

REIMER & KARLSON LLC

A PUBLIC SAFETY LAW FIRM

RICHARD J. REIMER
KEITH A. KARLSON*
CHRIS W. POTTHOFF, JR.
CHRISTOPHER M. MELNYCZENKO*
BRIAN J. LABARDI
*LICENSED IN ILLINOIS AND INDIANA



15 SPINNING WHEEL ROAD, SUITE 310, HINSDALE, ILLINOIS 60521
(630) 654-9547 • (630) 654-9676 FAX
WWW.RKLABORLAW.COM

OF COUNSEL
ROBERT W. TREVARTHEN

November 20, 2012

Honorable Chet Olson, Mayor
City of Rochelle
420 N. 6th St.
P.O. Box 601
Rochelle, IL 61068

By Certified Return Receipt Mail

Re: Rochelle Firefighters' Pension Fund-Annual Tax Levy Requirements

Dear Mayor Olson:

Please be advised that the undersigned is legal counsel for the Rochelle Firefighters' Pension Fund. At the November 19, 2012, Pension Board meeting, the Pension Board Trustees discussed the annual tax levy/municipal contribution requirements for the Pension Fund for the upcoming tax year. As you are aware, the Pension Board either relies on actuarial evaluation performed by the Illinois Department of Insurance or an independent actuary employed by the Pension Board.

In this case, the Pension Board relied upon the Actuarial Evaluation of Timothy W. Sharpe, an independent actuary retained by the Pension Board, for purposes of determining the "recommended levy". Mr. Sharpe's recommended levy for the upcoming tax year, in order to satisfy the annual requirements of the Rochelle Firefighters' Pension Fund, as required by §5/4-118 of the Pension Code, is \$215,565.00. A copy of the "Summary" Report is enclosed for your review.

Accordingly, pursuant to §5/4-118 of the Pension Code, the Rochelle Firefighters' Pension Board is requesting that the City of Rochelle levy or contribute that amount for the upcoming tax year in order to satisfy the annual requirements of the Rochelle Firefighters' Pension Fund. In the event that the City will not be levying or contributing this amount, please advise me.

Thank you for your anticipated cooperation and assistance in this matter. Please do not hesitate to contact the undersigned should you have any questions concerning this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard J. Reimer". The signature is fluid and cursive, with a long horizontal stroke at the end.

Richard J. Reimer

RJR/jd

cc: Firefighter Zach Prewett, President
Rochelle Firefighters' Pension Board

smesser@rochelleil.us (w/enclosures)



Actuary

To: Ms. Chris Frye

Comments:

Re: Firefighter Pension Fund

Chris:

Recall, last year as a result of PA 096-1495 many changes were made including the actuarial method (Projected Unit Credit), 30-year amortization period and a 90% amortization target. This year, we add "asset smoothing" to the mix (5-year average market value, a result of Pension Reform), and the smoothed value exceeds the straight market value (\$194K). This year, the investment return was less than assumed and salaries increased less than assumed. There is 1 less active member and the annual payroll decreased 9.9%. A surviving spouse passed away during the year. Thus, the Tax Levy has decreased and the Percent Funded has increased slightly.

Highlights:

1. Investment return: 4.09%.
2. Annual payroll increase: -9.9%, average salary increase: 2.6%.
3. New Members: 2; Terminations: 2; Retirements: 1; Incidents of Disability: 0.
4. Percent Funded increased slightly from 84.8% to 85.2%.
5. Tax Levy has decreased from \$193,079 to \$176,233 (8.7%).

As Always,

T. Sharpe

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

November 17, 2012

**CITY OF ROCHELLE
Actuarial Valuation Results**

FIRE	5/1/11	5/1/12			
	Int: 7.50%	Int: 7.50%	Int: 7.00%	Int: 7.00%	Int: 7.50%
	<u>Sal: 5.50%</u>	<u>Sal: 5.50%</u>	<u>Sal: 5.50%</u>	<u>Sal: 5.00%</u>	<u>Sal: 5.50%¹</u>
1. City Normal Cost	123,583	106,603	128,236	115,396	90,758
2. Accrued Liability	8,556,229	8,756,844	9,217,618	9,151,280	8,510,546
3. Assets	7,259,152	7,462,694	7,462,694	7,462,694	7,462,694
4. Unfunded Liability/(Surplus)	1,297,077	1,294,150	1,754,924	1,688,586	1,047,852
5. Amortization of UL	56,025	57,335	73,227	74,894	8,719
6. Interest for One Year	13,471	12,295	14,102	13,320	7,461
7. Tax Levy Requirement (1+5+6)	<u>193,079</u>	<u>176,233</u>	<u>215,565</u>	<u>203,610</u>	<u>106,938</u>
8. Payroll	810,627	729,664	729,664	729,664	729,664
9. Percent Funded (3/2)	84.8%	85.2%	81.0%	81.5%	87.7%

Reflects Entry Age, 29-year, 100% amortization, smoothed market

¹ Reflects PA 096-1495 (PUC, 29-year, 90% amortization, smoothed market)

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**CITY OF ROCHELLE
Firefighters Pension Fund**

Investment Performance 2002-2011

	FYE 03	FYE 04	FYE 05	FYE 06	FYE 07	FYE 08	FYE 09	FYE 10	FYE 11	FYE 12
BOY Assets		4,632,937		5,492,854		6,591,829	6,742,274	6,028,558	6,818,820	7,259,152
City Contribution		172,608		188,290		131,521	139,398	118,859	229,306	91,222
Firefighter Contribution		49,245		53,541		72,448	73,647	73,055	77,411	83,274
Pension Payments		128,113		237,270		257,057	271,620	373,114	426,720	446,004
Expenses		8,876		7,885		5,732	6,541	4,861	5,743	10,240
Income		426,087		490,189		209,264	(648,601)	976,323	566,078	290,968
EOY Assets		5,143,889		5,979,718		6,742,274	6,028,558	6,818,820	7,259,152	7,268,372
Annual Yield		9.11%		8.93%		3.19%	-9.67%	16.45%	8.38%	4.09%
5-Year Yield (2008-12)		4.49%								
10-Year Yield (2003-12)		5.78%								

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