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Metropolitan Water Reclamation District of Greater Chicago

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August 9, 2012

Dear Annuitant:

On August 3, 2012, Governor Pat Quinn signed House Bill 4513 into law, now Public Act 97-0894 ("P.A. 97-0894"). P.A. 97-0894 is the culmination of efforts to stabilize the District's pension fund. We applaud the Illinois General Assembly for passing this critical piece of legislation, and we thank the Governor for signing it. The Retirement Fund and the Board of Commissioners also deserve special thanks and recognition for having the vision and courage to develop and fully support this legislative solution.

P.A. 97-0894 is the only law recently enacted that provides a solution to pension funding shortfalls while **MAINTAINING ALL BENEFITS**. Under the District's Strategic Business Plan goal to "Improve our Employee Environment," one of the top priorities was to ensure a healthy pension fund for all our existing and future retirees.

The District successfully received permission from the state to solve our own pension challenges without being included in statewide proposals. The District moved quickly to solve our pension challenges to ensure retirement benefits are maintained for all employees. The three main components in P.A. 97-0894 are:

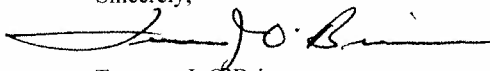
- No Reduction in Benefits
- Increase in Employer (MWRD) contribution – approximately doubling
- Increase in Employee Contribution

P.A. 97-0894 increases employee contributions by 1% per year for the next three years. It is only through employees and the employer willing to both contribute more to the District's pension fund that this solution is possible. This law is unique in Illinois in that no other agency has stepped up to the plate to increase the employer portion of the contribution and to ensure no reduction in benefits. *The changes in this bill do not apply to employees hired after January 1, 2011.*

Realistically, this will likely be the only chance the District has to come up with its own solution. This law was a collaborative effort of employees, labor, the Retirement Fund and the Board of Commissioners, all of whom focused on working towards the common goal of a fiscally sound pension fund. We applaud all of your efforts.

We are sure you can agree with us that passing our bill and having it signed into law is fantastic news for all MWRD employees.

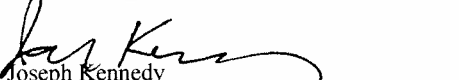
Sincerely,



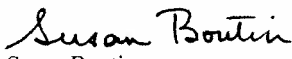
Terrence J. O'Brien
President, Board of Commissioners



David St. Pierre
Executive Director



Joseph Kennedy
President, Retirement Fund Board of Trustees



Susan Boutin
Executive Director, Retirement Fund