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**JOURNAL of the PROCEEDINGS
of the
CITY COUNCIL
of the
CITY of CHICAGO, ILLINOIS**

Special Meeting--Thursday, June 30, 1988

at 2:30 P.M.

(Council Chamber--City Hall--Chicago, Illinois)

OFFICIAL RECORD.

EUGENE SAWYER
Acting Mayor

WALTER S. KOZUBOWSKI
City Clerk

Attendance At Meeting.

Present -- The Honorable Eugene Sawyer, Acting Mayor, and Aldermen Bloom, Robinson, Beavers, Shaw, Vrdolyak, Huels, Fary, Madrzyk, Carter, Langford, Streeter, Kellam, Sheahan, Jones, J. Evans, Garcia, Krystyniak, Soliz, Smith, Davis, Hagopian, Figueroa, Gabinski, Mell, Austin, Giles, Cullerton, O'Connor, Pucinski, Natarus, Eisendrath, Hansen, Levar, Shiller, Schulter, Stone -- 36.

Absent -- Aldermen Roti, Rush, Tillman, T. Evans, Caldwell, Burke, Henry, Gutierrez, Butler, Kotlarz, Banks, Laurino, Osterman, Orr -- 14.

Call To Order.

On Thursday, June 30, 1988 at 5:09 P.M. (the hour appointed for the meeting was 2:30 P.M.) The Honorable Eugene Sawyer, Acting Mayor, called the City Council to order. The clerk called the roll of members and it was found that there were present at that time: Aldermen Bloom, Robinson, Beavers, Shaw, Vrdolyak, Huels, Fary, Madrzyk, Carter, Langford, Streeter, Kellam, Sheahan, Jones, J. Evans, Garcia, Krystyniak, Soliz, Smith, Davis, Hagopian, Figueroa, Gabinski, Mell, Austin, Giles, Cullerton, O'Connor, Pucinski, Natarus, Eisendrath, Hansen, Levar, Shiller, Schulter, Stone -- 36.

Quorum present.

Invocation.

Alderman Ed Smith (28th Ward) opened the meeting with prayer.

Placed On File -- CALL FOR SPECIAL MEETING.

The following communication calling for a special meeting was received in the City Clerk's Office on Wednesday, June 29, 1988, at 2:18 P.M.:

CITY COUNCIL
CITY OF CHICAGO

The undersigned aldermen hereby call a special meeting of the Chicago City Council for Thursday, June 30, 1988 at 2:30 P.M. in the City Council Chamber, City Hall, for the express purpose of considering a report of the Committee on the Budget and Government Operations recommending approval of an agreement between the City of Chicago and its four employee annuity and benefit funds relating to funding of health care benefits for annuitants, and an amendment to the 1988 Annual Appropriation Ordinance to fund health care benefits for annuitants for the balance of the year, and for no other purpose.

(Signed) LAWRENCE S. BLOOM,
Alderman, 5th Ward.

(Signed) BERNARD STONE,
Alderman, 50th Ward.

(Signed) PATRICK J. O'CONNOR,
Alderman, 40th Ward.

EXECUTION OF AGREEMENT WITH VARIOUS ANNUITY AND
BENEFIT FUNDS REGARDING HEALTH PLAN
CONTRIBUTIONS.

The Committee on the Budget and Government Operations submitted the following report:

CHICAGO, June 30, 1988.

To the President and Members of the City Council:

Your Committee on the Budget and Government Operations having had under consideration a substitute resolution concerning a partial subsidy of the costs of medical coverage for annuitants, recommends that Your Honorable Body do *Pass* said substitute resolution, which is transmitted herewith.

This recommendation was accepted by the members of the committee by a viva voce vote.

Respectfully submitted,
(Signed) LAWRENCE S. BLOOM,
Chairman.

