

**RESOLUTION AUTHORIZE PAYMENT OF PREMIUM FOR CHICAGO PUBLIC SCHOOL  
MUNICIPAL AND LABORERS RETIREES**

**WHEREAS**, since 1993, the Chicago Board of Education has elected to forgo the imposition of the increase in the medical insurance premiums for Chicago Public Schools pensioners participating in the Municipal Employees' Annuity and Benefit Fund of Chicago and the Laborers Retirement Board Employee and Annuity and Benefit Fund of Chicago (the "Funds"), which would have been allowed under the governing statutes;

**WHEREAS**, for the past several years, premiums paid by the pensioners participating in the Fund's medical insurance plan have been substantially lower than the cost of coverage for the medical insurance plan of the Funds; and

**WHEREAS**, during this period, the specific costs of the coverage have exceeded the premiums paid by the pensioners in an amount exceeding \$3,200 per person for the Medicare eligible members covered by the medical insurance plan of the Funds; and

**WHEREAS**, in the aggregate, the cost of the medical insurance plan of the Funds exceeds the premiums paid during the period from January 1996 to June 2001 in the amount of \$8.8 million and it is anticipated that the cost of the plan will exceed the premiums paid during the period from July, 2001 through December 2001 in the amount of \$2.2 million; and

**WHEREAS**, Chicago Public Schools has been considered the financial guarantor of the medical insurance plan of the Funds and therefore has undertaken the necessary fiscal actions to ensure that it has the ability to fund the plan to the extent that premiums have failed to keep pace with costs during the past several years; and

**WHEREAS**, Chicago Public Schools has been appropriately budgeting and accounting for such deficit during the past several years and has the financial capacity to pay the current deficit; and

**WHEREAS**, Chicago Public Schools has been evaluating the legal requirements of the plan and appropriate alternative plan design options in discussions with representatives of the Funds; and

**WHEREAS**, Chicago Public Schools must approve premium increases and plan design changes prior to giving notice to the pensioners participating in the medical insurance plan of the Funds as well as providing notice that Chicago Public Schools has no legal obligation to provide financial support for the medical insurance plan of the Funds.

**NOW THEREFORE, BE IT HEREBY RESOLVED BY THE CHICAGO BOARD OF EDUCATION THAT:**

1. The Board of Education of the City of Chicago will pay the past accumulated deficit for the medical insurance plan for the Funds of \$8.8 million and the projected additional deficit of \$2.2 million estimated to accumulate through December 2001.
2. The Board of Education of the City of Chicago will promptly notify the pensioners in the Funds of any medical coverage modifications or premium increases for the medical insurance plan of the Funds.
3. The Board of Education of the City of Chicago will assist the Funds in establishing premium rates and in developing a plan design that will place the medical insurance plan on a cost-effective, financially sound basis in the future.
4. The Chief Fiscal Officer and General Counsel are authorized to execute any agreements necessary to effectuate this resolution.
5. This resolution is effective immediately upon execution.