

RESOLUTION 2009-145

**A RESOLUTION AUTHORIZING THE IMPLEMENTATION OF A PROGRAM OF
EXTRA CONTRIBUTIONS TO THE POLICE PENSION IN ORDER TO IMPROVE
THE FUNDING LEVEL OF THE POLICE PENSION FUND AND TO REDUCE
VILLAGE CONTRIBUTION COSTS EACH YEAR FOR THE TEN YEARS
COMMENCING FISCAL YEAR 2025-26**

WHEREAS, during FY2008-09, pension funds across the country faced one of the most hazardous stock markets of the last seventy years; and

WHEREAS, the Vernon Hills Police Pension Fund had a return of about negative 9.5% which is expected to result in a major funding set back for the Fund; and

WHEREAS, this investment result brings to the forefront the need to plan proactively for the funding of the Fund; and

WHEREAS, an analysis presented by Finance Director Nakrin at the July 7, 2009 Committee of the Whole Meeting showed that if henceforth the Fund earns on average its 7% investment goal, the present value of savings to the Village of a stream of extra contributions discounted at 3% is over \$800,000 and substantially reduced Annual Required Contributions for the ten years commencing Fiscal Year 2025-26; and

WHEREAS, the extra contribution program begins with a \$40,000 over Annual Required Contribution amount for the contribution to be made in FY2009-10 based on the actuarial analysis performed on the Fund's April 30, 2008 data; and

WHEREAS, each subsequent year the extra contribution will increase by 6%, such that the contribution in FY2010-2011 based on the actuarial analysis performed on April 30, 2009 data would be \$42,400 and so forth through FY2034-35 when an extra \$171,675 will be contributed above the Annual Required Contribution based on an actuarial analysis performed on April 30, 2033 data; and

WHEREAS, the actuarial analysis performed of the Fund's April 30, 2008 data shows that the Annual Required Contribution for FY2009-10 is \$1,042,676 resulting in an actual FY2009-10 contribution of \$1,082,676 based the policy instituted by this resolution;

**NOW THEREFORE BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES
OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS:**

THAT, the Village shall implement a program of contributing more than the Annual Required Contribution to the Police Pension Fund every year through FY2034-35; and

THAT, the amount that the contribution exceeds the Annual Required Contribution shall begin at \$40,000 in FY2009-10 and increase by 6% each year thereafter through FY2034-35; and

THAT the contribution amounts above the Annual Required Contribution shall be as follows:

FISCAL YEAR OF	ACTUARIAL	EXTRA AMOUNT TO BE CONTRIBUTED ABOVE THE ANNUAL
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<u>CONTRIBUTION</u>	<u>ANALYSIS DATE</u>	<u>REQUIRED CONTRIBUTION</u>
FY2009-10	April 30, 2008	\$ 40,000
FY2010-11	April 30, 2009	\$ 42,400
FY2011-12	April 30, 2010	\$ 44,944
FY2012-13	April 30, 2011	\$ 47,641
FY2013-14	April 30, 2012	\$ 50,499
FY2014-15	April 30, 2013	\$ 53,529
FY2015-16	April 30, 2014	\$ 56,741
FY2016-17	April 30, 2015	\$ 60,145
FY2017-18	April 30, 2016	\$ 63,754
FY2018-19	April 30, 2017	\$ 67,579
FY2019-20	April 30, 2018	\$ 71,634
FY2020-21	April 30, 2019	\$ 75,932
FY2021-22	April 30, 2020	\$ 80,488
FY2022-23	April 30, 2021	\$ 85,317
FY2023-24	April 30, 2022	\$ 90,436
FY2024-25	April 30, 2023	\$ 95,862
FY2025-26	April 30, 2024	\$101,614
FY2026-27	April 30, 2025	\$107,711
FY2027-28	April 30, 2026	\$114,174
FY2028-29	April 30, 2027	\$121,024
FY2029-30	April 30, 2028	\$128,285
FY2030-31	April 30, 2029	\$135,983
FY2031-32	April 30, 2030	\$144,141
FY2032-33	April 30, 2031	\$152,790
FY2033-34	April 30, 2032	\$161,957
FY2034-35	April 30, 2033	\$171,675;

and

THAT this program of extra contributions shall cease after FY2034-35; and

THAT, the extra contributions program will be reconsidered by the Village Board if it is determined that over a five to ten year historical period not including FY2008-09, the Fund is not achieving an average investment return of at least 7.0% which is the Fund's investment return target used in Finance Director's analysis; and

THAT, the extra contribution program will be reconsidered by the Village Board if the Fund achieves a 100% funding level prior to the actuarial analysis performed on the April 30, 2033 Fund data; and

THAT, because the Annual Required Contribution for FY2009-10 based on the actuarial analysis performed on the April 30, 2008 data is \$1,042,676, amount to be contributed in FY2009-10 is \$1,082,676.

Dated the 4th of August 2009.

Adopted by roll call vote as follows:

AYES: 5-Koch, Marquardt, Schultz, Williams, Hebda

NAYS: 0-None

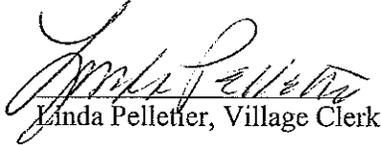
ABSENT AND NOT VOTING: 1-Schwartz


Roger L. Byrne, Village President

PASSED: 8/04/2009

APPROVED: 8/04/2009

ATTEST:


Linda Pelletier, Village Clerk

