Authority shall deem reasonable and consistent with the  
7 purposes of the Act. The net proceeds from all such sales and  
8 the revenues or income from such leases shall be used to  
9 satisfy any indebtedness of the Authority with respect to such  
10 project and any balance may be used to pay any expenses of the  
11 Authority or be used for the further development, construction,  
12 acquisition or improvement of projects. In the event any  
13 project is vacated by a tenant prior to the termination of the  
14 initial leasehold period, the Authority shall sell or lease the  
15 facilities of the project on the most advantageous terms  
16 available. The net proceeds of any such disposition shall be  
17 treated in the same manner as the proceeds from sales or the  
18 revenues or income from leases subsequent to the termination of  
19 any initial leasehold period.

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

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

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

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

10 (l) At the request of the governing body of any unit of  
11 local government, the Authority is authorized to market such  
12 local government's revenue bond offerings by preparing bond  
13 issues for sale, advertising for sealed bids, receiving bids at  
14 its offices, making the award to the bidder that offers the  
15 most favorable terms or arranging for negotiated placements or  
16 underwritings of such securities. The Authority may, at its  
17 discretion, offer for concurrent sale the revenue bonds of  
18 several local governments. Sales by the Authority of revenue  
19 bonds under this Section shall in no way imply State guarantee  
20 of such debt issue. The Authority may require such financial  
21 information from participating local governments as it deems  
22 necessary in order to carry out the purposes of this subsection  
23 (1).

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

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

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

1 grant program.

2 (o) The Authority may establish a Housing Partnership  
3 Program whereby the Authority provides zero-interest loans to  
4 municipalities for the purpose of assisting in the financing of  
5 projects for the rehabilitation of affordable multi-family  
6 housing for low and moderate income residents. The Authority  
7 may provide such loans only upon a municipality's providing  
8 evidence that it has obtained private funding for the  
9 rehabilitation project. The Authority shall provide 3 State  
10 dollars for every 7 dollars obtained by the municipality from  
11 sources other than the State of Illinois. The loans shall be  
12 made from monies appropriated for such purpose from the Build  
13 Illinois Bond Fund. The total amount of loans available under  
14 the Housing Partnership Program shall not exceed \$30,000,000.  
15 State loan monies under this subsection shall be used only for  
16 the acquisition and rehabilitation of existing buildings  
17 containing 4 or more dwelling units. The terms of any loan made  
18 by the municipality under this subsection shall require  
19 repayment of the loan to the municipality upon any sale or  
20 other transfer of the project.

21 (p) The Authority may award grants to universities and  
22 research institutions, research consortiums and other  
23 not-for-profit entities for the purposes of: remodeling or  
24 otherwise physically altering existing laboratory or research  
25 facilities, expansion or physical additions to existing  
26 laboratory or research facilities, construction of new

1 laboratory or research facilities or acquisition of modern  
2 equipment to support laboratory or research operations  
3 provided that such grants (i) be used solely in support of  
4 project and equipment acquisitions which enhance technology  
5 transfer, and (ii) not constitute more than 60 percent of the  
6 total project or acquisition cost.

7 (q) Grants may be awarded by the Authority to units of  
8 local government for the purpose of developing the appropriate  
9 infrastructure or defraying other costs to the local government  
10 in support of laboratory or research facilities provided that  
11 such grants may not exceed 40% of the cost to the unit of local  
12 government.

13 (r) In addition to the powers granted to the Authority  
14 under subsection (i), and in all cases supplemental to it, the  
15 Authority may establish a direct loan program to make loans to,  
16 or may purchase participations in loans made by participating  
17 lenders to, individuals, partnerships, corporations, or other  
18 business entities for the purpose of financing an industrial  
19 project, as defined in Section 801-10 of this Act. For the  
20 purposes of such program and not by way of limitation on any  
21 other program of the Authority, including, without limitation,  
22 programs established under subsection (i), the Authority shall  
23 have the power to issue bonds, notes, or other evidences of  
24 indebtedness including commercial paper for purposes of  
25 providing a fund of capital from which it may make such loans.  
26 The Authority shall have the power to use any appropriations

1 from the State made especially for the Authority's direct loan  
2 program, or moneys at any time held by the Authority under this  
3 Act outside the State treasury in the custody of either the  
4 Treasurer of the Authority or a trustee or depository appointed  
5 by the Authority, for additional capital to make such loans or  
6 purchase such loan participations, or for the purposes of  
7 reserve funds or pledged funds which secure the Authority's  
8 obligations of repayment of any bond, note or other form of  
9 indebtedness established for the purpose of providing capital  
10 for which it intends to make such loans or purchase such loan  
11 participations. For the purpose of obtaining such capital, the  
12 Authority may also enter into agreements with financial  
13 institutions, participating lenders, and other persons for the  
14 purpose of administering a loan participation program, selling  
15 loans or developing a secondary market for such loans or loan  
16 participations. Loans made under the direct loan program  
17 specifically established under this subsection (r), including  
18 loans under such program made by participating lenders in which  
19 the Authority purchases a participation, may be in an amount  
20 not to exceed \$600,000 and shall be made for a portion of an  
21 industrial project which does not exceed 50% of the total  
22 project. No loan may be made by the Authority unless approved  
23 by the affirmative vote of at least 8 members of the board. The  
24 Authority shall establish procedures and publish rules which  
25 shall provide for the submission, review, and analysis of each  
26 direct loan and loan participation application and which shall

1 preserve the ability of each board member and the Executive  
2 Director, as applicable, to reach an individual business  
3 judgment regarding the propriety of each direct loan or loan  
4 participation. The collective discretion of the board to  
5 approve or disapprove each loan shall be unencumbered. The  
6 Authority may establish and collect such fees and charges,  
7 determine and enforce such terms and conditions, and charge  
8 such interest rates as it determines to be necessary and  
9 appropriate to the successful administration of the direct loan  
10 program, including purchasing loan participations. The  
11 Authority may require such interests in collateral and such  
12 guarantees as it determines are necessary to protect the  
13 Authority's interest in the repayment of the principal and  
14 interest of each loan and loan participation made under the  
15 direct loan program. The restrictions established under this  
16 subsection (r) shall not be applicable to any loan or loan  
17 participation made under subsection (i) or to any loan or loan  
18 participation made under any other Section of this Act.

19 (s) The Authority may guarantee private loans to third  
20 parties up to a specified dollar amount in order to promote  
21 economic development in this State.

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

25 (u) The Authority shall have the power to issue bonds,  
26 notes or other evidences of indebtedness, which may be used to



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

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

19 (w) Moral Obligation. In the event that the Authority  
20 determines that monies of the Authority will not be sufficient  
21 for the payment of the principal of and interest on its bonds  
22 during the next State fiscal year, the Chairperson, as soon as  
23 practicable, shall certify to the Governor the amount required  
24 by the Authority to enable it to pay such principal of and  
25 interest on the bonds. The Governor shall submit the amount so  
26 certified to the General Assembly as soon as practicable, but

1 no later than the end of the current State fiscal year. This  
2 subsection shall apply only to any bonds or notes as to which  
3 the Authority shall have determined, in the resolution  
4 authorizing the issuance of the bonds or notes, that this  
5 subsection shall apply. Whenever the Authority makes such a  
6 determination, that fact shall be plainly stated on the face of  
7 the bonds or notes and that fact shall also be reported to the  
8 Governor. In the event of a withdrawal of moneys from a reserve  
9 fund established with respect to any issue or issues of bonds  
10 of the Authority to pay principal or interest on those bonds,  
11 the Chairperson of the Authority, as soon as practicable, shall  
12 certify to the Governor the amount required to restore the  
13 reserve fund to the level required in the resolution or  
14 indenture securing those bonds. The Governor shall submit the  
15 amount so certified to the General Assembly as soon as  
16 practicable, but no later than the end of the current State  
17 fiscal year. The Authority shall obtain written approval from  
18 the Governor for any bonds and notes to be issued under this  
19 Section. In addition to any other bonds authorized to be issued  
20 under Sections 825-60, 825-65(e), 830-25 and 845-5, the  
21 principal amount of Authority bonds outstanding issued under  
22 this Section 801-40(w) or under 20 ILCS 3850/1-80 or 30 ILCS  
23 360/2-6(c), which have been assumed by the Authority, shall not  
24 exceed \$150,000,000. This subsection (w) shall in no way be  
25 applied to any bonds issued by the Authority on behalf of the  
26 Illinois Power Agency under Section 825-90 of this Act.

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

17           (y) The Authority shall publish summaries of projects and  
18 actions approved by the members of the Authority on its  
19 website. These summaries shall include, but not be limited to,  
20 information regarding the:

- 21           (1) project;
- 22           (2) Board's action or actions;
- 23           (3) purpose of the project;
- 24           (4) Authority's program and contribution;
- 25           (5) volume cap;
- 26           (6) jobs retained;

- 1 (7) projected new jobs;
- 2 (8) construction jobs created;
- 3 (9) estimated sources and uses of funds;
- 4 (10) financing summary;
- 5 (11) project summary;
- 6 (12) business summary;
- 7 (13) ownership or economic disclosure statement;
- 8 (14) professional and financial information;
- 9 (15) service area; and
- 10 (16) legislative district.

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

13 (z) Consistent with the findings and declaration of policy  
14 set forth in item (j) of Section 801-5 of this Act, the  
15 Authority shall have the power to make loans to the Police  
16 Officers' Pension Investment Fund authorized by Section  
17 22B-120 of the Illinois Pension Code and to make loans to the  
18 Firefighters' Pension Investment Fund authorized by Section  
19 22C-120 of the Illinois Pension Code.

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

21 Section 10. The Illinois Pension Code is amended by  
22 changing Sections 1-110.16, 1-113.12, 1A-102, 1A-104,  
23 1A-108.5, 1A-109, 1A-111, 1A-112, 1A-113, 3-111, 3-112, 4-109,  
24 and 4-114 and by adding Sections 1-101.6, 3-132.1, and 4-123.2  
25 and Articles 22B and 22C as follows:

1 (40 ILCS 5/1-101.6 new)

2 Sec. 1-101.6. Transferor pension fund. "Transferor pension  
3 fund" means any pension fund established pursuant to Article 3  
4 or 4 of this Code.

5 (40 ILCS 5/1-110.16)

6 Sec. 1-110.16. Transactions prohibited by retirement  
7 systems; companies that boycott Israel, Iran-restricted  
8 companies, Sudan-restricted companies, and expatriated  
9 entities.

10 (a) As used in this Section:

11 "Boycott Israel" means engaging in actions that are  
12 politically motivated and are intended to penalize,  
13 inflict economic harm on, or otherwise limit commercial  
14 relations with the State of Israel or companies based in  
15 the State of Israel or in territories controlled by the  
16 State of Israel.

17 "Company" means any sole proprietorship, organization,  
18 association, corporation, partnership, joint venture,  
19 limited partnership, limited liability partnership,  
20 limited liability company, or other entity or business  
21 association, including all wholly owned subsidiaries,  
22 majority-owned subsidiaries, parent companies, or  
23 affiliates of those entities or business associations,  
24 that exist for the purpose of making profit.

1 "Illinois Investment Policy Board" means the board  
2 established under subsection (b) of this Section.

3 "Direct holdings" in a company means all publicly  
4 traded securities of that company that are held directly by  
5 the retirement system in an actively managed account or  
6 fund in which the retirement system owns all shares or  
7 interests.

8 "Expatriated entity" has the meaning ascribed to it in  
9 Section 1-15.120 of the Illinois Procurement Code.

10 "Indirect holdings" in a company means all securities  
11 of that company that are held in an account or fund, such  
12 as a mutual fund, managed by one or more persons not  
13 employed by the retirement system, in which the retirement  
14 system owns shares or interests together with other  
15 investors not subject to the provisions of this Section or  
16 that are held in an index fund.

17 "Iran-restricted company" means a company that meets  
18 the qualifications under Section 1-110.15 of this Code.

19 "Private market fund" means any private equity fund,  
20 private equity funds of funds, venture capital fund, hedge  
21 fund, hedge fund of funds, real estate fund, or other  
22 investment vehicle that is not publicly traded.

23 "Restricted companies" means companies that boycott  
24 Israel, Iran-restricted companies, Sudan-restricted  
25 companies, and expatriated entities.

26 "Retirement system" means a retirement system

1 established under Article 2, 14, 15, 16, or 18 of this  
2 Code, ~~or~~ the Illinois State Board of Investment, or a fund  
3 created under Article 22B or 22C of this Code.

4 "Sudan-restricted company" means a company that meets  
5 the qualifications under Section 1-110.6 of this Code.

