

EXHIBIT B

Pension Funding Policy for Police Pensions

SEPTEMBER 7, 2017

Agenda

- Overview of Current Policy
- Review of Key Performance Measurements and Comparables
- Work with Jason Franken, Actuary on Long-term Pension Funding Goals

Pension Funding Policy-Current

The Village has determined that a 100% funding goal is consistent with sound financial management and is consistent with generally accepted accounting principles (GAAP). Therefore, the Village will utilize that goal in determining actuarial valuations.

The Village commits to fully funding the determined annual required contribution.

Each year an actuarially determined annual required contribution will be calculated which will include both:

- A factor for normal cost for current service based upon the benefit provision in the Illinois Pension Code, and;
- A factor to collect or refund any under or over funded amount.

Pension Funding Policy-Current

Normal cost will be calculated using the Entry Age Normal level percentage of payroll and the following assumptions:

- Asset Valuation Method: 5 year smoothed market. This will be the same for both gains and losses.
- Investment rate of return: 7.25% - 7.75%
- Salary Scale: 5.5%
- Mortality: RP 2000 Mortality Table
- Non-Economic Assumptions: State of Illinois DOI Experience Rates

Amortization of under or over funded status will be based on a level percentage of payroll and will cover a 30 year closed period expiring in 2033.

Pension Funding History

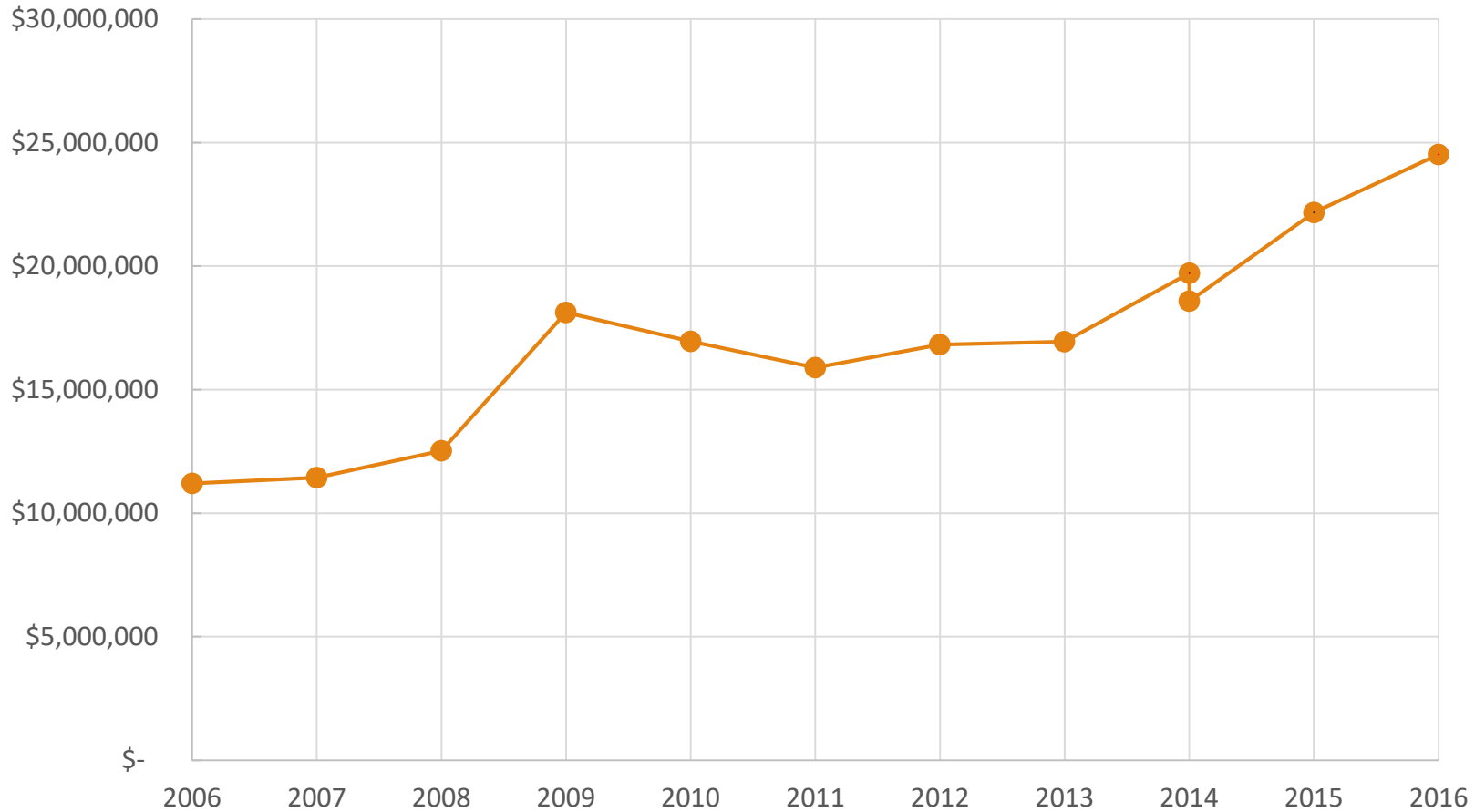
Interest Rate Assumption History:

