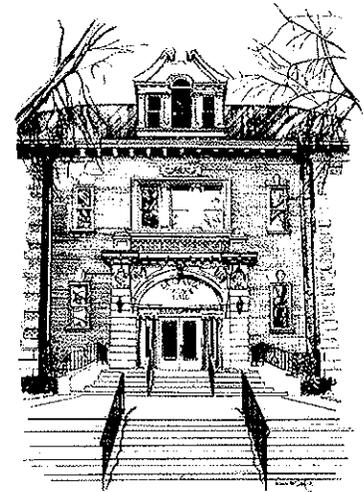


# Village of La Grange

VILLAGE OF LA GRANGE  
SPECIAL MEETING OF THE  
VILLAGE BOARD OF TRUSTEES

Village Hall Auditorium  
53 South La Grange Road  
La Grange, IL 60525



Monday, November 9, 2009  
(immediately following the regular Village Board meeting)

## AGENDA

1. CALL TO ORDER AND ROLL CALL
2. PENSION FUND WORKSHOP – CONTINUED DISCUSSION
  - A. OVERVIEW AND INTRODUCTION  
*Liz Asperger, Village President*
  - B. 2009 PRELIMINARY ACTUARIAL RESULTS AND PRELIMINARY POLICE AND FIRE PENSION LEVIES  
*Timothy W. Sharpe, Actuary*
  - C. QUESTIONS
  - D. VILLAGE BOARD DISCUSSION
  - E. FINAL DIRECTION TO VILLAGE STAFF CONCERNING AMOUNT OF VILLAGE CONTRIBUTION TOWARDS 2009 POLICE AND FIRE PENSION FUND PROPERTY TAX LEVIES
3. ADJOURNMENT

Individuals with disabilities and who require certain accommodations to participate at this meeting are requested to contact the ADA Coordinator at (708) 579-2315 to allow the Village to make reasonable accommodations.

VILLAGE OF LA GRANGE  
Administrative Offices

**EXECUTIVE COMMITTEE REPORT**

TO: Village President, Village Clerk,  
Board of Trustees and Village Attorney

FROM: Robert J. Pilipiszyn, Village Manager and  
Lou Cipparrone, Finance Director

DATE: November 9, 2009

RE: **PENSION FUND WORKSHOP — CONTINUED DISCUSSION**

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**OVERVIEW**

The Village Board will continue its workshop discussion of the Village's police and fire pension funds immediately after its regular meeting on Monday, November 9, 2009. At that time, the 2009 preliminary police and fire actuarial valuations will be presented, along with the preliminary property tax levy for each fund.

Village staff is seeking direction from the Village Board as to an amount that the Village should contribute towards the individual 2009 police and fire pension fund tax levy line items within the Village's overall 2009 property tax levy, to be adopted on December 14, 2009.

**ADDITIONAL INFORMATION**

1. Negotiations involving legislative relief for municipalities concerning pension fund contributions reached an impasse in Springfield last week. As Mr. McCoy indicated at the workshop on October 26, the next opportunity for pension reform will not occur until the state legislature re-convenes in 2010. The Village will monitor legislative developments and provide comment as may be appropriate. It is anticipated that the West Central Municipal Conference Legislative Committee will become more pro-active on this subject matter next spring as current economic conditions and ability to pay among individual conference members has become increasingly difficult.
2. Attached for your review are the 2009 preliminary actuarial valuation results for the police and fire pension funds. The results include: the tax levy requirement for each fund; funded status; and tax levy requirement and funded status if the maximum assumed retirement age was reduced from age 70 to age 62.

STAFF RECOMMENDATION

What we believe came out of the workshop discussion on October 26, 2009 was the following:

1. The Village is doing the best it can under current economic conditions. The Village's pension boards have been responsible and disciplined investors.
2. Effective pension fund management is a long-term strategy.
3. Decisions made by the General Assembly have had the single greatest (negative) impact on municipal pension funds. Consequently, this is the principal source from which pension relief/reform should occur. The scope of variables within the Village's sphere of influence is limited. The Village has done well with those items over which it can exercise control.
4. Making adjustments to actuarial assumptions at this time will result in unintended consequences on the Village budget.

Based on input from a panel of experts, no legislative relief coming out of the current veto session, and no other new information to cause us to revise our preliminary recommendations, we continue to recommend the following:

1. That the Village fund its pension levies according to the 2009 actuarial valuations which results in approximately \$325,000 in additional pension fund contributions in FY 2010-11. The Village has the ability to incorporate the increased pension levies into our five-year budget for one year, by utilizing reserves to fund this unanticipated expense and/or offset the additional cost with either reduced capital and/or operating expenditures.
2. The Village is not in a position to "enhance" funding to its two municipal pension funds above the annual required contribution at this time.

If market conditions do not improve or legislative relief is not passed in the spring session of the General Assembly, we will need to seriously consider a contribution amount less than the actuarial valuation for FY 2011-12.

November 2, 2009

**VILLAGE OF LAGRANGE**  
**Actuarial Valuation Results**

<b>POLICE</b>	<u>5/1/08</u>	<u>5/1/09</u>	
	Int: 7.50%	Int: 7.50%	Int: 7.50%
	<u>Sal: 5.00%</u>	<u>Sal: 5.00%</u>	<u>Sal: 5.00%<sup>1</sup></u>
1. Village Normal Cost	188,774	207,141	224,725
2. Accrued Liability	21,921,736	23,129,888	23,644,599
3. Assets	15,482,325	12,755,497	12,755,497
4. Unfunded Liability	6,439,411	10,374,391	10,889,102
5. Amortization of UL	336,746	559,147	586,888
6. Interest for One Year	39,414	57,472	60,871
7. Tax Levy Requirement (1+5+6)	<u>564,934</u>	<u>823,760</u>	<u>872,484</u>
8. Payroll	2,016,671	2,088,122	2,088,122
9. Percent Funded (3/2)	70.6%	55.1%	53.9%

Reflects reducing maximum assumed retirement age from age 70 to age 62.

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*Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600*

November 2, 2009

**VILLAGE OF LAGRANGE  
Actuarial Valuation Results**

<b>FIRE</b>	<u>5/1/08</u>	<u>5/1/09</u>	
	Int: 7.50%	Int: 7.50%	Int: 7.50%
	<u>Sal: 5.00%</u>	<u>Sal: 5.00%</u>	<u>Sal: 5.00%<sup>1</sup></u>
1. Village Normal Cost	189,983	201,809	212,584
2. Accrued Liability	15,919,958	17,125,131	17,332,497
3. Assets	8,994,331	7,518,844	7,518,844
4. Unfunded Liability/(Surplus)	6,925,627	9,606,287	9,813,653
5. Amortization of UL	362,172	517,749	528,925
6. Interest for One Year	41,412	53,967	55,613
7. Tax Levy Requirement (1+5+6)	<u>593,567</u>	<u>773,525</u>	<u>797,122</u>
8. Payroll	1,302,908	1,243,750	1,243,750
9. Percent Funded (3/2)	56.5%	43.9%	43.4%

Reflects reducing maximum assumed retirement age from age 70 to age 62.

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*Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600*