6 (b) There shall be established an Illinois Investment  
7 Policy Board. The Illinois Investment Policy Board shall  
8 consist of 7 members. Each board of a pension fund or  
9 investment board created under Article 15, 16, or 22A of this  
10 Code shall appoint one member, and the Governor shall appoint 4  
11 members.

12 (c) Notwithstanding any provision of law to the contrary,  
13 beginning January 1, 2016, Sections 110.15 and 1-110.6 of this  
14 Code shall be administered in accordance with this Section.

15 (d) By April 1, 2016, the Illinois Investment Policy Board  
16 shall make its best efforts to identify all Iran-restricted  
17 companies, Sudan-restricted companies, and companies that  
18 boycott Israel and assemble those identified companies into a  
19 list of restricted companies, to be distributed to each  
20 retirement system.

21 These efforts shall include the following, as appropriate  
22 in the Illinois Investment Policy Board's judgment:

23 (1) reviewing and relying on publicly available  
24 information regarding Iran-restricted companies,  
25 Sudan-restricted companies, and companies that boycott  
26 Israel, including information provided by nonprofit

1 organizations, research firms, and government entities;

2 (2) contacting asset managers contracted by the  
3 retirement systems that invest in Iran-restricted  
4 companies, Sudan-restricted companies, and companies that  
5 boycott Israel;

6 (3) contacting other institutional investors that have  
7 divested from or engaged with Iran-restricted companies,  
8 Sudan-restricted companies, and companies that boycott  
9 Israel; and

10 (4) retaining an independent research firm to identify  
11 Iran-restricted companies, Sudan-restricted companies, and  
12 companies that boycott Israel.

13 The Illinois Investment Policy Board shall review the list  
14 of restricted companies on a quarterly basis based on evolving  
15 information from, among other sources, those listed in this  
16 subsection (d) and distribute any updates to the list of  
17 restricted companies to the retirement systems and the State  
18 Treasurer.

19 By April 1, 2018, the Illinois Investment Policy Board  
20 shall make its best efforts to identify all expatriated  
21 entities and include those companies in the list of restricted  
22 companies distributed to each retirement system and the State  
23 Treasurer. These efforts shall include the following, as  
24 appropriate in the Illinois Investment Policy Board's  
25 judgment:

26 (1) reviewing and relying on publicly available



1 information regarding expatriated entities, including  
2 information provided by nonprofit organizations, research  
3 firms, and government entities;

4 (2) contacting asset managers contracted by the  
5 retirement systems that invest in expatriated entities;

6 (3) contacting other institutional investors that have  
7 divested from or engaged with expatriated entities; and

8 (4) retaining an independent research firm to identify  
9 expatriated entities.

10 (e) The Illinois Investment Policy Board shall adhere to  
11 the following procedures for companies on the list of  
12 restricted companies:

13 (1) For each company newly identified in subsection  
14 (d), the Illinois Investment Policy Board shall send a  
15 written notice informing the company of its status and that  
16 it may become subject to divestment or shareholder activism  
17 by the retirement systems.

18 (2) If, following the Illinois Investment Policy  
19 Board's engagement pursuant to this subsection (e) with a  
20 restricted company, that company ceases activity that  
21 designates the company to be an Iran-restricted company, a  
22 Sudan-restricted company, a company that boycotts Israel,  
23 or an expatriated entity, the company shall be removed from  
24 the list of restricted companies and the provisions of this  
25 Section shall cease to apply to it unless it resumes such  
26 activities.

1 (f) Except as provided in subsection (f-1) of this Section  
2 the retirement system shall adhere to the following procedures  
3 for companies on the list of restricted companies:

4 (1) The retirement system shall identify those  
5 companies on the list of restricted companies in which the  
6 retirement system owns direct holdings and indirect  
7 holdings.

8 (2) The retirement system shall instruct its  
9 investment advisors to sell, redeem, divest, or withdraw  
10 all direct holdings of restricted companies from the  
11 retirement system's assets under management in an orderly  
12 and fiduciarily responsible manner within 12 months after  
13 the company's most recent appearance on the list of  
14 restricted companies.

15 (3) The retirement system may not acquire securities of  
16 restricted companies.

17 (4) The provisions of this subsection (f) do not apply  
18 to the retirement system's indirect holdings or private  
19 market funds. The Illinois Investment Policy Board shall  
20 submit letters to the managers of those investment funds  
21 containing restricted companies requesting that they  
22 consider removing the companies from the fund or create a  
23 similar actively managed fund having indirect holdings  
24 devoid of the companies. If the manager creates a similar  
25 fund, the retirement system shall replace all applicable  
26 investments with investments in the similar fund in an

1 expedited timeframe consistent with prudent investing  
2 standards.

3 (f-1) The retirement system shall adhere to the following  
4 procedures for restricted companies that are expatriated  
5 entities:

6 (1) To the extent that the retirement system believes  
7 that shareholder activism would be more impactful than  
8 divestment, the retirement system shall have the authority  
9 to engage with a restricted company prior to divesting.

10 (2) Subject to any applicable State or Federal laws,  
11 methods of shareholder activism utilized by the retirement  
12 system may include, but are not limited to, bringing  
13 shareholder resolutions and proxy voting on shareholder  
14 resolutions.

15 (3) The retirement system shall report on its  
16 shareholder activism and the outcome of such efforts to the  
17 Illinois Investment Policy Board by April 1 of each year.

18 (4) If the engagement efforts of the retirement system  
19 are unsuccessful, then it shall adhere to the procedures  
20 under subsection (f) of this Section.

21 (g) Upon request, and by April 1 of each year, each  
22 retirement system shall provide the Illinois Investment Policy  
23 Board with information regarding investments sold, redeemed,  
24 divested, or withdrawn in compliance with this Section.

25 (h) Notwithstanding any provision of this Section to the  
26 contrary, a retirement system may cease divesting from

1 companies pursuant to subsection (f) if clear and convincing  
2 evidence shows that the value of investments in such companies  
3 becomes equal to or less than 0.5% of the market value of all  
4 assets under management by the retirement system. For any  
5 cessation of divestment authorized by this subsection (h), the  
6 retirement system shall provide a written notice to the  
7 Illinois Investment Policy Board in advance of the cessation of  
8 divestment, setting forth the reasons and justification,  
9 supported by clear and convincing evidence, for its decision to  
10 cease divestment under subsection (f).

11 (i) The cost associated with the activities of the Illinois  
12 Investment Policy Board shall be borne by the boards of each  
13 pension fund or investment board created under Article 15, 16,  
14 or 22A of this Code.

15 (j) With respect to actions taken in compliance with this  
16 Section, including all good-faith determinations regarding  
17 companies as required by this Section, the retirement system  
18 and Illinois Investment Policy Board are exempt from any  
19 conflicting statutory or common law obligations, including any  
20 fiduciary duties under this Article and any obligations with  
21 respect to choice of asset managers, investment funds, or  
22 investments for the retirement system's securities portfolios.

23 (k) It is not the intent of the General Assembly in  
24 enacting this amendatory Act of the 99th General Assembly to  
25 cause divestiture from any company based in the United States  
26 of America. The Illinois Investment Policy Board shall consider

1 this intent when developing or reviewing the list of restricted  
2 companies.

3 (l) If any provision of this amendatory Act of the 99th  
4 General Assembly or its application to any person or  
5 circumstance is held invalid, the invalidity of that provision  
6 or application does not affect other provisions or applications  
7 of this amendatory Act of the 99th General Assembly that can be  
8 given effect without the invalid provision or application.

9 (m) If any provision of this amendatory Act of the 100th  
10 General Assembly or its application to any person or  
11 circumstance is held invalid, the invalidity of that provision  
12 or application does not affect other provisions or applications  
13 of this amendatory Act of the 100th General Assembly that can  
14 be given effect without the invalid provision or application.

15 (Source: P.A. 99-128, eff. 7-23-15; 100-551, eff. 1-1-18.)

16 (40 ILCS 5/1-113.12)

17 Sec. 1-113.12. Application.

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

21 (b) Upon the transfer of the securities, funds, assets, and  
22 moneys of a transferor pension fund to a fund created under  
23 Article 22B or 22C, that pension fund shall no longer exercise  
24 any investment authority with respect to those securities,  
25 funds, assets, and moneys and Sections 1-113.1 through 113.10

1 shall not apply to those securities, funds, assets, and moneys.

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

3 (40 ILCS 5/1A-102)

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

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

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

17 "Actuarial value of assets" means the value assigned by the  
18 actuary to the assets of a plan for the purposes of an  
19 actuarial valuation.

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

21 "Beneficiary" means a person eligible for or receiving  
22 benefits from a pension fund as provided in the Article of this  
23 Code under which the fund is established.

24 "Consolidated Fund" means: (i) with respect to the pension  
25 funds established under Article 3 of this Code, the Police

1 Officers' Pension Investment Fund established under Article  
2 22B of this Code; and (ii) with respect to the pension funds  
3 established under Article 4 of this Code, the Firefighters'  
4 Pension Investment Fund established under Article 22C of this  
5 Code.

6 "Credited projected benefit" means that portion of a  
7 participant's projected benefit based on an allocation taking  
8 into account service to date determined in accordance with the  
9 terms of the plan based on anticipated future compensation.

10 "Current value" means the fair market value when available;  
11 otherwise, the fair value as determined in good faith by a  
12 trustee, assuming an orderly liquidation at the time of the  
13 determination.

14 "Department" means the Department of Insurance of the State  
15 of Illinois.

16 "Director" means the Director of the Department of  
17 Insurance.

18 "Division" means the Public Pension Division of the  
19 Department of Insurance.

20 "Governmental unit" means the State of Illinois, any  
21 instrumentality or agency thereof (except transit authorities  
22 or agencies operating within or within and without cities with  
23 a population over 3,000,000), and any political subdivision or  
24 municipal corporation that establishes and maintains a public  
25 pension fund.

26 "Normal cost" means that part of the actuarial present

1 value of all future benefit payments and appropriate  
2 administrative expenses assigned to the current year under the  
3 actuarial valuation method used by the plan (excluding any  
4 amortization of the unfunded accrued liability).

5 "Participant" means a participating member or deferred  
6 pensioner or annuitant of a pension fund as provided in the  
7 Article of this Code under which the pension fund is  
8 established, or a beneficiary thereof.

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

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

13 "Projected benefits" means benefit amounts under a plan  
14 which are expected to be paid at various future times under a  
15 particular set of actuarial assumptions, taking into account,  
16 as applicable, the effect of advancement in age and past and  
17 anticipated future compensation and service credits.

18 "Supplemental annual cost" means that portion of the  
19 unfunded accrued liability assigned to the current year under  
20 one of the following bases:

21 (1) interest only on the unfunded accrued liability;

22 (2) the level annual amount required to amortize the  
23 unfunded accrued liability over a period not exceeding 40  
24 years;

25 (3) the amount required for the current year to  
26 amortize the unfunded accrued liability over a period not



1 exceeding 40 years as a level percentage of payroll.

2 "Total annual cost" means the sum of the normal cost plus  
3 the supplemental annual cost.

4 "Transition period" means the period described in Section  
5 22B-120 with respect to the pension funds established under  
6 Article 3 of this Code and the period described in Section  
7 22C-120 with respect to the pension funds established under  
8 Article 4 of this Code.

9 "Unfunded accrued liability" means the excess of the  
10 accrued liability over the actuarial value of the assets of a  
11 plan.

12 "Vested pension benefit" means an interest obtained by a  
13 participant or beneficiary in that part of an immediate or  
14 deferred benefit under a plan which arises from the  
15 participant's service and is not conditional upon the  
16 participant's continued service for an employer any of whose  
17 employees are covered under the plan, and which has not been  
18 forfeited under the terms of the plan.

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

20 (40 ILCS 5/1A-104)

21 Sec. 1A-104. Examinations and investigations.

22 (a) Except as described in the following paragraph with  
23 respect to pension funds established under Article 3 or 4 of  
24 this Code, the ~~The~~ Division shall make periodic examinations  
25 and investigations of all pension funds established under this

1 Code and maintained for the benefit of employees and officers  
2 of governmental units in the State of Illinois. However, in  
3 lieu of making an examination and investigation, the Division  
4 may accept and rely upon a report of audit or examination of  
5 any pension fund made by an independent certified public  
6 accountant pursuant to the provisions of the Article of this  
7 Code governing the pension fund. The acceptance of the report  
8 of audit or examination does not bar the Division from making a  
9 further audit, examination, and investigation if deemed  
10 necessary by the Division.

