

IGFOA Professional Education Committee presents the

2018 ILLINOIS PUBLIC PENSION AND OPEB INSTITUTE

Thursday, March 1, 2018

8:25 AM to 4:30 PM

NIU Naperville, 1120 E. Diehl Rd., Naperville, IL 60563

7:40 – 8:25 AM Registration & Continental Breakfast

8:25 – 8:30 AM Welcome and Overview

8:30 – 9:20 AM Illinois Pension Landscape & Moody's Metrics

Speakers: **Matt Butler**, Vice President, Moody's Investors Services
 David Levett, Assistant Vice President-Analyst, Moody's Investors Services

This session will provide an overview of Moody's pension metrics and pension landscape for Illinois local governments.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand the constitutional and statutory landscape for IL pensions and how that compares with other states;
2. Learn how Moody's analyzes local government pensions and calculates its adjusted net pension liability (ANPL);
3. Learn how Moody's analyzes pension contributions to determine their sufficiency in addressing unfunded liabilities; and,
4. Understand how other credit factors mitigate or exacerbate credit challenges associated with unfunded pensions.

9:20 – 10:10 AM Two Tier or Not Two Tier: So Many Questions?

Speaker: **Allison Barrett**, Principal, Lauterbach & Amen, LLP

Understand the difference between a Tier I and Tier II member, and learn the difference between Tier I and Tier II as they relate to benefit calculations and pensionable salary. Understand the new service purchase and transfer opportunities afforded to Article 3 and Article 4 members under Public Act 100-0544.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand the definition of a Tier II member under Article 3 and Article 4;
2. Learn how to calculate the pensionable salary for a Tier I member and a Tier II member under Article 3 and Article 4;
3. Learn how to calculate pension benefits for a Tier I member and a Tier II member under Article 3 and Article 4; and,
4. Understand and calculate the transfers of service from Article 3 to Article 4 and from Article 4 to Article 6 under Public Act 100-0544.

10:10 – 10:20 AM Morning Break

10:20 – 11:35 AM Cyber Security

Speakers: **Alex Brown**, Senior Manager – Information Technology Consulting, Plante Moran
 Natalie Schwarz, Consulting Manager – Management Consulting, Plante Moran

This session will provide an overview of IT security trends and events governments are facing in today's environment. This presentation will also examine the rise in the number of security breaches within organizations, highlight security risks associated with the increase in demand from mobile devices, social media, and cloud computing, and review the process for setting up an Information Security Program to address security risks and increasing data demands.

Learning Objectives: *Participants completing this session will be able to:*

1. Gain a basic understanding of technology threats organizations face in today's environment with the increase in demand for new and emerging technology;
2. Identify best practice tips for setting up an Information Security Program to address security risks and increasing data demands; and,
3. Gain an understanding of the framework elements required to build an effective Information Security Program.

11:35 AM – 12:10 PM Legislative Update

Speaker: **William McCarty II**, Director-Office of Budget & Management, City of Springfield

William McCarty II, Director-Office of Budget and Management, City of Springfield, and IGFOA Legislative Committee Chair will provide insight to participants about current legislative issues and concerns related to pension reform, efforts to consolidate funds, and the status of the proposed property tax freeze as it relates to pension levies.

Learning Objectives: *Participants completing this session will be able to:*

1. Understand the views held by state legislators on pension reform and how an eventual agreement may affect local governments and pension boards;
2. Explore recent developments in proposed pension reform legislation; and,
3. Understand the key provisions of proposed property tax freeze legislation and how they could impact pension levies.

12:10 – 12:50 PM Networking Luncheon

12:50 – 1:40 PM IMRF Update

Speaker: **Mark Nannini**, Chief Financial Officer, Illinois Municipal Retirement Fund (IMRF)

The Illinois Municipal Retirement Fund (IMRF) provides a general overview of important topics impacting pension fund operations, benefits, and legislative action. IMRF is the administrator of an agent multiple-employer public retirement system that provides retirement, death, and disability benefits to employees of local government in Illinois. IMRF is governed by Article 7 of the Illinois Pension Code (940 ILCS 5). This session will provide a review of IMRF operations, its impact on employers, and a discussion on the impact of recent legislation.

Learning Objectives: *Participants completing this session will be able to:*

1. Review operations and funding of IMRF;
2. Review employers' participation in IMRF; and,
3. Obtain a working knowledge of IMRF, staff assistance, and the impact of recent legislation.

1:40 – 2:30 PM Funding Decisions: Impact of Tier II & Impact of Amortization Basis Decisions

Speaker: **Kathleen Manning**, Managing Principal, MWM Consulting Group

This session will review the financial impact the benefit modifications of Tier II will have upon projected plan liabilities and annual contribution requirements. The session will include long-term forecasts illustrating the annual liabilities of Tier I and Tier II members and the timing regarding expectations for reduced contributions associated with the benefits change. The session will also illustrate the impact upon funded ratios, unfunded liabilities and projected contribution requirements associated with various amortization basis decisions.

Learning Objectives: *Participants completing this session will be able to:*

1. Gain a “feel” for the evolution of future liabilities and expected cost reductions associated with TIER II benefits;
2. Gain an understanding of the mechanics of amortization basis methods and their long-term implications; and,
3. Have a conceptual framework for reference in the development of funding policies with Boards, management, and actuaries.

2:30 – 2:50 PM Afternoon Break

2:50 – 3:40 PM A New Approach to Public Safety Pension Funding

Speaker: **Elizabeth Holleb**, Director of Finance & IT, City of Lake Forest

A case study examining changes made to an Illinois municipality's approach to funding its police and fire pension fund obligations. A pension subcommittee consisting of the City's Finance Director, City Manager, City Council Finance Committee Chair and another Alderman worked with the City's independent actuary to examine alternative approaches in an effort to mitigate the 8-9% annual increase in funding requirements.

Learning Objectives: *Participants completing this session will be able to:*

1. Identify key assumptions impacting annual pension funding requirements;
2. Consider alternative approaches to funding public safety pensions; and,
3. Assess important considerations in examining alternative funding approaches.

3:40 – 4:30 PM Police & Fire Pension Fund Consolidation

Speaker: **Dan Ryan**, Project Coordinator, Illinois Public Pension Fund Association (IPPFA)

The session will provide an overview of Illinois Article 3/4 pension plans, the main arguments for consolidation into a statewide system, factors to be considered before a consolidation decision is made, and a discussion of ways to improve cost and performance regardless of a decision to consolidate.

Learning Objectives: *Participants completing this session should be able to:*

1. Understand what is meant by pension fund consolidation;
2. Learn about the pros and cons of pension fund consolidation;
3. Be prepared to advise local or state officials and citizens on pension fund consolidation issues; and,
4. Undertake local action or support state legislation to improve pension fund cost-effective operations.

4:30 PM Closing Remarks

Many thanks to Mary L Tomanek, Institutional Consultant, Graystone Consulting and Public Pension Team Leader and Jon Beckmann, Superintendent of Finance, Waukegan Park District from the IGFOA Professional Education Committee for planning and coordinating the 2018 Illinois Public Pension & OPEB Institute - Part I!



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