

**APPROVED MINUTES OF THE SPECIAL MEETING
OF THE BOARD OF TRUSTEES OF THE VILLAGE OF OAK PARK
HELD ON TUESDAY, FEBRUARY 16TH , 2010 AT 6:30 P.M.
IN ROOM 101 OF OAK PARK VILLAGE HALL**

OFFICIAL RECORD:

PRESENT: Trustees Brewer, Hale, Hedges, Johnson, Lueck and Pate; President Pope
ABSENT: None
QUORUM: President Pope called the meeting to order at 6:40 P.M. and declared that a quorum was present.

AGENDA

President Pope asked that the Agenda dated February 16th, 2010, be approved. It was moved and seconded to approve the Agenda. A voice vote was taken and the Agenda was approved.

REGULAR AGENDA

1. POLICE AND FIRE PENSION REVIEW

A. OVERVIEW OF THE STATE LAW AND DEFINED BENEFIT SYSTEM

Tim Sharp, Actuary for the Village, presented an overview of the current Fire and Police Pension situation in Oak Park. He stated that this problem is affecting all municipalities in Illinois and nationwide.

B. CURRENT FUNDING LEVELS

Fire and police contribute a fixed rate of 10%. Fire and police retirement benefits equal 75% of their salary. In addition, survivors and disability recipients receive 100% of benefits paid. The goal is for earned benefits to be 100% funded but that is no longer possible. Investment returns have gone down in the past decade, from 9.5% in the 1990's to 5% now.

The Village's 10-year investment rate of return was projected at 8% for the 2000's. The actual rate is 5%. The 3% deficit per year times 10 years equals a 30% shortfall.

Village Manager Tom Barwin stated that this is a major budget consideration and is governed by the state. Yearly payroll is \$6M with pension at \$3M; the baseline is currently 50%.

C. FUTURE FUNDING LEVEL REQUIREMENTS

Mr. Sharp discussed possible future scenarios: The interest rate could go to 8%; the interest rate could continue at 4-5%, and the market could bounce back; or the market could never bounce back.

Trustee Johnson asked if there were any other options, such as larger employee contributions or reduction in benefits. Mr. Sharp answered no; this is decided by the state and dependent upon interest rates. Costs were going up and investments down; the last 2 years were down 53-55%. The cost of the fund goes up with the salaries.

President Pope commented that guidance was needed. The Board would have to make some policy decisions regarding salary increases and rates of returns.

D. POLICE & FIRE PENSION BOARD'S ROLE & INVESTMENTS

Tom Mc Shane, Financial Advisory for the Police Pension Board, discussed the presentation previously handed out; the projection for the next 10 years was 7%.

Trustee Lueck asked if 70% funded was acceptable and when do they expect the fund to be at 100%. Chief Financial Officer Craig Lesner said 70% was not ideal. He didn't expect to be fully funded until 2033; there is no control over state responsibility and less control over police and fire salaries. The taxpayers will end up with the burden.

Trustee Pate commented that this was all very complicated; they all needed to understand the implications for all future boards. This was difficult to convey to the taxpayers.

Trustee Johnson said the Board needed a concrete action plan and set target. President Pope suggested that this be addressed by the Finance Committee.

ADJOURN

It was moved and seconded to adjourn the meeting. A voice vote was taken and the motion was approved. The meeting was adjourned at 7:38 P.M. Tuesday, February 16th, 2010 to a Regular Meeting of the Board of Trustees.

SUBMITTED AND RECORDED IN THE OFFICE OF:

Teresa Powell, Village Clerk

By: MaryAnn Schoenneman
Executive Secretary