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

22 The Department may implement a flexible system of  
23 examinations under which it directs resources as it deems  
24 necessary or appropriate. In consultation with the pension fund  
25 being examined, the Division may retain attorneys, independent  
26 actuaries, independent certified public accountants, and other

1 professionals and specialists as examiners, the cost of which  
2 (except in the case of pension funds established under Article  
3 3 or 4) shall be borne by the pension fund that is the subject  
4 of the examination.

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

10 Each examination shall include the following:

11 (1) an audit of financial transactions, investment  
12 policies, and procedures;

13 (2) an examination of books, records, documents,  
14 files, and other pertinent memoranda relating to  
15 financial, statistical, and administrative operations;

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

18 (4) a determination of whether or not full effect is  
19 being given to the statutory provisions governing the  
20 operation of the pension fund;

21 (5) a determination of whether or not the  
22 administrative policies in force are in accord with the  
23 purposes of the statutory provisions and effectively  
24 protect and preserve the rights and equities of the  
25 participants;

26 (6) a determination of whether or not proper financial

1 and statistical records have been established and adequate  
2 documentary evidence is recorded and maintained in support  
3 of the several types of annuity and benefit payments being  
4 made; and

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

8 In addition, the Division or the Consolidated Fund, as  
9 appropriate, may conduct investigations, which shall be  
10 identified as such and which may include one or more of the  
11 items listed in this subsection.

12 A copy of the report of examination or investigation as  
13 prepared by the Division or the Consolidated Fund, as  
14 appropriate, shall be submitted to the secretary of the board  
15 of trustees of the pension fund examined or investigated and to  
16 the chief executive officer of the municipality. The Director,  
17 upon request, shall grant a hearing to the officers or trustees  
18 of the pension fund and to the officers or trustees of the  
19 Consolidated Fund, as appropriate, or their duly appointed  
20 representatives, upon any facts contained in the report of  
21 examination. The hearing shall be conducted before filing the  
22 report or making public any information contained in the  
23 report. The Director may withhold the report from public  
24 inspection for up to 60 days following the hearing.

25 (Source: P.A. 95-950, eff. 8-29-08.)

1 (40 ILCS 5/1A-108.5)

2 Sec. 1A-108.5. Economic opportunity investments.

3 (a) For the purposes of this Section:

4 "Economic opportunity investment" means a qualified  
5 investment, managed passively or actively by the pension fund,  
6 that promotes economic development within the State of Illinois  
7 by providing financially prudent investment opportunities in  
8 or through the use of (a) Illinois businesses or (b)  
9 Illinois-based projects that promote the economy of the State  
10 or a region of the State, including without limitation  
11 promotion of venture capital programs, coal and other natural  
12 resource development, tourism development, infrastructure  
13 development, real estate development, and job development  
14 within the State of Illinois, while producing a competitive  
15 rate of return commensurate with the risk of investment.

16 "Illinois business" means a business, including an  
17 investment adviser, that is headquartered in Illinois.

18 "Illinois-based project" means an individual project of a  
19 business, including the provision of products and investment  
20 and other services to the pension fund, that will result in the  
21 conduct of business within the State, the employment of  
22 individuals within the State, or the acquisition of real  
23 property located within the State.

24 (b) It is the public policy of the State of Illinois to  
25 encourage the pension funds, and any State entity investing  
26 funds on behalf of pension funds, to promote the economy of

1 Illinois through the use of economic opportunity investments to  
2 the greatest extent feasible within the bounds of financial and  
3 fiduciary prudence.

4 (c) Each pension fund, except pension funds created under  
5 Articles 3 and 4 of this Code but including the Consolidated  
6 Funds, shall submit a report to the Governor and the General  
7 Assembly by September 1 of each year, beginning in 2009, that  
8 identifies the economic opportunity investments made by the  
9 fund, the primary location of the business or project, the  
10 percentage of the fund's assets in economic opportunity  
11 investments, and the actions that the fund has undertaken to  
12 increase the use of economic opportunity investments.

13 (d) Pension funds created under Articles 2, 14, 15, 16, and  
14 18 of this Code, funds created under Article 22B and 22C of  
15 this Code Act, and any State agency investing funds on behalf  
16 of those pension funds, must make reasonable efforts to invest  
17 in economic opportunity investments.

18 (e) In making economic opportunity investments, trustees  
19 and fiduciaries must comply with the relevant requirements and  
20 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,  
21 1-110, and 1-111 of this Code. Economic opportunity investments  
22 that otherwise comply with this Code shall not be deemed  
23 imprudent solely because they are investments in an Illinois  
24 business or Illinois-based project.

25 (Source: P.A. 96-753, eff. 8-25-09.)

1 (40 ILCS 5/1A-109)

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

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

12 The annual statement shall include, but need not be limited  
13 to, the following:

14 (1) a financial balance sheet as of the close of the  
15 fiscal year;

16 (2) a statement of income and expenditures;

17 (3) an actuarial balance sheet;

18 (4) statistical data reflecting age, service, and  
19 salary characteristics concerning all participants;

20 (5) special facts concerning disability or other  
21 claims;

22 (6) details on investment transactions that occurred  
23 during the fiscal year covered by the report;

24 (7) details on administrative expenses; and

25 (8) such other supporting data and schedules as in the  
26 judgement of the Division may be necessary for a proper

1 appraisal of the financial condition of the pension fund  
2 and the results of its operations. The annual statement  
3 shall also specify the actuarial and interest tables used  
4 in the operation of the pension fund.

5 For pension funds under Article 3 or 4 of this Code, after  
6 the conclusion of the transition period, the Consolidated Fund  
7 shall furnish directly to the Division the information  
8 described in items (1) and (6) of this Section and shall  
9 otherwise cooperate with the pension fund in the preparation of  
10 the annual statement.

11 A pension fund that fails to file its annual statement  
12 within the time prescribed under this Section is subject to the  
13 penalty provisions of Section 1A-113.

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

15 (40 ILCS 5/1A-111)

16 Sec. 1A-111. Actuarial statements by pension funds  
17 established under Article 3 or 4.

18 (a) For each ~~Each~~ pension fund established under Article 3  
19 or 4 of this Code, a complete actuarial statement applicable to  
20 its plan year shall be included ~~include~~ as part of its annual  
21 statement in accordance with the following: a complete  
22 ~~actuarial statement applicable to the plan year.~~

23 (1) Prior to the conclusion of the transition period,  
24 if ~~if~~ the actuarial statement is prepared by a person other  
25 than the Department, it shall be filed with the Division



1 within 9 months after the close of the fiscal year of the  
2 pension fund. Any pension fund that fails to file within  
3 that time shall be subject to the penalty provisions of  
4 Section 1A-113. The statement shall be prepared by or under  
5 the supervision of a qualified actuary, signed by the  
6 qualified actuary, and contain such information as the  
7 Division may by rule require.

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

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

21 After the conclusion of the transition period, the  
22 actuarial statements shall be prepared by or under the  
23 supervision of a qualified actuary retained by the Consolidated  
24 Fund, and if a change occurs in an actuarial or investment  
25 assumption that increases or decreases the actuarially  
26 required contribution for the pension fund, that change shall

1 be implemented in equal annual amounts over the 3-year period  
2 beginning in the fiscal year of the pension fund in which such  
3 change first occurs.

4 The actuarially required contribution as described in this  
5 subsection shall determine the annual required employer  
6 contribution, notwithstanding any formula or other language in  
7 Article 3 or Article 4 of this Code to the contrary.

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

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

15 (40 ILCS 5/1A-112)

16 Sec. 1A-112. Fees.

17 (a) Every pension fund that is required to file an annual  
18 statement under Section 1A-109 shall pay to the Department an  
19 annual compliance fee. In the case of a pension fund under  
20 Article 3 or 4 of this Code, (i) prior to the conclusion of the  
21 transition period, the annual compliance fee shall be 0.02% (2  
22 basis points) of the total assets of the pension fund, as  
23 reported in the most current annual statement of the fund, but  
24 not more than \$8,000 and (ii) after the conclusion of the  
25 transition period, the annual compliance fee shall be \$8,000

1 and shall be paid by the Consolidated Fund. In the case of all  
2 other pension funds and retirement systems, the annual  
3 compliance fee shall be \$8,000.

4 (b) The annual compliance fee shall be due on June 30 for  
5 the following State fiscal year, except that the fee payable in  
6 1997 for fiscal year 1998 shall be due no earlier than 30 days  
7 following the effective date of this amendatory Act of 1997.

8 (c) Any information obtained by the Division that is  
9 available to the public under the Freedom of Information Act  
10 and is either compiled in published form or maintained on a  
11 computer processible medium shall be furnished upon the written  
12 request of any applicant and the payment of a reasonable  
13 information services fee established by the Director,  
14 sufficient to cover the total cost to the Division of  
15 compiling, processing, maintaining, and generating the  
16 information. The information may be furnished by means of  
17 published copy or on a computer processed or computer  
18 processible medium.

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

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

24 (e) Fees collected under subsection (c) of this Section and  
25 money collected under Section 1A-107 shall be deposited into  
26 the Technology Management Revolving Fund and credited to the

1 account of the Department's Public Pension Division. This  
2 income shall be used exclusively for the purposes set forth in  
3 Section 1A-107. Notwithstanding the provisions of Section  
4 408.2 of the Illinois Insurance Code, no surplus funds  
5 remaining in this account shall be deposited in the Insurance  
6 Financial Regulation Fund. All money in this account that the  
7 Director certifies is not needed for the purposes set forth in  
8 Section 1A-107 of this Code shall be transferred to the Public  
9 Pension Regulation Fund.

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

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

15 (40 ILCS 5/1A-113)

16 Sec. 1A-113. Penalties.

17 (a) A pension fund that fails, without just cause, to file  
18 its annual statement within the time prescribed under Section  
19 1A-109 shall pay to the Department a penalty to be determined  
20 by the Department, which shall not exceed \$100 for each day's  
21 delay.

22 (b) A pension fund that fails, without just cause, to file  
23 its actuarial statement within the time prescribed under  
24 Section 1A-110 or 1A-111 shall pay to the Department a penalty  
25 to be determined by the Department, which shall not exceed \$100

1 for each day's delay.

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

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

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

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

20 (2) Upon receipt of the notice, the person notified  
21 shall take immediate steps to comply with the provisions of  
22 law specified in the notice.

23 (3) If the person notified fails to comply within a  
24 reasonable time after receiving the notice, the Director  
25 may hold a hearing at which the person notified may show  
26 cause for noncompliance with the law.

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

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

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

20          If a penalty is not paid within 30 days of the date of  
21          assessment, the Director without further notice shall report  
22          the act of noncompliance to the Attorney General of this State.  
23          It shall be the duty of the Attorney General or, if the  
24          Attorney General so designates, the State's Attorney of the  
25          county in which the governmental unit is located to apply  
26          promptly by complaint on relation of the Director of Insurance

1 in the name of the people of the State of Illinois, as  
2 plaintiff, to the circuit court of the county in which the  
3 governmental unit is located for enforcement of the penalty  
4 prescribed in this subsection or for such additional relief as  
5 the nature of the case and the interest of the employees of the  
6 governmental unit or the public may require.

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

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

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

19 (40 ILCS 5/3-111) (from Ch. 108 1/2, par. 3-111)

20 Sec. 3-111. Pension.

21 (a) A police officer age 50 or more with 20 or more years  
22 of creditable service, who is not a participant in the  
23 self-managed plan under Section 3-109.3 and who is no longer in  
24 service as a police officer, shall receive a pension of 1/2 of  
25 the salary attached to the rank held by the officer on the

1 police force for one year immediately prior to retirement or,  
2 beginning July 1, 1987 for persons terminating service on or  
3 after that date, the salary attached to the rank held on the  
4 last day of service or for one year prior to the last day,  
5 whichever is greater. The pension shall be increased by 2.5% of  
6 such salary for each additional year of service over 20 years  
7 of service through 30 years of service, to a maximum of 75% of  
8 such salary.

9 The changes made to this subsection (a) by this amendatory  
10 Act of the 91st General Assembly apply to all pensions that  
11 become payable under this subsection on or after January 1,  
12 1999. All pensions payable under this subsection that began on  
13 or after January 1, 1999 and before the effective date of this  
14 amendatory Act shall be recalculated, and the amount of the  
15 increase accruing for that period shall be payable to the  
16 pensioner in a lump sum.

17 (a-5) No pension in effect on or granted after June 30,  
18 1973 shall be less than \$200 per month. Beginning July 1, 1987,  
19 the minimum retirement pension for a police officer having at  
20 least 20 years of creditable service shall be \$400 per month,  
21 without regard to whether or not retirement occurred prior to  
22 that date. If the minimum pension established in Section  
23 3-113.1 is greater than the minimum provided in this  
24 subsection, the Section 3-113.1 minimum controls.

