

Highwood Public Library Board of Trustees
Special Board Workshop – Pension Presentation by City
May 30, 2023

Present

Trustees: President Lucy Hospodarsky, Vice Janell Cleland, Treasurer Nora Loreda, Trustees Jason Muelver, Paul Martinez

Library Staff Present: Executive Director Carmen Patlan, Associate Director Laura Ramirez

Presenters: Mayor Charlie Pecaro, Highwood City Manager Scott Coren

Absent: Secretary Catherine Regalado, Trustee Bertha Chavez, Trustee Lorena Victorica

Purpose of Workshop:

The Mayor and City Manager were invited to educate the Board of Trustees regarding the city pension program, IMRF (the Illinois Municipal Retirement Fund).

An agenda was posted in compliance with the OMA since full Board participation was expected. No library business was conducted (i.e., no voting took place at this workshop).

Public Comments:

No additional attendees in addition to the city officials were present at the workshop.

Presentation:

- Mayor Pecaro began the meeting complimenting library staff and the board for the accomplishments over last 4 years and winning the national library award.
- He provided a brief financial history of the City of Highwood from 2009, when he first became Mayor.
 - The city was near bankruptcy and had to borrow at the end of the year to pay bills.
 - To address the unsustainable financial situation, the city began looking for ways to reduce operating costs. They selected outsourcing as their model for delivery of services.
 - Goal was to reduce risk to taxpayers and long term exposure for pension obligations.
- City Manager proceeded with a pension presentation
 - IMRF is a benefit driven pension, versus contribution driven
 - Sampled listing of 15 variables to calculating pension value
 - IMRF slide illustrating Member Reserve (what employees contribute), Employer Reserve (what employers contribute), and Annuitant Reserve (those collecting retirement benefits – surviving spouse or retiree)
 - Explained slide and how the Reserve Account is funded: Member Reserve and Annuitant Reserve must remain 100% funded (IMRF credits them 7.25% annually)
 - The Employer Reserve is variable – it benefits from greater investment returns and absorbs the shortfall of investment returns. Illustrated this with dollar amounts using an example of a \$1M Member and Annuitant Reserve balance, and 20% drop in investment return. Shows that both Member and Annuitant Reserves must be replenished by the Employer Reserve

- Walked through slide showing historical levels of city and library employee counts and IMRF Rates.
 - 2013 City IMRF Employees and Rate – #15, 12.68%
 - 2023 City IMRF Employees and Rate – #9, 3.35%
 - 2020 Library IMRF Employee and Rate – #1, 8.69%
 - 2023 Library IMRF Employees and Rate – #13, 3.35%
 - Projected 2024 rate is 4.63%
- Final Slide - Future pension liabilities exist even after outsourcing Fire Department. 2022 pension liability was \$122,946

Discussion:

- Point raised that IMRF and police/fire pensions are managed differently
- Point raised that IMRF is well-funded (12/31/2022 98.2% funded per IMRF website)
- City Council established five 2023 priorities for City Manager and one of them includes collaborating with the library to review organizational structure. The timeframe is calendar year; progress on the priorities will be reviewed end of December.
- Discussion on what are core library services and grant funded services
- Discussion on infrastructure to support 16 library employees – legal, accounting, and HR expertise
- Suggestion to form a working committee for city collaboration – Trustee Muelver and Martinez recruited/accepted. Associate Director Laura would participate from Library Administration side.