On motion of Alderman Bloom, the said proposed substitute resolution transmitted with the foregoing committee report was *Adopted* by yeas and nays as follows:

Yeas -- Aldermen Bloom, Robinson, Beavers, Shaw, Vrdolyak, Huels, Fary, Madrzyk, Carter, Langford, Streeter, Kellam, Sheahan, Jones, J. Evans, Garcia, Krystyniak, Soliz, Smith, Davis, Hagopian, Figueroa, Gabinski, Mell, Austin, Giles, Cullerton, O'Connor, Pucinski, Natarus, Eisendrath, Hansen, Levar, Shiller, Schuler, Stone -- 36.

Nays -- None.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said resolution as adopted:

WHEREAS, There is currently pending in the Circuit Court of Cook County an action under the style *City of Chicago v. Korshak, et al.*, No. 87 Ch 10134, concerning past payments made for costs of medical coverage for participants in the Policemen's Annuity and Benefit Fund of the City of Chicago, the Firemen's Annuity and Benefit Fund of the City of Chicago, the Municipal Employees' Officers' and Officials' Annuity Benefit Fund, and the Municipal Laborers' and Retirement Board Employees' Annuity and Benefit Fund of the City of Chicago (hereinafter referred to as "the Annuity and Benefit Funds") and the right of participants in the Annuity and Benefit Funds to participate in the medical coverage plan provided to city employees; and

WHEREAS, The city and the Annuity and Benefit Funds believe that it is in the best interests of the litigants and the annuitants of the Annuity and Benefit Funds that said action be resolved and that the rights of annuitants to participate in the medical coverage plan provided to city employees be clarified; and

WHEREAS, The city and the Annuity and Benefit Funds, through their representatives have negotiated a settlement of the pending dispute concerning the rights of annuitants to participate in the medical coverage plan provided to city employees; and

WHEREAS, Implementation of the settlement will require amendments to various sections of the Illinois Pension Code, as amended; now, therefore,

Be It Resolved, That the Mayor and the City Council of the City of Chicago do hereby memorialize the General Assembly of the State of Illinois to amend the Illinois Pension Code, as amended, in the manner attached hereto as Exhibit "A"; and

Be It Further Resolved, That the Governor of the State of Illinois is hereby memorialized to approve legislation containing the amendments contained in Exhibit "A"; and

Be It Further Resolved, That upon passage and approval of legislation containing said amendments, the Corporation Counsel of the City of Chicago is directed to move for dismissal of the action styled *City of Chicago v. Korshak, et al.*, No. 87 Ch 10134 in the Circuit Court of Cook County, in conjunction with the voluntary dismissal by other parties of their counterclaims and intervening claims therein; and

Be It Further Resolved, That certified copies of this resolution be delivered to the Clerk of the Illinois House of Representatives, the Clerk of the Illinois Senate, and the office of the Governor.

Exhibit "A" attached to this resolution reads as follows:

Exhibit "A".

Article 5 of the Illinois Pension Code, as amended, shall be amended by deleting existing Section 5-167.5 and by inserting a new Section 5-167.5, as follows:

5-167.5 (a) For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.

(b) (1) The city shall offer to annuitants and their dependents the same self- insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available to the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans at its sole discretion.

(2) Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.

(3) For the period beginning January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The payments described in this subsection shall be paid from the tax levy

authorized under section 5-168, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.

(4) The city's obligations under subsection (b)(2) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.

(5) The group coverage plans described in subsection (b)(1) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(6) If the cost of providing the group coverage plans described in subsection (b)(1) exceeds the city's contribution under subsection (b)(2) and the Board's payments under subsection (b)(3), the excess shall be paid by the annuitants, and may be deducted by the Board from participating annuitants' monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (b)(6). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.

(7) In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b)(2), the deductions to be made pursuant to subsection (b)(6) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.

Article 6 of the Illinois Pension Code, as amended, shall be amended by deleting existing Section 6-164.2 and by inserting a new Section 6-164.2, as follows:

6-164.2 (a) For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.

(b)(1) The city shall offer to annuitants and their dependents the same self-insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available to the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans, at its sole discretion.

(2) Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.

