



April 22, 2019

To: Governor Pritzker  
Members of the 101<sup>st</sup> General Assembly  
Illinois Municipal League  
Northwest Municipal Conference

Please find attached the City of Lake Forest Resolution No. 2019-07 in support of Senate Bill 1111 and House Bill 1571. We appreciate the efforts of the Illinois Municipal League (IML) in submitting seven different public safety pension fund reform and consolidation proposals for consideration by the 101<sup>st</sup> General Assembly. However, the City Council and Staff of Lake Forest have concerns that some of the proposals would serve to exacerbate the challenges local governments face in meeting their public safety pension obligations. Senate Bill 1111/House Bill 1571 appears to be the most responsible and politically sensitive set of bills submitted by IML.

The public safety pension funding challenge in Illinois will only be successfully addressed by combining meaningful public safety pension reform at the State level with responsible funding strategies by local governments. The State must work with local governments to craft a long-term plan that provides for fiscal sustainability in meeting these obligations.

Public Act 96-1495 effective January 1, 2011 was only the beginning of reforms needed. Creation of Tier 2 was a positive first step, but financial relief related to Tier 2 is years away. Unfortunately, PA 96-1495 revisions to funding targets requiring Article 3 and Article 4 pension plans to be funded 90% by 2040 using the projected unit credit method was a recipe for disaster as it pushed funding of current day obligations to future years and guaranteed that annual growth in pension funding obligations would be unsustainable.

In September 2016, the City launched a multi-year effort to develop a more fiscally sustainable and responsible approach to tackling the City's public safety pension funding. Since that time, the City Council and City Council Finance Committee have discussed this topic on at least nine different occasions. The Mayor appointed a Pension Subcommittee that has conducted additional meetings to discuss alternative strategies with the City's independent actuary and the Fire and Police pension boards. The City adopted a public safety pension fee effective May 1, 2017 with the primary purpose to increase public awareness of the public safety pension funding challenges.

On April 15, 2019, the City Council adopted a revised Pension Funding Policy explicitly stating its intent to phase in an open amortization period of 15 years for the police and fire pension funds recognizing that this is the only meaningful change that will address the public safety pension funding obligations **AND** be fiscally sustainable.


The City of Lake Forest urges the General Assembly to:

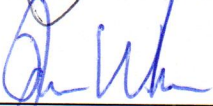
- ✓ Reject a further extension of the 2040 closed amortization period, as extensions granted from 2020 to 2033 and then to 2040 have made this problem worse, and
- ✓ Consider adoption of a phased in open amortization period as the most fiscally sustainable option available to local governments, and
- ✓ Adopt Senate Bill 1111 and House Bill 1571 allowing for the consolidation of local police and fire pension fund investments with IMRF but making no changes in local pension board's authority for pension and disability determinations at this time, and exempting participating communities' property tax levies from the Property Tax Extension Limitation Law.


We stand ready to assist in any capacity. Please contact City Manager Jason Wicha at [WichaJ@cityoflakeforest.com](mailto:WichaJ@cityoflakeforest.com) or Finance Director Elizabeth Holleb at [HollebE@cityoflakeforest.com](mailto:HollebE@cityoflakeforest.com) should you have any questions.


Sincerely,

The City of Lake Forest Pension Subcommittee

  
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City Council Finance Chair James Morris

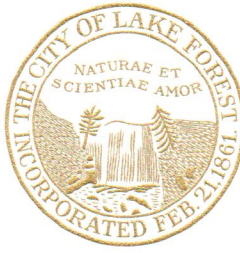
  
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City Manager Jason Wicha

  
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Alderman Timothy Newman

  
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Finance Director Elizabeth Holleb

Enclosed: Resolution No. 2019-07





**THE CITY OF LAKE FOREST, ILLINOIS**

**RESOLUTION NO. 2019-07**

**RESOLUTION IN SUPPORT OF SENATE BILL 1111 AND HOUSE BILL 1571**

**WHEREAS**, Illinois Compiled Statutes, Article 3 and 4, set forth the eligibility, benefits and funding requirements for more than 650 individual police and firefighter pension funds in the State of Illinois; and

**WHEREAS**, each local pension fund consists of a five-member board, resulting in nearly 3,300 pension fund trustees statewide making decisions concerning benefit awards, disability determinations and investment decisions; and

**WHEREAS**, the Illinois Municipal Retirement Fund (IMRF) is the second largest and best funded pension system in the State of Illinois, providing pension benefits to non-uniformed local government employees, and is governed by a board consisting of eight elected members; and

**WHEREAS**, consolidated pension funds such as IMRF employ professional staff, streamline administrative costs and maximize investment returns, and

**WHEREAS**, the City of Lake Forest, Lake County, Illinois recognizes its legal and financial obligations to meet the funding requirements of its pension obligations for all eligible City employees, but seeks to do so in a fiscally sustainable manner that ensures intergenerational equity in funding pension obligations; and

**WHEREAS**, the Illinois General Assembly has consistently demonstrated an inability to recognize the negative impacts on local governments when it approves pension benefit enhancements and revises funding requirements which result in deferring police and fire pension obligations to future generations and substantially increasing the overall cost of these obligations; and

**WHEREAS**, the Illinois Municipal League (IML) has submitted multiple public safety pension fund reform and consolidation proposals to the members of the 101<sup>st</sup> General Assembly for its consideration; and

**WHEREAS**, the City of Lake Forest is concerned that some of the proposals submitted will serve only to exacerbate the current pension funding crisis; and

**WHEREAS**, the City asserts that Senate Bill 1111 and House Bill 1571 would result in a positive first step to public safety pension fund consolidation, reducing costs and improving investment returns, but allow local pension boards to retain authority related to pension awards and disability determinations;

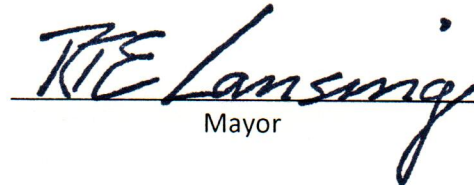
**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF LAKE FOREST, ILLINOIS** that the Council hereby expresses its support for passage of Senate Bill 1111 and House Bill 1571 as a further step to public safety pension reform; and

**BE IT FURTHER RESOLVED** that this Resolution be appropriately inscribed and conveyed to the Illinois Municipal League, the Northwest Municipal Conference, and all members of the 101<sup>st</sup> General Assembly, with a copy to be included in the official minutes of the April 15, 2019 meeting of the Lake Forest City Council.

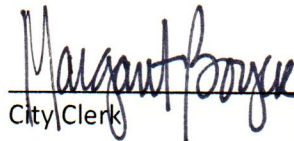
PASSED THIS 15th DAY OF April, 2019

AYES ( 8 ) Alderman Beidler, Morris, Newman, Rummel, Reisenberg, Preschlack, Moreno and Buschmann  
NAYS ( 0 )  
ABSENT ( 0 )

APPROVED THIS 15th DAY OF April ,2019

  
Mayor

ATTEST:

  
City Clerk