- Prior to 2014: 7.75%
- 2014 & 2015: 7.50%
- 2016: 7.25%

Village Board allocated additional dollars from the General Fund to the Police Pension Fund

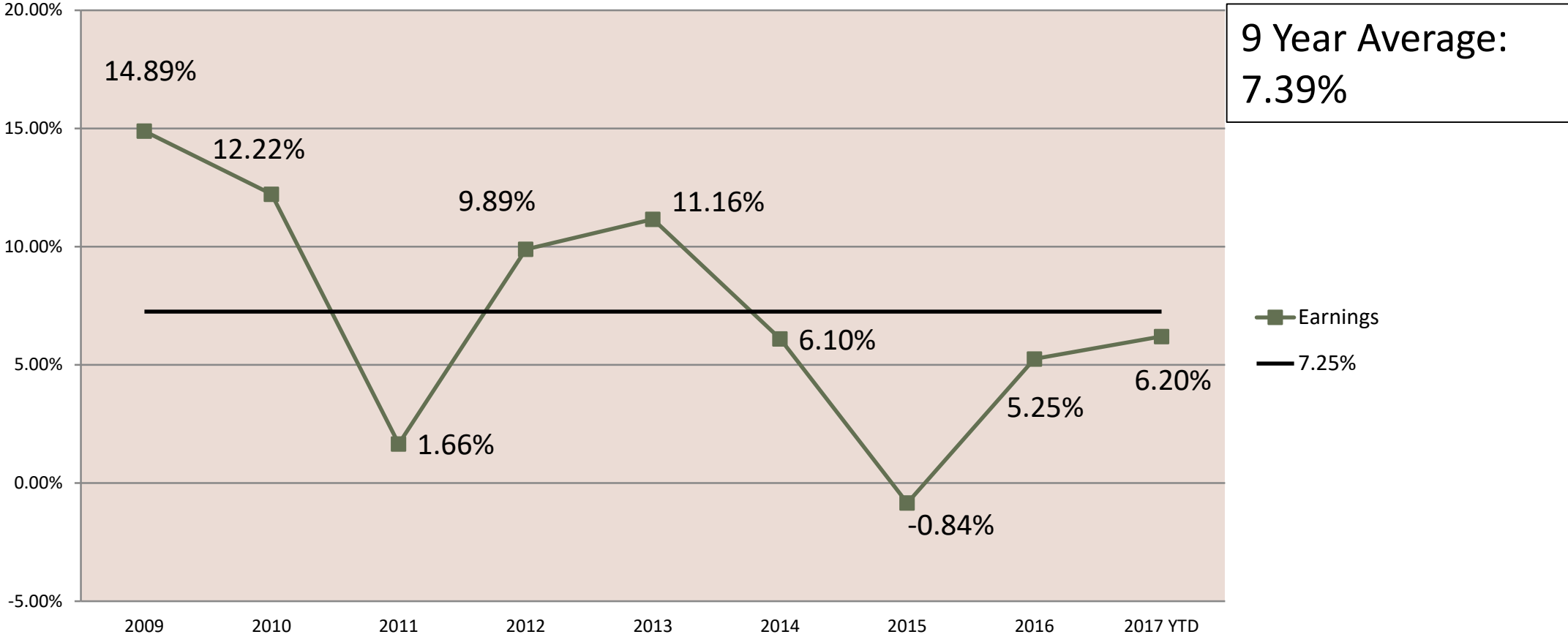
- \$400,000 in 2014
- \$250,000 in 2016

Unfunded Liability History