(3) *For the period beginning January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The payments described in this subsection shall be paid from the tax levy authorized under section 6-165, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.*

(4) *The city's obligations under subsection (b)(2) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.*

(5) *The group coverage plans described in subsection (b)(1) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.*

(6) *If the costs of providing the group coverage plans described in subsection (b)(1) exceeds the city's contribution under subsection (b)(2) and the Board's payments under subsection (b)(3), the excess shall be paid by the annuitants, and may be deducted by the Board from participating annuitant's monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (b)(6). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.*

(7) *In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b)(2), the deductions to be made pursuant to subsection (b)(6) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.*

Article 8 of the Illinois Pension Code, as amended, shall be amended by deleting current Section 8-164.1, and by inserting a new Section 8-164.1, as follows:

8-164.1 (a) *The city shall offer to annuitants and their dependents the same self-insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans, at its sole discretion.*

(b) *Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the*

plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.

(c) For the period beginning January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The Board is authorized to pay to the Board of Education on behalf of each person who chooses to participate in the Board of Education's plan the amounts specified in this subsection (c). The payments described in this subsection shall be paid from the tax levy authorized under section 8-189, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.

(d) The city's obligations under subsection (b) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.

(e) The group coverage plans described in subsection (a) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(f) If the cost of providing the group coverage plans described in subsection (a) exceeds the city's contribution under subsection (b) and the Board's payments under subsection (c), the excess shall be paid by the annuitants, and may be deducted by the Board from participating annuitants' monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (f). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.

(g) In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b), the deductions to be made pursuant to subsection (f) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.

(h) For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.

Article 11 of the Illinois Pension Code, as amended, shall be amended by deleting current Section 11-160.1, and by inserting a new Section 11-160.1, as follows:

11-160.1 (a) The city shall offer to annuitants and their dependents the same self-insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available to the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans, at its sole discretion.

(b) Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.

(c) For the period January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The payments described in this subsection shall be paid from the tax levy authorized under section 11-78, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.

(d) The city's obligations under subsection (b) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.

(e) The group coverage plans described in subsection (a) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(f) If the cost of providing the group coverage plans described in subsection (a) exceeds the city's contribution under subsection (b) and the Board's payments under subsection (c), the excess shall be paid by the annuitant, and may be deducted by the Board from participating annuitants' monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (f). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.

(g) In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b), the deductions to be made pursuant to subsection (f) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.

(h) For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.

AMENDMENT OF 1988 ANNUAL APPROPRIATION
ORDINANCE TO PROVIDE FOR COST OF
CLAIMS AND ADMINISTRATION FOR
HOSPITAL AND MEDICAL CARE
PROVIDED TO ELIGIBLE
ANNUITANTS.

The Committee on the Budget and Government Operations submitted the following report:

CHICAGO, June 30, 1988.

To the President and Members of the City Council:

Your Committee on the Budget and Government Operations, having had under consideration an ordinance

amending the 1988 Annual Appropriation Ordinance to provide for cost of claims and administration for hospital and medical care provided to eligible annuitants and their eligible dependents,

recommends that Your Honorable Body do *Pass* said ordinance, which is transmitted herewith.

This recommendation was accepted by the members of the committee by a viva voce vote.

Respectfully submitted,
(Signed) LAWRENCE S. BLOOM,
Chairman.

On motion of Alderman Bloom, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Bloom, Robinson, Beavers, Shaw, Huels, Fary, Carter, Langford, Streeter, Sheahan, Jones, J. Evans, Garcia, Krystyniak, Soliz, Smith, Davis, Figueroa, Gabinski, Mell, Austin, Giles, O'Connor, Pucinski, Natarus, Eisendrath, Hansen, Levar, Shiller, Schulter -- 30.

Nays -- Aldermen Vrdolyak, Madrzyk, Kellam, Cullerton, Stone -- 5.

Alderman Natarus moved to reconsider the foregoing vote. The motion was lost.

