AN ACT concerning local government.

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

Section 5. The Illinois Municipal Code is amended by adding Section 10-4-1.5 as follows:

(65 ILCS 5/10-4-1.5 new)

Sec. 10-4-1.5. Other postemployment benefit trusts.

(a) As used in this Section, "OPEB trust" means an other postemployment benefit trust established by a municipality for the purpose of providing for the funding and payment of health and other fringe benefits for retired or terminated employees of the municipality or employees of the municipality with disabilities or for their dependents and beneficiaries.

(b) If the moneys in the general fund of a municipality exceed the municipality's operating expenses for the immediately preceding calendar year, then the municipality may establish an OPEB trust or deposit moneys into an existing OPEB trust.

(c) Trusts created by a municipality under this Section are in addition to pension benefits provided by the municipality for its employees under the Illinois Pension Code.

(d) The OPEB trusts may employ such personnel and enter into investment, advisory, or professional services or similar contracts as deemed appropriate by the corporate authorities of the municipality and recommended by the Treasurer of the municipality.

(e) The OPEB trusts may be established in a manner so as to be exempt from taxation under the provisions of applicable federal and State tax laws.

(f) The trustee of the OPEB trusts shall be the municipality. The treasurer of the municipality and the trustee shall be indemnified by the municipality to the fullest extent permitted by law for their actions taken with respect to the OPEB trust.

(g) The assets of an OPEB trust shall be managed by the treasurer of the municipality in any manner, subject only to the prudent investor standard and any requirements of applicable federal law. The limitations of any other statute affecting the investment of municipal funds shall not apply to OPEB trusts. The trustee shall adopt an investment policy consistent with the standards articulated in Section 2.5 of the Public Funds Investment Act. The investment policy shall also provide for the availability of training. Funds of the OPEB trusts may be used to pay for costs of administering the OPEB trusts and for the benefits for which the trusts have been established in accordance with the terms of the OPEB trust documents.