

August 24, 2016

**RESOLUTION AUTHORIZING PAYMENT OF THE BALANCE DUE FOR MEABF AND LABORERS'
PENSIONERS' MEDICAL INSURANCE PLAN AND REQUIRING CHANGES THAT MAKE
PENSIONERS' MEDICAL INSURANCE PLAN FINANCIALLY SUSTAINABLE**

WHEREAS, the Board of Education of the City of Chicago administers a medical insurance plan ("pension Funds' medical insurance plan") for pensioners participating in the Municipal Employees' Annuity and Benefit Fund of Chicago and the Laborers Retirement Board Employees and Annuity and Benefit Fund of Chicago ("the Funds") though it is under no legal obligation to do so; and

WHEREAS, on September 26, 2001, in Board Resolution 01-0926-RS6, the Chicago Board of Education approved payment of the past accumulated premiums for the pension Funds' medical insurance plan, though under no legal obligation to do so, and directed its Chief Financial Officer to assist the Funds in setting premiums that would place the pension Funds' medical insurance plan on self-sustaining path for the future; and

WHEREAS, the Funds were able to keep the pension Funds' medical insurance plan self-sustaining through Fiscal Year 2008 (ending June 30, 2008) but, due to increasing medical costs, the pension Funds' medical insurance plan was no longer self-sustaining for Fiscal Year 2009 and beyond; and

WHEREAS, on December 17, 2008, in Board Resolution 08-1217-RS10, the Chicago Board of Education approved payment of \$4.3 million to cover projected balances for Fiscal Year 2009, and also directed the Chief Financial Officer and Executive Officer for Human Resources to establish a new plan to make the pensioners' medical insurance plans self-sustainable for the future; and

WHEREAS, in 2013, the Chief Talent Officer acted to halt all new participants from enrolling in the MEABF and Laborers' pensioners' medical insurance plan but agreed to continue to operate it for incumbent participants though it was under no legal obligation to do so; and

WHEREAS, in July 2016, the Chief Talent Officer notified all current participants in the MEABF and Laborers' pensioners' medical insurance plan that health insurance premiums for calendar year 2017 and all future years would be increased to reflect the full cost of the program to the Chicago Board of Education, and advised all participants of their full range of health insurance options beyond the MEABF and Laborers' pensioners' medical insurance plan.

NOW THEREFORE:

1. The Board hereby authorizes the Chief Financial Officer and the Chief Talent Officer to pay any and all balances accumulated and still due through December 31, 2015, in an amount not-to-exceed \$1,870,000, that are related to the pensioners' health insurance plan.
2. The Board hereby authorizes the Chief Financial Officer and the Chief Talent Officer to pay any and all expenses accumulated from January 1, 2016 through December 31, 2016, in an amount not-to-exceed \$1,380,730, that are related to the pensioners' health insurance plan.
3. The Board hereby directs the Chief Financial Officer and the Chief Talent Officer to take all appropriate future action, provided participating pensioners' are notified of such action in a timely manner, that will avoid further costs to the Board related to the pensioners' medical insurance plan.
4. The Chief Financial Officer and General Counsel are authorized to execute any agreement necessary to effectuate the purpose of this resolution.
5. The resolution takes effect immediately upon adoption by the Board.