The following is said ordinance as passed:

WHEREAS, The City of Chicago is a home rule unit of local government as defined in Article VII, Section 6(a) of the Illinois Constitution and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, The management of its finances is a matter pertaining to the government and affairs of the City of Chicago; now, therefore,

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. The Annual Appropriation Ordinance for the year 1988, as previously amended, is hereby further amended by striking the words and figures indicated and inserting the words and figures indicated in the attached Exhibit "A".

SECTION 2. This ordinance shall take effect upon the last to occur of (1) approval of this ordinance by the Mayor and the passage of 10 days from its publication; and (2) passage by the General Assembly of the State of Illinois and approval by the Governor of a bill containing amendments to the Illinois Pension Code, as amended, in the form attached hereto as Exhibit "B".

Exhibits "A" and "B" attached to this ordinance read as follows:

Exhibit "A".

Amendments To The 1988 Annual Appropriation Ordinance.

6/30/88

SPECIAL MEETING

14875

Estimates Of Corporate Revenue For 1988 Other Than
From Property Taxes.

Code	Department And Item	Strike No. Amount	Insert No. Amount
Other Revenue			
	Proceeds of Daily Tender Notes	\$139,179,582	\$156,579,582
Fund 100 -- Corporate			
	Department of Finance -- General 99-2005		
.0042	Cost of claims and administration for hospital and medical care provided to eligible employees and eligible dependents	\$ 76,506,400	\$ 87,006,400
.0052	Cost of claims and administration for hospital and medical care provided to eligible annuitants and their eligible dependents through July 31, 1988	\$ 10,500,000	
.0052	Cost of claims and administration for hospital and medical care provided to eligible annuitants and their eligible dependents		\$ 17,400,000
Fund 512 -- Note Redemption and Interest Fund Series D			

Code	Department And Item	Strike	Insert
		No. Amount	No. Amount
	99-2005		
.0961	For Payment of Term Notes	\$139,179,582	\$156,579,582
.0960	For Loss in Collection of Taxes	\$ 7,325,241	\$ 8,241,031

Exhibit "B".

Article 5 of the Illinois Pension Code, as amended, shall be amended by deleting existing Section 5-167.5 and by inserting a new Section 5-167.5 as follows:

5-167.5 (a) For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.

(b) (1) The city shall offer to annuitants and their dependents the same self-insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available to the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans at its sole discretion.

(2) Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.

(3) For the period beginning January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The payments described in this subsection shall be paid from the tax levy authorized under section 5-168, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this

section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.

(4) The city's obligations under subsection (b)(2) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.

(5) The group coverage plans described in subsection (b)(1) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(6) If the cost of providing the group coverage plans described in subsection (b)(1) exceeds the city's contribution under subsection (b)(2) and the Board's payments under subsection (b)(3), the excess shall be paid by the annuitants, and may be deducted by the Board from participating annuitants' monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (b)(6). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.

(7) In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b)(2), the deductions to be made pursuant to subsection (b)(6) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.

Article 6 of the Illinois Pension Code, as amended, shall be amended by deleting existing Section 6-164.2 and by inserting a new Section 6-164.2, as follows:

6-164.2. (a) For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.

(b)(1) The city shall offer to annuitants and their dependents the same self-insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available to the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans, at its sole discretion.

(2) Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.

(3) For the period beginning January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the

Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The payments described in this subsection shall be paid from the tax levy authorized under section 6-165, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.

(4) The city's obligations under subsection (b)(2) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.

(5) The group coverage plans described in subsection (b)(1) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(6) If the costs of providing the group coverage plans described in subsection (b)(1) exceeds the city's contribution under subsection (b)(2) and the Board's payments under subsection (b)(3), the excess shall be paid by the annuitants, and may be deducted by the Board from participating annuitant's monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (b)(6). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.

(7) In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b)(2), the deductions to be made pursuant to subsection (b)(6) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.