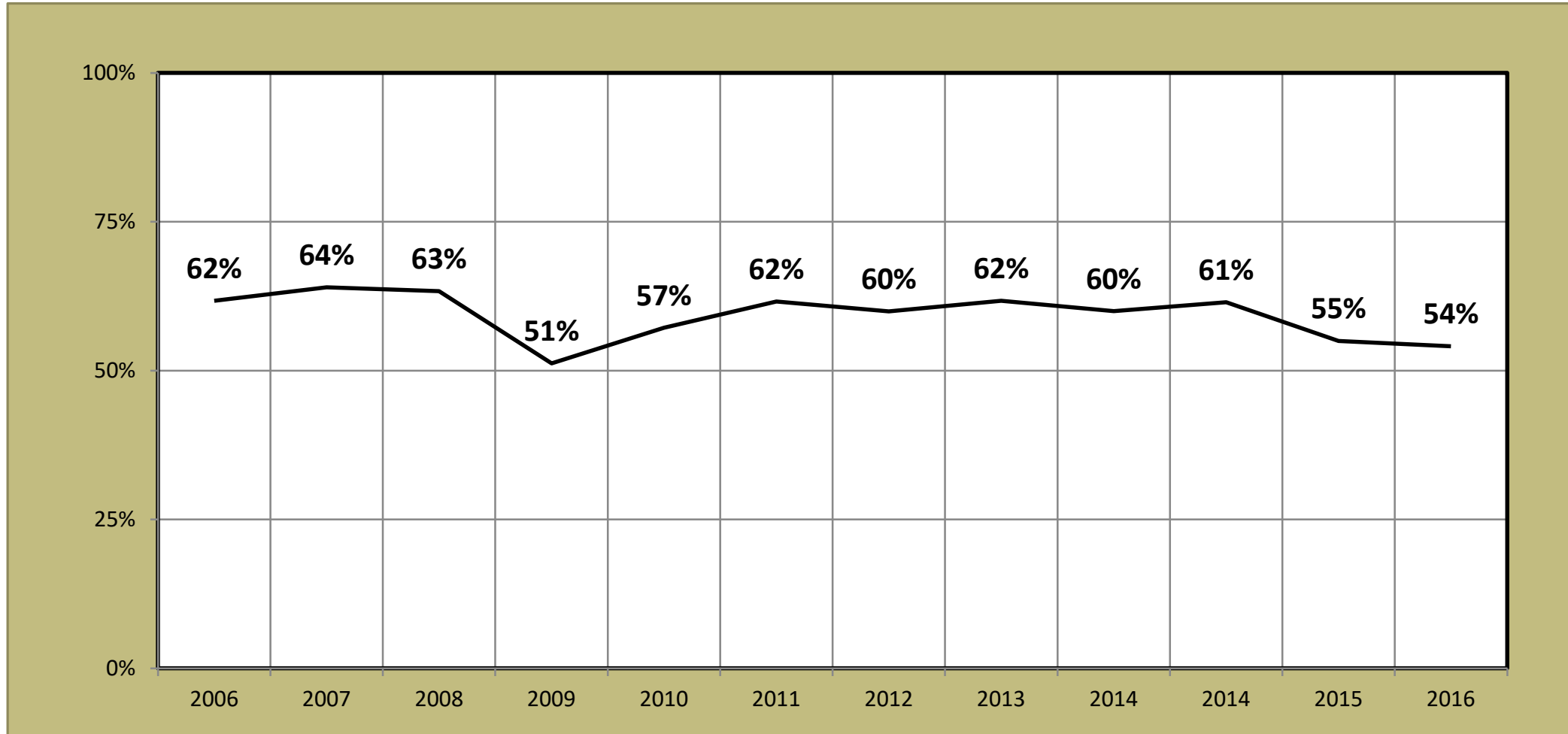


- 2009: Loss of \$2.5M & Pension Increases of \$2.5M
- 2014A: Interest Rate Assumption Change to 7.50%
- 2014B: Stub Year, \$250K additional
- 2015: Change in Mortality Tables
- 2016: Interest Rate Assumption Change to 7.25%

