

RESOLUTION NO. 974

**A RESOLUTION AUTHORIZING THE ADOPTION OF A POLICE
PENSION FUNDING POLICY FOR THE CITY OF CREST HILL**

WHEREAS, financial planning has become increasingly important as changes in accounting standards focus attention on pension funding; and

WHEREAS, in response to recent information and changes imposed by the Governmental Accounting Standards Board ("GASB"), the City of Crest Hill ("City") has undertaken steps to implement a Police Pension Funding Policy, which applies to the calculation of the City's annual required contribution to the City's Police Pension Fund ("Plan"); and

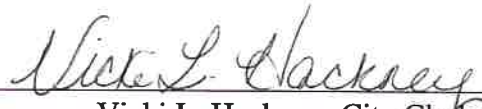
WHEREAS, for such purposes the Mayor and City Council deem it in the best interests of the City to formally adopt a Police Pension Funding Policy as attached hereto and incorporated herein as "Exhibit A," which provides guidelines to fund the long-term cost of benefits to Plan participants and annuitants.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Crest Hill, Will County, Illinois, as follows:


- SECTION 1: The recitals set forth above are found to be true and incorporated herein and made a part hereof.
- SECTION 2: The Police Pension Funding Policy as attached hereto and incorporated herein as "Exhibit A" is hereby adopted by the City of Crest Hill as the official policy of the City relative to the funding of the Police Pension Fund.
- SECTION 3: The Office of the City Treasurer is directed to take all steps to fully implement the guidelines and directives set forth in this Policy.
- SECTION 4: This Resolution shall take effect immediately upon its passage and approval as provided by law.

ADOPTED THIS 2nd DAY OF MAY, 2016.


	Aye	Nay	Absent	Abstain
Alderman John Vershay	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alderman Scott Dyke	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alderwoman Claudia Gazal	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alderwoman Barbara Sklare	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alderwoman Tina Oberlin	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alderwoman Candis Thuringer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alderman Charles Convery	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Alderman Tom Inman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mayor Raymond R. Soliman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>


Vicki L. Hackney, City Clerk

APPROVED THIS 2nd DAY OF MAY, 2016.


Raymond R. Soliman, Mayor

ATTEST:


Vicki L. Hackney, City Clerk

“Exhibit A”

CITY OF CREST HILL POLICIES AND PRACTICES POLICE PENSION FUNDING

This policy applies to the calculation of the City of Crest Hill’s annual/ actuarial required contribution (ARC) to the Crest Hill Police Pension Fund, a police pension trust fund organized under Article III and Article IV of the Illinois Pension Code.

Background:

The financial objective of a defined benefit pension plan is to fund the long-term cost of benefits provided to plan participants. In order to assure that the plan is financially sustainable, the plan should accumulate adequate resources in a systematic and disciplined manner over the active service life of benefitting employees. This funding policy outlines the method the used to determine its ARC to the Pension Fund to finance the long-term benefits of plan participants and annuitants.

The City believes that this funding policy meets the guidelines for state and local governments set by the Pension Funding Task Force convened by the Center for State and Local Government Excellence. The guidelines set by this task force were referenced to develop the following objectives for a pension funding policy:

- **Actuarially Determined Contributions.** The plan is based on an (ARC) that incorporates both the cost of benefits in the current year and the amortization of the plan’s unfunded actuarial accrued liability.
- **Additional Contribution.** The City will make a minimum contribution of \$150,000 in addition to 100% of the ARC each fiscal until the pension fund reaches 80% funded status. Once 80% funding is achieved, council will re-evaluate the funding policy.
- **Funding Discipline.** The City commits to make timely, contributions to the system to ensure that sufficient assets are available for annual expenses and maximum interest earnings.
- **Intergenerational equity.** The ARC will be reasonably related to the expected and actual cost of each year of service so that the cost of employee benefits is paid by the generation of taxpayers who receives services from those employees.
- **Accountability and transparency.** Clear reporting of pension funding will include an assessment of whether, how, and when the plan sponsor will ensure sufficient assets are available for all current and future retirees.

The actuary will determine its ARC to the Pension Fund. The City will make its contribution to the Pension Fund as property tax distributions are received from Will County. The difference between the ARC and the total of the property taxes contributed will be sent to the Pension Fund on May 1 of each fiscal year.

Transparency and Reporting

Funding of the Pension Fund will be transparent to vested parties including plan participants, annuitants, the Pension Board of Trustees, the City Council, and Crest Hill residents. In order to achieve transparency, the following information shall be distributed and available

- a) A copy of the annual actuarial valuation for the Pension Fund shall be made available to the City Council and the Police Pension Fund Board of Trustees.
- b) The City's Comprehensive Annual Financial Report will be published on its website.
- c) Each year, the City Council will approve the City's annual contribution to the Pension Fund.
- d) The City's annual operating budget shall include the contribution to the Pension Fund as well as a budget for the Fund. The budget for the Pension Fund is controlled by the Pension Board of Trustees, in accordance with state law. The budget document shall be published on the City website.

Review of Funding Policy

Funding a defined pension plan requires a long-term horizon. Assumptions and inputs into the policy should focus on long-term trends, not year-to-year shifts in the economic or noneconomic environments. Generally, assumptions or inputs should be evaluated and changed if long-term economic or non-economic inputs have fundamentally changed or are no longer reasonable. As such, the City in cooperation with the Pension Fund Trustees will review this policy at least every five (5) years to determine if the changes to this policy are needed to ensure adequate resources are being accumulated.

Mayor

Date: _____

Pension Fund President

Date: _____

Adopted by City Council Resolution # _____, Dated _____