25 (b) A police officer mandatorily retired from service due  
26 to age by operation of law, having at least 8 but less than 20



1 years of creditable service, shall receive a pension equal to 2  
2 1/2% of the salary attached to the rank he or she held on the  
3 police force for one year immediately prior to retirement or,  
4 beginning July 1, 1987 for persons terminating service on or  
5 after that date, the salary attached to the rank held on the  
6 last day of service or for one year prior to the last day,  
7 whichever is greater, for each year of creditable service.

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

20 (c) A police officer no longer in service who has at least  
21 one but less than 8 years of creditable service in a police  
22 pension fund but meets the requirements of this subsection (c)  
23 shall be eligible to receive a pension from that fund equal to  
24 2.5% of the salary attached to the rank held on the last day of  
25 service under that fund or for one year prior to that last day,  
26 whichever is greater, for each year of creditable service in

1 that fund. The pension shall begin no earlier than upon  
2 attainment of age 60 (or upon mandatory retirement from the  
3 fund by operation of law due to age, if that occurs before age  
4 60) and in no event before the effective date of this  
5 amendatory Act of 1997.

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

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

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

23 The pension of a police officer who is retiring after  
24 attaining age 50 with 10 or more years of creditable service  
25 shall be reduced by one-half of 1% for each month that the  
26 police officer's age is under age 55.

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

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

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

25           Nothing in this amendatory Act of the 101st General  
26 Assembly shall cause or otherwise result in any retroactive

1 adjustment of any employee contributions.

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

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

4 Sec. 3-112. Pension to survivors.

5 (a) Upon the death of a police officer entitled to a  
6 pension under Section 3-111, the surviving spouse shall be  
7 entitled to the pension to which the police officer was then  
8 entitled. Upon the death of the surviving spouse, or upon the  
9 remarriage of the surviving spouse if that remarriage  
10 terminates the surviving spouse's eligibility under Section  
11 3-121, the police officer's unmarried children who are under  
12 age 18 or who are dependent because of physical or mental  
13 disability shall be entitled to equal shares of such pension.  
14 If there is no eligible surviving spouse and no eligible child,  
15 the dependent parent or parents of the officer shall be  
16 entitled to receive or share such pension until their death or  
17 marriage or remarriage after the death of the police officer.

18 Notwithstanding any other provision of this Article, for a  
19 person who first becomes a police officer under this Article on  
20 or after January 1, 2011, the pension to which the surviving  
21 spouse, children, or parents are entitled under this subsection  
22 (a) shall be in an ~~the~~ amount equal to the greater of (i) 54% of  
23 the police officer's monthly salary at the date of death, or  
24 (ii) ~~of~~ 66 2/3% of the police officer's earned pension at the  
25 date of death, and if there is a surviving spouse, to the

1 guardian of any minor child or children, including a child that  
2 has been conceived but not yet born, 12% of such monthly salary  
3 for each such child until attainment of age 18. Upon the death  
4 of the surviving spouse leaving one or more minor children, or  
5 upon the death of a police officer leaving one or more minor  
6 children but no surviving spouse, to the duly appointed  
7 guardian of each such child, for the support and maintenance of  
8 each such child until the child reaches age 18, a monthly  
9 pension of 20% of the monthly salary. The total pension  
10 provided under this paragraph shall not exceed 75% of the  
11 monthly salary of the deceased police officer (1) when paid to  
12 the survivor of a police officer who has attained 20 or more  
13 years of service credit and who receives or is eligible to  
14 receive a retirement pension under this Article, (2) when paid  
15 to the survivor of a police officer who dies as a result of  
16 illness or accident, (3) when paid to the survivor of a police  
17 officer who dies from any cause while in receipt of a  
18 disability pension under this Article, or (4) when paid to the  
19 survivor of a deferred pensioner. Nothing in this subsection  
20 (a) shall act to diminish the survivor's benefits described in  
21 subsection (e) of this Section.

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

26 Notwithstanding any other provision of this Article, the

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

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

22 (b) Upon the death of a police officer while in service,  
23 having at least 20 years of creditable service, or upon the  
24 death of a police officer who retired from service with at  
25 least 20 years of creditable service, whether death occurs  
26 before or after attainment of age 50, the pension earned by the

1 police officer as of the date of death as provided in Section  
2 3-111 shall be paid to the survivors in the sequence provided  
3 in subsection (a) of this Section.

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

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

19 (e) The pension of the surviving spouse of a police officer  
20 who dies (i) on or after January 1, 2001, (ii) without having  
21 begun to receive either a retirement pension payable under  
22 Section 3-111 or a disability pension payable under Section  
23 3-114.1, 3-114.2, 3-114.3, or 3-114.6, and (iii) as a result of  
24 sickness, accident, or injury incurred in or resulting from the  
25 performance of an act of duty shall not be less than 100% of  
26 the salary attached to the rank held by the deceased police

1 officer on the last day of service, notwithstanding any  
2 provision in this Article to the contrary.

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

4 (40 ILCS 5/3-132.1 new)

5 Sec. 3-132.1. To transfer investment authority to the  
6 Police Officers' Pension Investment Fund. As soon as  
7 practicable after the effective date of this amendatory Act of  
8 the 101st General Assembly, but no later than 30 months after  
9 the effective date of this amendatory Act of the 101st General  
10 Assembly, each transferor pension fund shall transfer, in  
11 accordance with the requirements of Section 22B-120, to the  
12 Police Officers' Pension Investment Fund created under Article  
13 22B for management and investment all of their securities or  
14 for which commitments have been made, and all funds, assets, or  
15 moneys representing permanent or temporary investments, or  
16 cash reserves maintained for the purpose of obtaining income  
17 thereon. Upon the transfer of such securities, funds, assets,  
18 and moneys of a transferor pension fund to the Police Officers'  
19 Pension Investment Fund, the transferor pension fund shall not  
20 manage or control the same and shall no longer exercise any  
21 investment authority pursuant to Section 3-135 of this Code,  
22 notwithstanding any other provision of this Article to the  
23 contrary.

24 (40 ILCS 5/4-109) (from Ch. 108 1/2, par. 4-109)



1           Sec. 4-109. Pension.

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

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

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

19          (b) A firefighter who retires or is separated from service  
20          having at least 10 but less than 20 years of creditable  
21          service, who is not entitled to receive a disability pension,  
22          and who did not apply for a refund of contributions at his or  
23          her last separation from service shall receive a monthly  
24          pension upon attainment of age 60 based on the monthly salary  
25          attached to his or her rank in the fire service on the date of  
26          retirement or separation from service according to the

1 following schedule:

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

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

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

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

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

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

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

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

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

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

12 (c) Notwithstanding any other provision of this Article,  
13 the provisions of this subsection (c) apply to a person who  
14 first becomes a firefighter under this Article on or after  
15 January 1, 2011.

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

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

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

1 For the purposes of this subsection (c), "final average  
2 salary" means the the greater of: (i) the average monthly  
3 salary obtained by dividing the total salary of the firefighter  
4 during the ~~48~~ 96 consecutive months of service within the last  
5 ~~60~~ 120 months of service in which the total salary was the  
6 highest by the number of months of service in that period; or  
7 (ii) the average monthly salary obtained by dividing the total  
8 salary of the firefighter during the 96 consecutive months of  
9 service within the last 120 months of service in which the  
10 total salary was the highest by the number of months of service  
11 in that period.

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

23 Nothing in this amendatory Act of the 101st General  
24 Assembly shall cause or otherwise result in any retroactive  
25 adjustment of any employee contributions.

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

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

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

13 (a) (1) To the surviving spouse, a monthly pension of  
14 40% of the monthly salary, and if there is a surviving  
15 spouse, to the guardian of any minor child or children  
16 including a child which has been conceived but not yet  
17 born, 12% of such monthly salary for each such child until  
18 attainment of age 18 or until the child's marriage,  
19 whichever occurs first. Beginning July 1, 1993, the monthly  
20 pension to the surviving spouse shall be 54% of the monthly  
21 salary for all persons receiving a surviving spouse pension  
22 under this Article, regardless of whether the deceased  
23 firefighter was in service on or after the effective date  
24 of this amendatory Act of 1993.

25 (2) Beginning July 1, 2004, unless the amount provided

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

21 (3) If the pension paid on and after July 1, 2004 to  
22 the surviving spouse of a firefighter who died on or after  
23 July 1, 2004 and before the effective date of this  
24 amendatory Act of the 93rd General Assembly was less than  
25 the minimum pension payable under paragraph (1) or (2) of  
26 this subsection (a), the fund shall pay a lump sum equal to

1 the difference within 90 days after the effective date of  
2 this amendatory Act of the 93rd General Assembly.

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

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

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

18 In a case where the deceased firefighter left one or  
19 more minor children but no surviving spouse and the  
20 guardian of a child is receiving a pension of 12% of the  
21 monthly salary on August 16, 2013 (the effective date of  
22 Public Act 98-391), the pension is increased by Public Act  
23 98-391 to 20% of the monthly salary for each such child,  
24 beginning on the pension payment date occurring on or next  
25 following August 16, 2013. The changes to this Section made  
26 by Public Act 98-391 apply without regard to whether the

1       deceased firefighter was in service on or after August 16,  
2       2013.

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

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

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

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

10           (f) (Blank).

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

21           (h) Benefits payable on account of a child under this  
22 Section shall not be reduced or terminated by reason of the  
23 child's attainment of age 18 if he or she is then dependent  
24 by reason of a physical or mental disability but shall  
25 continue to be paid as long as such dependency continues.  
26 Individuals over the age of 18 and adjudged as a disabled



1 person pursuant to Article XIa of the Probate Act of 1975,  
2 except for persons receiving benefits under Article III of  
3 the Illinois Public Aid Code, shall be eligible to receive  
4 benefits under this Act.

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

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

23 Notwithstanding any other provision of this Article, if a  
24 person who first becomes a firefighter under this Article on or  
25 after January 1, 2011 and who is not receiving a disability  
26 pension under Section 4-110 or 4-110.1 dies (1) as a result of

1 any illness or accident, (2) from any cause while in receipt of  
2 a disability pension under this Article, (3) during retirement  
3 after 20 years service, (4) while vested for or in receipt of a  
4 pension payable under subsection (b) of Section 4-109, or (5)  
5 while a deferred pensioner, having made all required  
6 contributions, then a pension shall be paid to his or her  
7 survivors in an ~~the~~ amount equal to the greater of (i) 54% of  
8 the firefighter's monthly salary at the date of death, or (ii)  
9 of 66 2/3% of the firefighter's earned pension at the date of  
10 death, and if there is a surviving spouse, to the guardian of  
11 any minor child or children, including a child that has been  
12 conceived but not yet born, 12% of such monthly salary for each  
13 such child until attainment of age 18. Upon the death of the  
14 surviving spouse leaving one or more minor children, or upon  
15 the death of a firefighter leaving one or more minor children  
16 but no surviving spouse, to the duly appointed guardian of each  
17 such child, for the support and maintenance of each such child  
18 until the child reaches age 18, a monthly pension of 20% of the  
19 monthly salary. The total pension provided under this paragraph  
20 shall not exceed 75% of the monthly salary of the deceased  
21 firefighter (1) when paid to the survivor of a firefighter who  
22 has attained 20 or more years of service credit and who  
23 receives or is eligible to receive a retirement pension under  
24 this Article, (2) when paid to the survivor of a firefighter  
25 who dies as a result of illness or accident, (3) when paid to  
26 the survivor of a firefighter who dies from any cause while in

1 receipt of a disability pension under this Article, or (4) when  
2 paid to the survivor of a deferred pensioner. Nothing in this  
3 Section shall act to diminish the survivor's benefits described  
4 in subsection (j) of this Section.

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

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

22 For the purposes of this Section, "consumer price index-u"  
23 means the index published by the Bureau of Labor Statistics of  
24 the United States Department of Labor that measures the average  
25 change in prices of goods and services purchased by all urban  
26 consumers, United States city average, all items, 1982-84 =

1 100. The new amount resulting from each annual adjustment shall  
2 be determined by the Public Pension Division of the Department  
3 of Insurance and made available to the boards of the pension  
4 funds.

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

6 (40 ILCS 5/4-123.2 new)

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

1 (40 ILCS 5/Art. 22B heading new)

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

3 (40 ILCS 5/22B-101 new)

4 Sec. 22B-101. Establishment. The Police Officers' Pension  
5 Investment Fund is created with authority to manage the  
6 reserves, funds, assets, securities, properties, and moneys of  
7 the police pension funds created pursuant to Article 3 of this  
8 Code, all as provided in this Article.