Article 8 of the Illinois Pension Code, as amended, shall be amended by deleting current Section 8-164.1, and by inserting a new Section 8-164.1, as follows:

8-164.1 (a) The city shall offer to annuitants and their dependents the same self-insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available to the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans, at its sole discretion.

(b) Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.

(c) For the period beginning January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The Board is authorized to pay to the Board of Education on behalf of each person who chooses to participate in the Board of Education's plan the amounts specified in this subsection (c). The payments described in this subsection shall be paid from the tax levy authorized under section 8-189, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.

(d) The city's obligations under subsection (b) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.

(e) The group coverage plans described in subsection (a) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.

(f) If the cost of providing the group coverage plans described in subsection (a) exceeds the city's contribution under subsection (b) and the Board's payments under subsection (c), the excess shall be paid by the annuitants, and may be deducted by the Board from participating annuitants' monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (f). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.

(g) In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b), the deductions to be made pursuant to subsection (f) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.

(h) For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.

Article 11 of the Illinois Pension Code, as amended, shall be amended by deleting current Section 11-160.1, and by inserting a new Section 11-160.1, as follows:

11-160.1 (a) *The city shall offer to annuitants and their dependents the same self-insured group medical, hospital and surgical coverage plan featuring the same benefits and coverage available to the city's current employees (hereinafter called the basic coverage plan), and may offer additional plans, at its sole discretion.*

(b) *Effective January 1, 1988, the city will pay 50% of the costs of claims of annuitants and their dependents under the basic coverage plan, and all costs of administering the plan, and 50% of the aggregated costs of claims or premiums of annuitants and their dependents under each of the other plans offered by the city. The claims or premiums of all annuitants and their dependents under each of the city's plans shall be aggregated for the purpose of calculating the city's payment required under this subsection.*

(c) *For the period January 1, 1988, and ending December 31, 1992, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$65 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$35 per month for each such annuitant who is qualified to receive medicare benefits. For the period beginning January 1, 1993, and ending December 31, 1997, the Board is authorized to pay to the city on behalf of each annuitant who chooses to participate in any of the city's plans the following amounts: up to a maximum of \$75 per month for each such annuitant who is not qualified to receive medicare benefits, and up to a maximum of \$45 per month for each such annuitant who is qualified to receive medicare benefits. The payments described in this subsection shall be paid from the tax levy authorized under section 11-78, and shall be credited to the reserve for group hospital care and group medical and surgical plan benefits and all such payments shall be charged against it. For the period January 1, 1988, through August 31, 1988, payments under this section shall be reduced by the amounts paid by or on behalf of annuitants covered during that period.*

(d) *The city's obligations under subsection (b) shall terminate on December 31, 1997, except with regard to covered expenses incurred but not paid as of said date.*

(e) *The group coverage plans described in subsection (a) are not and shall not be construed to be pension or retirement benefits for purposes of Section 5 of Article XIII of the Illinois Constitution of 1970.*

(f) *If the cost of providing the group coverage plans described in subsection (a) exceeds the city's contribution under subsection (b) and the Board's payments under subsection (c), the excess shall be paid by the annuitant, and may be deducted by the Board from participating annuitants' monthly annuities. An annuitant may elect to terminate coverage in a plan at any time, which election shall terminate the annuitant's obligation to contribute toward payment of the excess described in this subsection (f). An annuitant may elect to convert coverage to another city plan during the open enrollment periods for current city employees. Actual cost of providing the plans shall be determined in the city's annual audit and shall be reported by the city to the Board.*

(g) *In the event the city's payment for any calendar year does not equal the 50% requirement of subsection (b), the deductions to be made pursuant to subsection (f) shall be reduced during all or part of the next succeeding calendar year in an amount sufficient to make up for the city's underpayment.*

(h) *For the purposes of this section "annuitant" means a person receiving an annuity under this Article on or after January 1, 1988.*

Adjournment.

Alderman O'Connor moved that the City Council do *Adjourn*. The motion *Prevailed* and the City Council *Stood Adjourned*.



WALTER S. KOZUBOWSKI,
City Clerk.