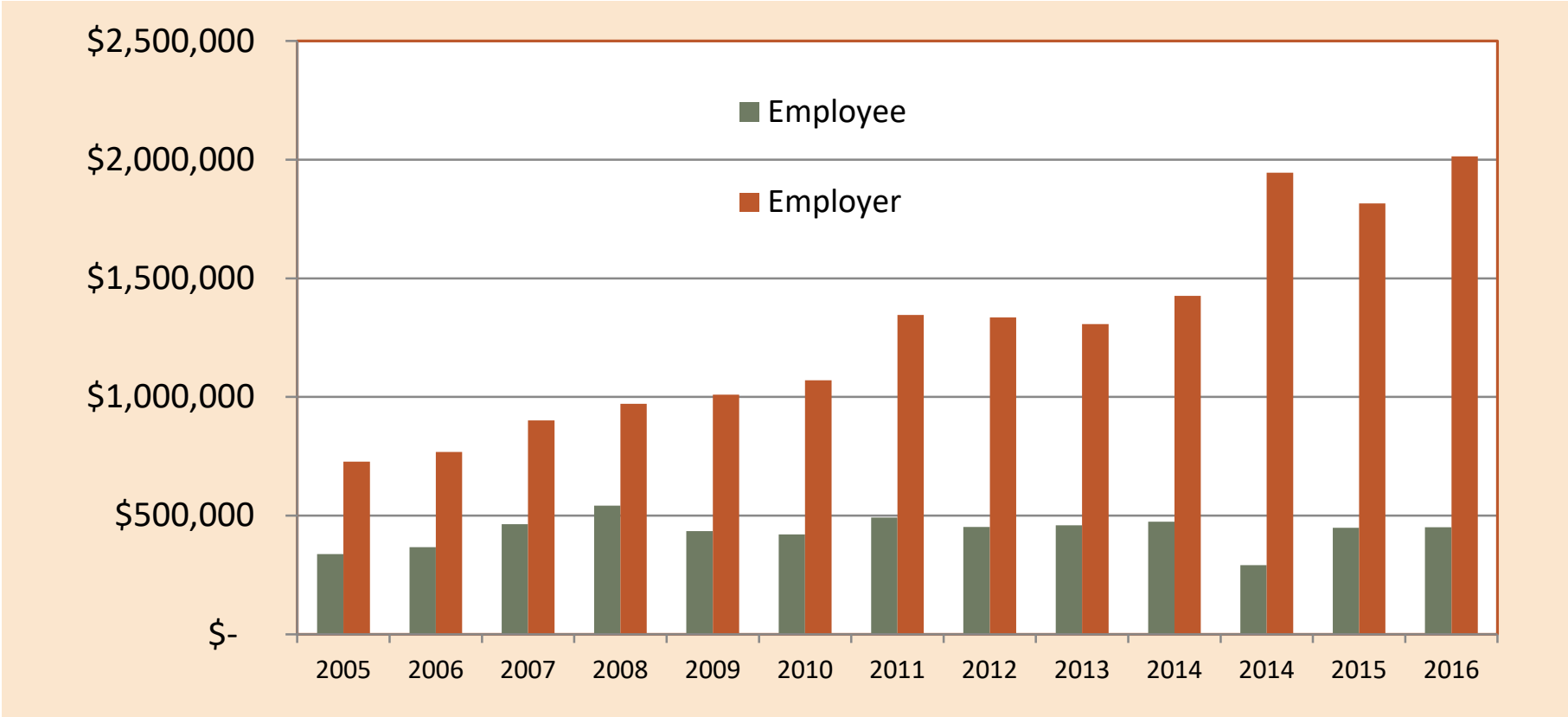
Police Pension Fund Historical Earnings



Police Pension Funded Percentage History



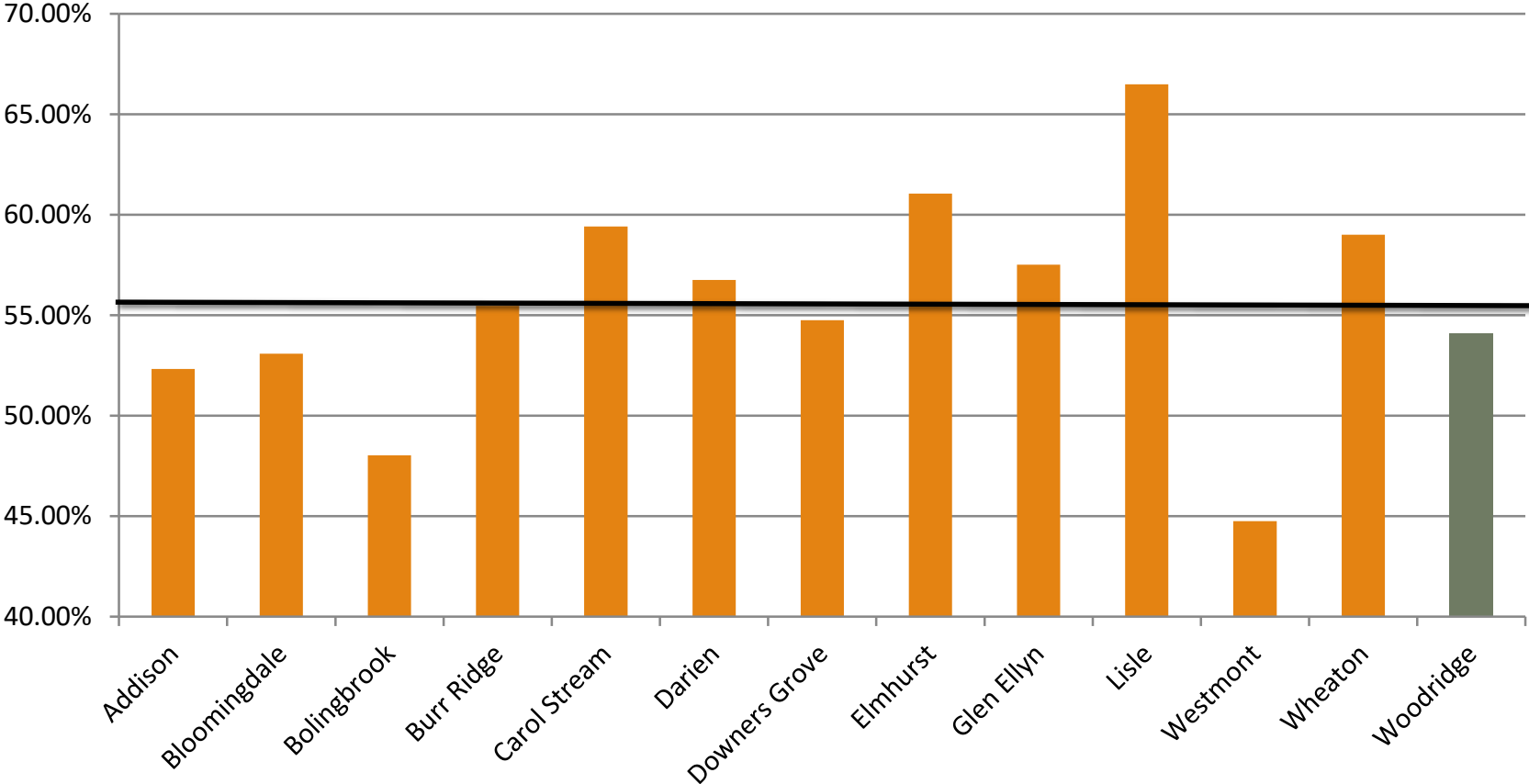
Police Pension Fund Contributions



Police Pension Fund Comparables

Municipality	Total Pension Liability	Plan Net Position	Net Pension Liability	Funded Ratio	Annual Required Contribution	Audit Year	Rate of Return Assumption
Addison	\$ 76,497,752	\$ 40,025,005	\$ 36,472,747	52.32%	\$ 2,324,782	4/30/2016	7.00%
Bloomingtondale	\$ 53,976,377	\$ 28,655,322	\$ 25,321,055	53.09%	\$ 1,306,609	4/30/2016	7.75%
Bolingbrook	\$ 119,581,614	\$ 57,444,548	\$ 62,137,066	48.04%	\$ 3,215,658	4/30/2016	7.50%
Burr Ridge	\$ 27,833,748	\$ 15,441,428	\$ 12,392,320	55.48%	\$ 951,288	4/30/2016	7.00%
Carol Stream	\$ 69,877,581	\$ 41,521,954	\$ 28,355,627	59.42%	\$ 1,705,946	4/30/2016	7.25%
Darien	\$ 42,606,511	\$ 24,179,284	\$ 18,427,227	56.75%	\$ 1,200,005	4/30/2016	7.00%
Downers Grove	\$ 91,476,813	\$ 50,087,042	\$ 41,389,771	54.75%	\$ 2,664,454	12/31/2016	7.25%