9 (40 ILCS 5/22B-102 new)

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

13 (40 ILCS 5/22B-103 new)

14 Sec. 22B-103. Fund. "Fund" means the Police Officers'  
15 Pension Investment Fund.

16 (40 ILCS 5/22B-104 new)

17 Sec. 22B-104. Transferor pension fund. "Transferor pension  
18 fund" means any pension fund established pursuant to Article 3  
19 of this Code.

20 (40 ILCS 5/22B-105 new)

1       Sec. 22B-105. Participating pension fund. "Participating  
2 pension fund" means any pension fund established pursuant to  
3 Article 3 of this Code that has transferred securities, funds,  
4 assets, and moneys, and responsibility for custody and control  
5 of those securities, funds, assets, and moneys, to the Fund  
6 pursuant to Section 3-132.1.

7           (40 ILCS 5/22B-106 new)

8       Sec. 22B-106. Pension fund assets. "Pension fund assets"  
9 means the reserves, funds, assets, securities, and moneys of  
10 any transferor pension fund.

11           (40 ILCS 5/22B-107 new)

12       Sec. 22B-107. Invest. "Invest" means to acquire, invest,  
13 reinvest, exchange, or retain pension fund assets of the  
14 transferor pension funds and to sell and manage the reserves,  
15 funds, securities, moneys, or assets of the transferor pension  
16 fund, all in accordance with this Article.

17           (40 ILCS 5/22B-108 new)

18       Sec. 22B-108. Investment advisor. "Investment advisor"  
19 means any person or business entity that provides investment  
20 advice to the Board on a personalized basis and with an  
21 understanding of the policies and goals of the Board.  
22 "Investment advisor" does not include any person or business  
23 entity that provides statistical or general market research

1 data available for purchase or use by others.

2 (40 ILCS 5/22B-109 new)

3 Sec. 22B-109. Employer members. "Employer members" means  
4 the members appointed to the boards of trustees of the  
5 participating pension funds by the mayor or president of the  
6 board of trustees of the respective municipalities, in  
7 accordance with Section 3-128 of this Code.

8 (40 ILCS 5/22B-110 new)

9 Sec. 22B-110. Participant members. "Participant members"  
10 means the members elected to the boards of trustees of the  
11 participating pension funds by the active participants of such  
12 pension funds, in accordance with Section 3-128 of this Code.

13 (40 ILCS 5/22B-111 new)

14 Sec. 22B-111. Beneficiary members. "Beneficiary members"  
15 means the members elected to the boards of trustees of the  
16 participating pension funds by the beneficiaries of such  
17 pension funds, in accordance with Section 3-128 of this Code.

18 (40 ILCS 5/22B-112 new)

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

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

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

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

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

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



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

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

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

6 (a) As soon as practicable, but no later than 6 months  
7 after the effective date of this amendatory Act of the 101st  
8 General Assembly, the Governor shall appoint, by and with the  
9 advice and consent of the Senate, a transition board of  
10 trustees consisting of 9 members and comprised as follows: the  
11 State Treasurer, who shall serve as Chairperson of the  
12 transition board of trustees; 3 members selected from among the  
13 employer members; 2 members selected from among the participant  
14 members; one member selected from among the beneficiary  
15 members; one representative of the Illinois Municipal League;  
16 and one representative recommended by a statewide labor  
17 organization representing at least 10,000 police officers. The  
18 transition board members shall serve until the conclusion of  
19 the transition period and until the initial permanent board  
20 members are elected and qualified.

21 (b) The permanent board of trustees shall consist of 8  
22 members comprised as follows:

23 (1) Three members who are employer members and are  
24 elected by the elected officials authorized by Section  
25 3-128 of this Code to appoint the employer members; except

1 that this item (1) shall apply only with respect to  
2 participating pension funds.

3 (2) Two members who are active participant members and  
4 elected by the active participant members.

5 (3) One member who is a beneficiary and is elected by  
6 the beneficiary members.

7 (4) One member recommended by the Illinois Municipal  
8 League who shall be appointed by the Governor with the  
9 advice and consent of the Senate; and

10 (5) One member recommended by the statewide labor  
11 organization representing at least 10,000 police officers  
12 who shall be appointed by the Governor with the advice and  
13 consent of the Senate.

14 The Chairperson of the permanent board of trustees shall be  
15 selected from among the trustees for a term of 2 years.

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

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

26 (e) No trustee shall have any interest in any brokerage

1 fee, commission, or other profit or gain arising out of any  
2 investment directed by the board. This subsection does not  
3 preclude ownership by any member of any minority interest in  
4 any common stock or any corporate obligation in which an  
5 investment is directed by the board.

6 (f) Notwithstanding any provision or interpretation of law  
7 to the contrary, any employer member, participant member, or  
8 beneficiary member may also be appointed as a member of the  
9 transition board or elected as a member of the permanent board.

10 (40 ILCS 5/22B-116 new)

11 Sec. 22B-116. Conduct and administration of elections;  
12 terms of office.

13 (a) For the election of the permanent trustees, the  
14 transition board shall administer the initial elections and the  
15 permanent board shall administer all subsequent elections.  
16 Each board shall develop and implement such procedures as it  
17 determines to be appropriate for the conduct of such elections.

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

20 (1) for trustees to be elected by the employer members,  
21 by at least 20 elected officials who are authorized by  
22 Section 3-128 of this Code to appoint the employer members;  
23 except that this item (1) shall apply only with respect to  
24 participating pension funds;

25 (2) for trustees to be elected by the participant

1 members, by at least 20 participant members; and

2 (3) for trustees to be elected by the beneficiary  
3 members, by at least 20 beneficiary members.

4 (c) A separate ballot shall be used for each class of  
5 trustee and the names of all candidates properly nominated in  
6 petitions received shall be placed in alphabetical order upon  
7 the proper ballot. The candidate or candidates receiving the  
8 highest number of votes for each class of trustee shall be  
9 elected. In the case of a tie vote, the winner shall be  
10 determined in accordance with procedures developed by the  
11 Department of Insurance.

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

13 (1) Each person authorized to vote for an elected  
14 trustee may cast one vote for each related position for  
15 which such person is entitled to vote and may cast such  
16 vote for any candidate or candidates on the ballot for such  
17 trustee position.

18 (2) If only one candidate is properly nominated in  
19 petitions received, that candidate shall be deemed the  
20 winner and no election under this Section shall be  
21 required.

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

24 (e) The initial election for permanent trustees shall be  
25 held no later than 30 days prior to the end of the transition  
26 period determined as provided in Section 22B-120. Each

1 subsequent election shall be held no later than 30 days prior  
2 to the end of the term of the incumbent trustees.

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

7 (1) one trustee elected pursuant to item (1) of  
8 subsection (b) of Section 22B-115 shall serve for a term of  
9 2 years and 2 trustees elected pursuant to item (1) of  
10 subsection (b) of Section 22B-115 shall serve for a term of  
11 4 years;

12 (2) one trustee elected pursuant to item (2) of  
13 subsection (b) of Section 22B-115 shall serve for a term of  
14 2 years and one trustee elected pursuant to item (1) of  
15 subsection (b) of Section 22B-115 shall serve for a term of  
16 4 years; and

17 (3) the trustee elected pursuant to item(3) of  
18 subsection (b) of Section 22B-115 shall serve for a term of  
19 2 years.

20 (g) The trustees appointed pursuant to item (4) of  
21 subsection (b) of Section 22B-115 and item (5) of subsection  
22 (b) of Section 22B-115 shall each serve for a term of 4 years  
23 commencing on the first business day of the first month after  
24 the election of the elected trustees.

25 (h) Vacancies among the elected trustees shall be filled by  
26 appointment by the board for unexpired terms as follows: a

1 vacancy of an employer member trustee by an employer member; a  
2 vacancy of a participant member trustee by a participant  
3 member; and a vacancy of a beneficiary member trustee by a  
4 beneficiary member. Vacancies among the appointed trustees  
5 shall be filled for unexpired terms by appointment in like  
6 manner as for the original appointments.

7 (40 ILCS 5/22B-117 new)

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

9 (a) The transition board and the permanent board shall each  
10 meet at least quarterly and otherwise upon written request of  
11 either the Chairperson or 3 other members. The Chairperson  
12 shall preside over meetings of the board. The executive  
13 director and personnel of the board shall prepare agendas and  
14 materials and required postings for meetings of the board.

15 (b) A majority of the members of the board shall constitute  
16 a quorum.

17 (c) The State Treasurer, as Chairperson of the transition  
18 board of trustees, shall vote on matters before the board only  
19 when required to break a tie vote.

20 (40 ILCS 5/22B-118 new)

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

22 (a) The operation and administration of the Fund shall be  
23 managed by an executive director. As soon as practicable, but  
24 no later than 6 months after the effective date of this

1 amendatory Act of the 101st General Assembly, the Governor  
2 shall appoint an interim executive director who shall serve  
3 until a permanent executive director is appointed by the board,  
4 with such appointment to be made no later than 6 months after  
5 the end of the transition period. The executive director shall  
6 act subject to and under the supervision of the board and the  
7 board shall fix the compensation of the executive director.

8 (b) The board may appoint one or more custodians to  
9 facilitate the transfer of pension fund assets during the  
10 transition period, and subsequently to provide custodial and  
11 related fiduciary services on behalf of the board, and enter  
12 into contracts for such services. The board may also appoint  
13 external legal counsel and an independent auditing firm and may  
14 appoint investment advisors and other consultants as it  
15 determines to be appropriate and enter into contracts for such  
16 services. With approval of the board, the executive director  
17 may retain such other consultants, advisors, fiduciaries, and  
18 service providers as may be desirable and enter into contracts  
19 for such services.

20 (c) The board shall separately calculate account balances  
21 for each participating pension fund. The operations and  
22 financial condition of each participating pension fund account  
23 shall not affect the account balance of any other participating  
24 pension fund. Further, investment returns earned by the Fund  
25 shall be allocated and distributed pro rata among each  
26 participating pension fund account in accordance with the value

1 of the pension fund assets attributable to each fund.

2 (d) With approval of the board, the executive director may  
3 employ such personnel, professional or clerical, as may be  
4 desirable and fix their compensation. The appointment and  
5 compensation of the personnel, including the executive  
6 director, shall not be subject to the Personnel Code.

7 (e) The board shall annually adopt a budget to support its  
8 operations and administration. The board shall apply moneys  
9 derived from the pension fund assets transferred and under its  
10 control to pay the costs and expenses incurred in the operation  
11 and administration of the Fund. The board shall from time to  
12 time transfer moneys and other assets to the participating  
13 pension funds as required for the participating pension funds  
14 to pay expenses, benefits, and other required payments to  
15 beneficiaries in the amounts and at the times prescribed in  
16 this Code.

17 (f) The board may exercise any of the powers granted to  
18 boards of trustees of pension funds under Sections 1-107 and  
19 1-108 of this Code and may by resolution provide for the  
20 indemnification of its members and any of its officers,  
21 advisors, or employees in a manner consistent with those  
22 Sections.

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



1       (h) The board shall contract for a blanket fidelity bond in  
2 the penal sum of not less than \$1,000,000 to cover members of  
3 the board of trustees, the executive director, and all other  
4 employees of the board, conditioned for the faithful  
5 performance of the duties of their respective offices, the  
6 premium on which shall be paid by the board.

7           (40 ILCS 5/22B-119 new)

8       Sec. 22B-119. Adoption of rules. The board shall adopt such  
9 rules (not inconsistent with this Code) as in its judgment are  
10 desirable to implement and properly administer this Article.  
11 Such rules shall specifically provide for the following: (1)  
12 the implementation of the transition process described in  
13 Section 22B-120; (2) the process by which the participating  
14 pension funds may request transfer of funds; (3) the process  
15 for the transfer in, receipt for, and investment of pension  
16 assets received by the Fund after the transition period from  
17 the participating pension funds; (4) the process by which  
18 contributions from municipalities for the benefit of the  
19 participating pension funds may, but are not required to, be  
20 directly transferred to the Fund; and (5) compensation and  
21 benefits for its employees. A copy of the rules adopted by the  
22 Fund shall be filed with the Secretary of State and the  
23 Department of Insurance. The adoption and effectiveness of such  
24 rules shall not be subject to Article 5 of the Illinois  
25 Administrative Procedure Act.

1 (40 ILCS 5/22B-120 new)

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

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

9 (b) The board may retain the services of custodians,  
10 investment consultants, and other professional services it  
11 deems prudent to implement the transition of assets described  
12 in this Section. The permanent board of trustees shall not be  
13 bound by any contract or agreement regarding such custodians,  
14 investment consultants, or other professional services entered  
15 into by the transition board of trustees.

16 (c) As soon as practicable after the effective date of this  
17 amendatory Act of the 101st General Assembly, the board, in  
18 cooperation with the Department of Insurance, shall audit the  
19 investment assets of each transferor pension fund to determine  
20 a certified investment asset list for each transferor pension  
21 fund. The audit shall be performed by a certified public  
22 accountant engaged by the board, and the board shall be  
23 responsible for payment of the costs and expenses associated  
24 with the audit. Upon completion of the audit for any transferor  
25 pension fund, the board and the Department of Insurance shall

1 provide the certified investment asset list to that transferor  
2 pension fund. Upon determination of the certified investment  
3 asset list for any transferor pension fund, the board shall  
4 within 10 business days initiate the transfer of assets from  
5 that transferor pension fund. Further and to maintain accuracy  
6 of the certified investment asset list, upon determination of  
7 the certified investment asset list for a transferor pension  
8 fund, that fund shall not purchase or sell any of its pension  
9 fund assets.

10 (d) When the Fund is prepared to receive pension fund  
11 assets from any transferor pension fund, the executive director  
12 shall notify in writing the board of trustees of that  
13 transferor pension fund of the Fund's intent to assume  
14 fiduciary control of those pension fund assets, and the date at  
15 which it will assume such control and that the transferor  
16 pension fund will cease to exercise fiduciary responsibility.  
17 This letter shall be transmitted no less than 30 days prior to  
18 the transfer date. A copy of the letter shall be transmitted to  
19 the Department of Insurance. Upon receipt of the letter, the  
20 transferor pension fund shall promptly notify its custodian, as  
21 well as any and all entities with fiduciary control of any  
22 portion of the pension assets. Each transferor pension fund  
23 shall have sole fiduciary and statutory responsibility for the  
24 management of its pension assets until the start of business on  
25 the transfer date. At the start of business on the transfer  
26 date, statutory and fiduciary responsibility for the

1 investment of pension fund assets shall shift exclusively to  
2 the Fund and the Fund shall promptly and prudently transfer all  
3 such pension fund assets to the board and terminate the  
4 relationship with the local custodian of that transferor  
5 pension fund. The Fund shall provide a receipt for the transfer  
6 to the transferor pension fund within 30 days of the transfer  
7 date.

8 As used in this subsection, "transfer date" means the date  
9 at which the Fund will assume fiduciary control of the  
10 transferor pension fund's assets and the transferor pension  
11 fund will cease to exercise fiduciary responsibility.

12 (e) Within 90 days after the end of the transition period,  
13 the Fund and the Department of Insurance shall cooperate in  
14 transferring to the Fund all pension fund assets remaining in  
15 the custody of the transferor pension funds.

16 (f) The board shall adopt such rules as in its judgment are  
17 desirable to implement the transition process, including,  
18 without limitation, the transfer of the pension fund assets of  
19 the transferor pension funds, the assumption of fiduciary  
20 control of such assets by the Fund, and the termination of  
21 relationships with local custodians. The adoption and  
22 effectiveness of such rules and regulations shall not be  
23 subject to Article 5 of the Illinois Administrative Procedure  
24 Act.

25 (g) Within 6 months after the end of the transition period,  
26 the books, records, accounts, and securities of the Fund shall

1 be audited by a certified public accountant selected by the  
2 board. This audit shall include, but not be limited to, the  
3 following: (1) a full description of the investments acquired,  
4 showing average costs; (2) a full description of the securities  
5 sold or exchanged, showing average proceeds or other conditions  
6 of an exchange; (3) gains or losses realized during the period;  
7 (4) income from investments; and (5) administrative expenses  
8 incurred by the board. This audit report shall be published on  
9 the Fund's official website and filed with the Department of  
10 Insurance.

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

1 and the Illinois Finance Authority reasonably believe to be  
2 mutually beneficial. Such agreement shall be a public record  
3 and the Fund shall post the terms of the agreement on its  
4 official website.

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

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

7 (a) The board shall have the authority to manage the  
8 pension fund assets of the transferor pension funds for the  
9 purpose of obtaining a total return on investments for the long  
10 term.

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

16 (c) The pension fund assets of the Fund shall be maintained  
17 in accounts held outside the State treasury. Moneys in those  
18 accounts are not subject to administrative charges or  
19 chargebacks, including, but not limited to, those authorized  
20 under the State Finance Act.

21 (d) The board may not delegate its management functions,  
22 but it may, but is not required to, arrange to compensate for  
23 personalized investment advisory service for any or all  
24 investments under its control with any national or state bank  
25 or trust company authorized to do a trust business and

1 domiciled in Illinois, other financial institution organized  
2 under the laws of Illinois, or an investment advisor who is  
3 qualified under the federal Investment Advisers Act of 1940 and  
4 is registered under the Illinois Securities Law of 1953.  
5 Nothing contained in this Article prevents the board from  
6 subscribing to general investment research services available  
7 for purchase or use by others. The board shall also have the  
8 authority to compensate for accounting services.

9 (e) This Section does not prohibit the board from directly  
10 investing pension fund assets in public market investments,  
11 private investments, real estate investments, or other  
12 investments authorized by this Code.

13 (40 ILCS 5/22B-122 new)

14 Sec. 22B-122. Investment authority. The Fund shall have the  
15 authority to invest funds, subject to the requirements and  
16 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,  
17 1-110, 1-111, 1-114, and 1-115 of this Code.

18 The Fund shall not be subject to any of the limitations  
19 applicable to investments of pension fund assets by the  
20 transferor pension funds under Sections 1-113.1 through  
21 1-113.12 or Article 3 of this Code. The Fund shall not, for  
22 purposes of Article 1 of this Code, be deemed to be a  
23 retirement system, pension fund, or investment board whose  
24 investments are restricted by Section 1-113.2 of this Code.

25 No bank or savings and loan association shall receive

1 investment funds as permitted by this Section, unless it has  
2 complied with the requirements established pursuant to Section  
3 6 of the Public Funds Investment Act. The limitations set forth  
4 in Section 6 of the Public Funds Investment Act shall be  
5 applicable only at the time of investment and shall not require  
6 the liquidation of any investment at any time.

7 The Fund shall have the authority to enter into such  
8 agreements and to execute such documents as it determines to be  
9 necessary to complete any investment transaction.

10 All investments shall be clearly held and accounted for to  
11 indicate ownership by the Fund. The Fund may direct the  
12 registration of securities in its own name or in the name of a  
13 nominee created for the express purpose of registration of  
14 securities by a national or state bank or trust company  
15 authorized to conduct a trust business in the State of  
16 Illinois.

17 Investments shall be carried at cost or at a value  
18 determined in accordance with generally accepted accounting  
19 principles and accounting procedures approved by the Fund.

20 (40 ILCS 5/22B-123 new)

21 Sec. 22B-123. Custodian. The pension fund assets  
22 transferred to or otherwise acquired by the Fund shall be  
23 placed in the custody of a custodian who shall provide adequate  
24 safe deposit facilities for those assets and hold all such  
25 securities, funds, and other assets subject to the order of the



1 Fund.

2 Each custodian shall furnish a corporate surety bond of  
3 such amount as the board designates, which bond shall indemnify  
4 the Fund, the board, and the officers and employees of the Fund  
5 against any loss that may result from any action or failure to  
6 act by the custodian or any of the custodian's agents. All  
7 charges incidental to the procuring and giving of any bond  
8 shall be paid by the board and each bond shall be in the  
9 custody of the board.

10 (40 ILCS 5/22B-124 new)

11 Sec. 22B-124. Accounting for pension fund assets. In the  
12 management of the pension fund assets of the transferor pension  
13 funds, the Fund:

14 (1) shall carry all pension fund assets at fair market  
15 value determined in accordance with generally accepted  
16 accounting principles and accounting procedures approved  
17 by the board. Each investment initially transferred to the  
18 Fund by a transferor pension fund shall be similarly  
19 valued, except that the board may elect to place such value  
20 on any investment conditionally in which case, the amount  
21 of any later realization of such asset in cash that is in  
22 excess of or is less than the amount so credited shall be  
23 credited or charged to the account maintained for the  
24 transferor pension fund that made the transfer;

25 (2) shall keep proper books of account that shall

1 reflect at all times the value of all investments held by  
2 the Fund; and

3 (3) shall charge all distributions made by the Fund to  
4 or for a transferor pension fund to the account maintained  
5 for that fund.

6 (40 ILCS 5/22B-125 new)

7 Sec. 22B-125. Audits and reports.

8 (a) At least annually, the books, records, accounts, and  
9 securities of the Fund shall be audited by a certified public  
10 accountant selected by the board and conducted in accordance  
11 with the rules and procedures promulgated by the Governmental  
12 Accounting Standards Board. The audit opinion shall be  
13 published as a part of the annual report of the Fund, which  
14 shall be submitted to the transferor pension funds and to the  
15 Department of Insurance.

16 (b) For the quarterly periods ending September 30, December  
17 31, and March 31, the Fund shall submit to the participating  
18 pension funds and to the Department of Insurance a report  
19 providing, among other things, the following information:

20 (1) a full description of the investments acquired,  
21 showing average costs;

22 (2) a full description of the securities sold or  
23 exchanged, showing average proceeds or other conditions of  
24 an exchange;

25 (3) gains or losses realized during the period;

1           (4) income from investments; and

2           (5) administrative expenses.

3           (c) An annual report shall be prepared by the Fund for  
4 submission to the participating pension funds and to the  
5 Department of Insurance within 6 months after the close of each  
6 fiscal year. A fiscal year shall date from July 1 of one year  
7 to June 30 of the year next following. This report shall  
8 contain full information concerning the results of investment  
9 operations of the Fund. This report shall include the  
10 information described in subsection (b) and, in addition  
11 thereto, the following information:

12           (1) a listing of the investments held by the Fund at  
13 the end of the year, showing their book values and market  
14 values and their income yields on market values;

15           (2) comments on the pertinent factors affecting such  
16 investments;

17           (3) a review of the policies maintained by the Fund and  
18 any changes that occurred during the year;

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

21           (5) recommendations for possible changes in this  
22 Article or otherwise governing the operations of the Fund;  
23 and

24           (6) a listing of the names of securities brokers and  
25 dealers dealt with during the year showing the total amount  
26 of commissions received by each on transactions with the

1           Fund.

2           (40 ILCS 5/Art. 22C heading new)

3           ARTICLE 22C. THE FIREFIGHTERS' PENSION INVESTMENT FUND

4           (40 ILCS 5/22C-101 new)

5           Sec. 22C-101. Establishment. The Firefighters' Pension  
6 Investment Fund is created with authority to manage the  
7 reserves, funds, assets, securities, properties and moneys of  
8 the firefighter pension funds created pursuant to Article 4 of  
9 this Code, all as provided in this Article.

10          (40 ILCS 5/22C-102 new)

11          Sec. 22C-102. Definitions. For the purposes of this  
12 Article, the following words and phrases shall have the meaning  
13 ascribed to them unless the context requires otherwise.

14          (40 ILCS 5/22C-103 new)

15          Sec. 22C-103. Fund. "Fund" means the Firefighters' Pension  
16 Investment Fund.

17          (40 ILCS 5/22C-104 new)

18          Sec. 22C-104. Transferor pension fund. "Transferor pension  
19 fund" means any pension fund established pursuant to Article 4  
20 of this Code.

1 (40 ILCS 5/22C-105 new)

2 Sec. 22C-105. Participating pension fund. "Participating  
3 pension fund" means any pension fund established pursuant to  
4 Article 4 of this Code that has transferred securities, funds,  
5 assets, and moneys, and responsibility for custody and control  
6 of those securities, funds, assets, and moneys, to the Fund  
7 pursuant to Section 4-123.2.

8 (40 ILCS 5/22C-106 new)

9 Sec. 22C-106. Pension fund assets. "Pension fund assets"  
10 means the reserves, funds, assets, securities, and moneys of  
11 any transferor pension fund.

12 (40 ILCS 5/22C-107 new)

13 Sec. 22C-107. Invest. "Invest" means to acquire, invest,  
14 reinvest, exchange, or retain pension fund assets of the  
15 transferor pension funds and to sell and manage the reserves,  
16 funds, securities, moneys, or assets of the transferor pension  
17 fund, all in accordance with this Article.