Elmhurst	\$ 94,050,236	\$ 57,415,631	\$ 36,634,605	61.05%	\$ 1,381,287	12/31/2016	7.00%
Glen Ellyn	\$ 47,638,687	\$ 27,402,987	\$ 20,235,700	57.52%	\$ 1,504,539	12/31/2016	6.75%
Lisle	\$ 38,976,410	\$ 25,912,802	\$ 13,063,608	66.48%	\$ 953,029	4/30/2016	7.00%
Westmont	\$ 57,409,581	\$ 25,696,790	\$ 31,712,791	44.76%	\$ 1,997,861	4/30/2016	7.00%
Wheaton	\$ 79,773,468	\$ 47,067,871	\$ 32,705,597	59.00%	\$ 2,000,982	4/30/2016	7.00%
Woodridge	\$ 59,438,850	\$ 32,142,238	\$ 27,296,612	54.08%	\$ 1,801,269	12/31/2016	7.50%

Funded Percentages



Jason Franken, Consulting Actuary



Jason is a consulting actuary and principal with Foster & Foster, a national actuarial consulting firm in of Oakbrook Terrace, IL.

Jason has 20 years of experience consulting employers on a wide range of pension and postretirement plan issues, including statutory funding requirements, accounting standards board regulations, plan administration, experience studies, and plan design.