18 (40 ILCS 5/22C-108 new)

19 Sec. 22C-108. Investment advisor. "Investment advisor"  
20 means any person or business entity that provides investment  
21 advice to the board on a personalized basis and with an  
22 understanding of the policies and goals of the board.  
23 "Investment advisor" does not include any person or business

1 entity that provides statistical or general market research  
2 data available for purchase or use by others.

3 (40 ILCS 5/22C-109 new)

4 Sec. 22C-109. Employer members. "Employer members" means  
5 the elected and appointed officials of the respective  
6 municipalities and the fire protection districts serving as  
7 members of the participating pension funds, in accordance with  
8 Section 4-121 of this Code.

9 (40 ILCS 5/22C-110 new)

10 Sec. 22C-110. Participant members. "Participant members"  
11 means the members elected to the boards of trustees of the  
12 participating pension funds by the active participants of such  
13 pension funds, in accordance with Section 4-121 of this Code.

14 (40 ILCS 5/22C-111 new)

15 Sec. 22C-111. Beneficiary members. "Beneficiary members"  
16 means the members elected to the boards of trustees of the  
17 participating pension funds by the beneficiaries of such  
18 pension funds, in accordance with Section 4-121 of this Code.

19 (40 ILCS 5/22C-112 new)

20 Sec. 22C-112. Transition period. "Transition period" means  
21 the period immediately following the effective date of this  
22 amendatory Act of the 101st General Assembly during which

1 pension fund assets, and responsibility for custody and control  
2 of those assets, will be transferred from the transferor  
3 pension funds to the board, as described in Section 22C-120.

4 (40 ILCS 5/22C-113 new)

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

10 (40 ILCS 5/22C-114 new)

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

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

5 (40 ILCS 5/22C-115 new)

6 Sec. 22C-115. Board of Trustees of the Fund.

7 (a) As soon as practicable but no later than 6 months  
8 following the effective date of this amendatory Act of the  
9 101st General Assembly, the Governor shall appoint, by and with  
10 the advice and consent of the Senate, a transition board of  
11 trustees consisting of 9 members and comprised as follows: the  
12 State Treasurer, who shall serve as Chairperson of the  
13 transition board of trustees; 3 members selected from among the  
14 employer members; 2 members selected from among the participant  
15 members; one member selected from among the beneficiary  
16 members; one representative of the Illinois Municipal League;  
17 and one representative recommended by the statewide labor  
18 organization representing firefighters employed by at least 85  
19 municipalities and that is affiliated with the Illinois State  
20 Federation of Labor. The transition board members shall serve  
21 until the conclusion of the transition period and until the  
22 initial permanent board members are elected and qualified.

23 (b) The permanent board of trustees shall consist of 8  
24 members comprised as follows:

25 (1) Three members who are employer members and are



1 elected by the employer members.

2 (2) Two members who are participant members and elected  
3 by the participant members.

4 (3) One member who is a Beneficiary and is elected by  
5 the beneficiary members.

6 (4) One member recommended by the Illinois Municipal  
7 League who shall be appointed by the Governor with the  
8 advice and consent of the Senate; and

9 (5) One member recommended by the statewide labor  
10 organization representing firefighters employed by at  
11 least 85 municipalities and that is affiliated with the  
12 Illinois State Federation of Labor who shall be appointed  
13 by the Governor with the advice and consent of the Senate.

14 The Chairperson of the permanent board of trustees shall be  
15 selected from among the trustees for a term of 2 years.

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

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

26 (e) No trustee shall have any interest in any brokerage

1 fee, commission, or other profit or gain arising out of any  
2 investment directed by the board. This subsection does not  
3 preclude ownership by any member of any minority interest in  
4 any common stock or any corporate obligation in which an  
5 investment is directed by the board.

6 (f) Notwithstanding any provision or interpretation of law  
7 to the contrary, any employer member, participant member, or  
8 beneficiary member may also be appointed as a member of the  
9 transition board or elected as a member of the permanent board.

10 (40 ILCS 5/22C-116 new)

11 Sec. 22C-116. Conduct and administration of elections;  
12 terms of office.

13 (a) For the election of the permanent trustees, the  
14 transition board shall administer the initial elections and the  
15 permanent board shall administer all subsequent elections.  
16 Each board shall develop and implement such procedures as it  
17 determines to be appropriate for the conduct of such elections.

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

20 (1) for trustees to be elected by the employer members,  
21 by at least 20 employer members;

22 (2) for trustees to be elected by the participant  
23 members, by at least 20 participant members; and

24 (3) for trustees to be elected by the beneficiary  
25 members, by at least 20 beneficiary members.

1       (c) A separate ballot shall be used for each class of  
2 trustee and the names of all candidates properly nominated in  
3 petitions received shall be placed in alphabetical order upon  
4 the proper ballot. The candidate or candidates receiving the  
5 highest number of votes for each class of trustee shall be  
6 elected. In the case of a tie vote, the winner shall be  
7 determined in accordance with procedures developed by the  
8 Department of Insurance.

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

10       (1) Each person authorized to vote for an elected  
11 trustee may cast one vote for each related position for  
12 which such person is entitled to vote and may cast such  
13 vote for any candidate or candidates on the ballot for such  
14 trustee position.

15       (2) If only one candidate is properly nominated in  
16 petitions received, that candidate shall be deemed the  
17 winner and no election under this Section shall be  
18 required.

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

21       (e) The initial election for permanent trustees shall be  
22 held no later than 30 days prior to the end of the transition  
23 period determined as provided in Section 22C-120. Each  
24 subsequent election shall be held no later than 30 days prior  
25 to the end of the term of the incumbent trustees.

26       (f) The elected trustees shall each serve for terms of 4

1 years commencing on the first business day of the first month  
2 after election; except that the terms of office of the  
3 initially elected trustees shall be as follows:

4 (1) One trustee elected pursuant to item (1) of  
5 subsection (b) of Section 22C-115 shall serve for a term of  
6 2 years and 2 trustees elected pursuant to item (1) of  
7 subsection (b) of Section 22C-115 shall serve for a term of  
8 4 years;

9 (2) One trustee elected pursuant to item (2) of  
10 subsection (b) of Section 22C-115 shall serve for a term of  
11 2 years and one trustee elected pursuant to item (1) of  
12 subsection (b) of Section 22C-115 shall serve for a term of  
13 4 years; and

14 (3) The trustee elected pursuant to item (3) of  
15 subsection (b) of Section 22C-115 shall serve for a term of  
16 2 years.

17 (g) The trustees appointed pursuant to item (4) of  
18 subsection (b) of Section 22C-115 and item (5) of subsection  
19 (b) of Section 22C-115 shall each serve for a term of 4 years  
20 commencing on the first business day of the first month after  
21 the election of the elected trustees.

22 (h) Vacancies among the elected trustees shall be filled by  
23 appointment by the board for unexpired terms as follows: a  
24 vacancy of an employer member trustee by an employer member; a  
25 vacancy of a participant member trustee by a participant  
26 member; and a vacancy of a beneficiary member trustee by a

1 beneficiary member. Vacancies among the appointed trustees  
2 shall be filled for unexpired terms by appointment in like  
3 manner as for the original appointments.

4 (40 ILCS 5/22C-117 new)

5 Sec. 22C-117. Meetings of the board.

6 (a) The transition board and the permanent board shall each  
7 meet at least quarterly and otherwise upon written request of  
8 either the Chairperson or 3 other members. The Chairperson  
9 shall preside over meetings of the board. The executive  
10 director and personnel of the board shall prepare agendas and  
11 materials and required postings for meetings of the board.

12 (b) A majority of the members of the board shall constitute  
13 a quorum.

14 (c) The State Treasurer, as Chairperson of the transition  
15 board of trustees, shall vote on matters before the board only  
16 when required to break a tie vote.

17 (40 ILCS 5/22C-118 new)

18 Sec. 22C-118. Operation and administration of the Fund.

19 (a) The operation and administration of the Fund shall be  
20 managed by an executive director. As soon as practicable, but  
21 no later than 6 months after the effective date of this  
22 amendatory Act of the 101st General Assembly, the Governor  
23 shall appoint an interim executive director who shall serve  
24 until a permanent executive director is appointed by the board,

1 with such appointment to be made no later than 6 months after  
2 the end of the transition period. The executive director shall  
3 act subject to and under the supervision of the board and the  
4 board shall fix the compensation of the executive director.

5 (b) The board may appoint one or more custodians to  
6 facilitate the transfer of pension fund assets during the  
7 transition period, and subsequently to provide custodial and  
8 related fiduciary services on behalf of the board, and enter  
9 into contracts for such services. The board may also appoint  
10 external legal counsel and an independent auditing firm and may  
11 appoint investment advisors and other consultants as it  
12 determines to be appropriate and enter into contracts for such  
13 services. With approval of the board, the executive director  
14 may retain such other consultants, advisors, fiduciaries, and  
15 service providers as may be desirable and enter into contracts  
16 for such services.

17 (c) The board shall separately calculate account balances  
18 for each participating pension fund. The operations and  
19 financial condition of each participating pension fund account  
20 shall not affect the account balance of any other participating  
21 pension fund. Further, investment returns earned by the Fund  
22 shall be allocated and distributed pro rata among each  
23 participating pension fund account in accordance with the value  
24 of the pension fund assets attributable to each fund.

25 (d) With approval of the board, the executive director may  
26 employ such personnel, professional or clerical, as may be

1 desirable and fix their compensation. The appointment and  
2 compensation of the personnel, including the executive  
3 director, shall not be subject to the Personnel Code.

4 (e) The board shall annually adopt a budget to support its  
5 operations and administration. The board shall apply moneys  
6 derived from the pension fund assets transferred and under its  
7 control to pay the costs and expenses incurred in the operation  
8 and administration of the Fund. The board shall from time to  
9 time transfer moneys and other assets to the participating  
10 pension funds as required for the participating pension funds  
11 to pay expenses, benefits, and other required payments to  
12 beneficiaries in the amounts and at the times prescribed in  
13 this Code.

14 (f) The board may exercise any of the powers granted to  
15 boards of trustees of pension funds under Sections 1-107 and  
16 1-108 of this Code and may by resolution provide for the  
17 indemnification of its members and any of its officers,  
18 advisors, or employees in a manner consistent with those  
19 Sections.

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

24 (h) The board shall contract for a blanket fidelity bond in  
25 the penal sum of not less than \$1,000,000 to cover members of  
26 the board of trustees, the executive director, and all other

1 employees of the board, conditioned for the faithful  
2 performance of the duties of their respective offices, the  
3 premium on which shall be paid by the board.

4 (40 ILCS 5/22C-119 new)

5 Sec. 22C-119. Adoption of rules. The board shall adopt such  
6 rules (not inconsistent with this Code) as in its judgment are  
7 desirable to implement and properly administer this Article.  
8 Such rules shall specifically provide for the following: (1)  
9 the implementation of the transition process described in  
10 Section 22C-120; (2) the process by which the participating  
11 pension funds may request transfer of funds; (3) the process  
12 for the transfer in, receipt for, and investment of pension  
13 assets received by the Fund after the transition period from  
14 the participating pension funds; (4) the process by which  
15 contributions from municipalities and fire protection  
16 districts for the benefit of the participating pension funds  
17 may, but are not required to, be directly transferred to the  
18 Fund; and (5) compensation and benefits for its employees. A  
19 copy of the rules adopted by the Fund shall be filed with the  
20 Secretary of State and the Department of Insurance. The  
21 adoption and effectiveness of such rules shall not be subject  
22 to Article 5 of the Illinois Administrative Procedure Act.

23 (40 ILCS 5/22C-120 new)

24 Sec. 22C-120. Transition period; transfer of securities,



1 assets, and investment functions.

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

7 (b) The board may retain the services of custodians,  
8 investment consultants, and other professional services it  
9 deems prudent to implement the transition of assets described  
10 in this Section. The permanent board of trustees shall not be  
11 bound by any contract or agreement regarding such custodians,  
12 investment consultants, or other professional services entered  
13 into by the transition board of trustees.

14 (c) As soon as practicable after the effective date of this  
15 amendatory Act of the 101st General Assembly, the board, in  
16 cooperation with the Department of Insurance, shall audit the  
17 investment assets of each transferor pension fund to determine  
18 a certified investment asset list for each transferor pension  
19 fund. The audit shall be performed by a certified public  
20 accountant engaged by the board, and the board shall be  
21 responsible for payment of the costs and expenses associated  
22 with the audit. Upon completion of the audit for any transferor  
23 pension fund, the board and the Department of Insurance shall  
24 provide the certified investment asset list to that transferor  
25 pension fund. Upon determination of the certified investment  
26 asset list for any transferor pension fund, the board shall

1 within 10 business days initiate the transfer of assets from  
2 that transferor pension fund. Further and to maintain accuracy  
3 of the certified investment asset list, upon determination of  
4 the certified investment asset list for a transferor pension  
5 fund, that fund shall not purchase or sell any of its pension  
6 fund assets.

7 (d) When the Fund is prepared to receive pension fund  
8 assets from any transferor pension fund, the executive director  
9 shall notify in writing the board of trustees of that  
10 transferor pension fund of the Fund's intent to assume  
11 fiduciary control of those pension fund assets, and the date at  
12 which it will assume such control and that the transferor  
13 pension fund will cease to exercise fiduciary responsibility.  
14 This letter shall be transmitted no less than 30 days prior to  
15 the transfer date. A copy of the letter shall be transmitted to  
16 the Department of Insurance. Upon receipt of the letter, the  
17 transferor pension fund shall promptly notify its custodian, as  
18 well as any and all entities with fiduciary control of any  
19 portion of the pension assets. Each transferor pension fund  
20 shall have sole fiduciary and statutory responsibility for the  
21 management of its pension assets until the start of business on  
22 the transfer date. At the start of business on the transfer  
23 date, statutory and fiduciary responsibility for the  
24 investment of pension fund assets shall shift exclusively to  
25 the Fund and the Fund shall promptly and prudently transfer all  
26 such pension fund assets to the board and terminate the

1 relationship with the local custodian of that transferor  
2 pension fund. The Fund shall provide a receipt for the transfer  
3 to the transferor pension fund within 30 days of the transfer  
4 date.

5 As used in this subsection, "transfer date" means the date  
6 at which the Fund will assume fiduciary control of the  
7 transferor pension fund's assets and the transferor pension  
8 fund will cease to exercise fiduciary responsibility.

9 (e) Within 90 days after the end of the transition period,  
10 the Fund and the Department of Insurance shall cooperate in  
11 transferring to the Fund all pension fund assets remaining in  
12 the custody of the transferor pension funds.

13 (f) The board shall adopt such rules as in its judgment are  
14 desirable to implement the transition process, including,  
15 without limitation, the transfer of the pension fund assets of  
16 the transferor pension funds, the assumption of fiduciary  
17 control of such assets by the Fund, and the termination of  
18 relationships with local custodians. The adoption and  
19 effectiveness of such rules and regulations shall not be  
20 subject to Article 5 of the Illinois Administrative Procedure  
21 Act.

22 (g) Within 6 months after the end of the transition period,  
23 the books, records, accounts, and securities of the Fund shall  
24 be audited by a certified public accountant selected by the  
25 board. This audit shall include, but not be limited to, the  
26 following: (1) a full description of the investments acquired,

1 showing average costs; (2) a full description of the securities  
2 sold or exchanged, showing average proceeds or other conditions  
3 of an exchange; (3) gains or losses realized during the period;  
4 (4) income from investments; and (5) administrative expenses  
5 incurred by the board. This audit report shall be published on  
6 the Fund's official website and filed with the Department of  
7 Insurance.

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

1 official website.

2 (40 ILCS 5/22C-121 new)

3 Sec. 22C-121. Management and direction of investments.

4 (a) The board shall have the authority to manage the  
5 pension fund assets of the transferor pension funds for the  
6 purpose of obtaining a total return on investments for the long  
7 term.

8 (b) The authority of the board to manage pension fund  
9 assets and the liability shall begin when there has been a  
10 physical transfer of the pension fund assets to the Fund and  
11 placed in the custody of the Fund's custodian or custodians, as  
12 described in Section 22C-123.

13 (c) The pension fund assets of the Fund shall be maintained  
14 in accounts held outside the State treasury. Moneys in those  
15 accounts are not subject to administrative charges or  
16 chargebacks, including, but not limited to, those authorized  
17 under the State Finance Act.

18 (d) The board may not delegate its management functions,  
19 but it may, but is not required to, arrange to compensate for  
20 personalized investment advisory service for any or all  
21 investments under its control with any national or state bank  
22 or trust company authorized to do a trust business and  
23 domiciled in Illinois, other financial institution organized  
24 under the laws of Illinois, or an investment advisor who is  
25 qualified under the federal Investment Advisers Act of 1940 and

1 is registered under the Illinois Securities Law of 1953.  
2 Nothing contained in this Article prevents the board from  
3 subscribing to general investment research services available  
4 for purchase or use by others. The board shall also have the  
5 authority to compensate for accounting services.

6 (e) This Section does not prohibit the board from directly  
7 investing pension fund assets in public market investments,  
8 private investments, real estate investments, or other  
9 investments authorized by this Code.

10 (40 ILCS 5/22C-122 new)

11 Sec. 22C-122. Investment authority. The Fund shall have the  
12 authority to invest funds, subject to the requirements and  
13 restrictions set forth in Sections 1-109, 1-109.1, 1-109.2,  
14 1-110, 1-111, 1-114, and 1-115 of this Code.

15 The Fund shall not be subject to any of the limitations  
16 applicable to investments of pension fund assets by the  
17 transferor pension funds under Sections 1-113.1 through  
18 1-113.12 or Article 4 of this Code. The Fund shall not, for  
19 purposes of Article 1 of this Code, be deemed to be a  
20 retirement system, pension fund, or investment board whose  
21 investments are restricted by Section 1-113.2 of this Code.

22 No bank or savings and loan association shall receive  
23 investment funds as permitted by this Section, unless it has  
24 complied with the requirements established pursuant to Section  
25 6 of the Public Funds Investment Act. The limitations set forth

1 in Section 6 of the Public Funds Investment Act shall be  
2 applicable only at the time of investment and shall not require  
3 the liquidation of any investment at any time.

4 The Fund shall have the authority to enter into such  
5 agreements and to execute such documents as it determines to be  
6 necessary to complete any investment transaction.

7 All investments shall be clearly held and accounted for to  
8 indicate ownership by the Fund. The Fund may direct the  
9 registration of securities in its own name or in the name of a  
10 nominee created for the express purpose of registration of  
11 securities by a national or state bank or trust company  
12 authorized to conduct a trust business in the State of  
13 Illinois.

14 Investments shall be carried at cost or at a value  
15 determined in accordance with generally accepted accounting  
16 principles and accounting procedures approved by the Fund.

17 (40 ILCS 5/22C-123 new)

18 Sec. 22C-123. Custodian. The pension fund assets  
19 transferred to or otherwise acquired by the Fund shall be  
20 placed in the custody of a custodian who shall provide adequate  
21 safe deposit facilities for those assets and hold all such  
22 securities, funds, and other assets subject to the order of the  
23 Fund.

24 Each custodian shall furnish a corporate surety bond of  
25 such amount as the board designates, which bond shall indemnify

1 the Fund, the board, and the officers and employees of the Fund  
2 against any loss that may result from any action or failure to  
3 act by the custodian or any of the custodian's agents. All  
4 charges incidental to the procuring and giving of any bond  
5 shall be paid by the board and each bond shall be in the  
6 custody of the board.

7 (40 ILCS 5/22C-124 new)

8 Sec. 22C-124. Accounting for pension fund assets. In the  
9 management of the pension fund assets of the transferor pension  
10 funds, the Fund:

11 (1) shall carry all pension fund assets at fair market  
12 value determined in accordance with generally accepted  
13 accounting principles and accounting procedures approved  
14 by the board. Each investment initially transferred to the  
15 Fund by a transferor pension fund shall be similarly  
16 valued, except that the board may elect to place such value  
17 on any investment conditionally in which case, the amount  
18 of any later realization of such asset in cash that is in  
19 excess of or is less than the amount so credited shall be  
20 credited or charged to the account maintained for the  
21 transferor pension fund that made the transfer;

22 (2) shall keep proper books of account that shall  
23 reflect at all times the value of all investments held by  
24 the Fund; and

25 (3) shall charge all distributions made by the Fund to



1       or for a transferor pension fund to the account maintained  
2       for that fund.

3       (40 ILCS 5/22C-125 new)

4       Sec. 22C-125. Audits and reports.

5       (a) At least annually, the books, records, accounts, and  
6       securities of the Fund shall be audited by a certified public  
7       accountant selected by the board and conducted in accordance  
8       with the rules and procedures promulgated by the Governmental  
9       Accounting Standards Board. The audit opinion shall be  
10       published as a part of the annual report of the Fund, which  
11       shall be submitted to the transferor pension funds and to the  
12       Department of Insurance.

13       (b) For the quarterly periods ending September 30, December  
14       31, and March 31, the Fund shall submit to the participating  
15       pension funds and to the Department of Insurance a report  
16       providing, among other things, the following information:

17               (1) a full description of the investments acquired,  
18               showing average costs;

19               (2) a full description of the securities sold or  
20               exchanged, showing average proceeds or other conditions of  
21               an exchange;

22               (3) gains or losses realized during the period;

23               (4) income from investments; and

24               (5) administrative expenses.

25       (c) An annual report shall be prepared by the Fund for

1 submission to the participating pension funds and to the  
2 Department of Insurance within 6 months after the close of each  
3 fiscal year. A fiscal year shall date from July 1 of one year  
4 to June 30 of the year next following. This report shall  
5 contain full information concerning the results of investment  
6 operations of the Fund. This report shall include the  
7 information described in subsection (b) and, in addition  
8 thereto, the following information:

9 (1) a listing of the investments held by the Fund at  
10 the end of the year, showing their book values and market  
11 values and their income yields on market values;

12 (2) comments on the pertinent factors affecting such  
13 investments;

14 (3) a review of the policies maintained by the Fund and  
15 any changes that occurred during the year;

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

18 (5) recommendations for possible changes in this  
19 Article or otherwise governing the operations of the Fund;  
20 and

21 (6) a listing of the names of securities brokers and  
22 dealers dealt with during the year showing the total amount  
23 of commissions received by each on transactions with the  
24 Fund.

1 Section 15. The Illinois Pension Code is amended by  
2 repealing Section 1-109.3.

3 Section 90. The State Mandates Act is amended by adding  
4 Section 8.43 as follows:

5 (30 ILCS 805/8.43)

6 (Text of Section before amendment by P.A. 101-50 and  
7 101-504)

8 Sec. 8.43. Exempt mandate. Notwithstanding Sections 6 and 8  
9 of this Act, no reimbursement by the State is required for the  
10 implementation of any mandate created by Public Act 101-11,  
11 101-49, 101-275, 101-320, 101-377, 101-387, 101-474, 101-492,  
12 101-502, 101-522, or this amendatory Act of the 101st General  
13 Assembly ~~this amendatory Act of the 101st General Assembly.~~

14 (Source: P.A. 101-11, eff. 6-7-19; 101-49, eff. 7-12-19;  
15 101-275, eff. 8-9-19; 101-320, eff. 8-9-19; 101-377, eff.  
16 8-16-19; 101-387, eff. 8-16-19; 101-474, eff. 8-23-19;  
17 101-492, eff. 8-23-19; 101-502, eff. 8-23-19; 101-522, eff.  
18 8-23-19; revised 10-21-19.)

19 (Text of Section after amendment by P.A. 101-50 and  
20 101-504)

21 Sec. 8.43. Exempt mandate.

22 (a) Notwithstanding Sections 6 and 8 of this Act, no  
23 reimbursement by the State is required for the implementation

1 of any mandate created by Public Act 101-11, 101-49, 101-275,  
2 101-320, 101-377, 101-387, 101-474, 101-492, 101-502, 101-504,  
3 101-522, or this amendatory Act of the 101st General Assembly  
4 ~~this amendatory Act of the 101st General Assembly.~~

5 (b) Notwithstanding Sections 6 and 8 of this Act, no  
6 reimbursement by the State is required for the implementation  
7 of any mandate created by the Seizure Smart School Act.

8 (Source: P.A. 101-11, eff. 6-7-19; 101-49, eff. 7-12-19;  
9 101-50, eff. 7-1-20; 101-275, eff. 8-9-19; 101-320, eff.  
10 8-9-19; 101-377, eff. 8-16-19; 101-387, eff. 8-16-19; 101-474,  
11 eff. 8-23-19; 101-492, eff. 8-23-19; 101-502, eff. 8-23-19;  
12 101-504, eff. 7-1-20; 101-522, eff. 8-23-19; revised  
13 10-21-19.)

14 Section 95. No acceleration or delay. Where this Act makes  
15 changes in a statute that is represented in this Act by text  
16 that is not yet or no longer in effect (for example, a Section  
17 represented by multiple versions), the use of that text does  
18 not accelerate or delay the taking effect of (i) the changes  
19 made by this Act or (ii) provisions derived from any other  
20 Public Act.

21 Section 99. Effective date. This Act takes effect June 1,  
22 2020."