

**APPROVED**  
Finance Committee Meeting  
Wednesday, July 20, 2011  
Room 130, Village Hall

Meeting Called to Order at 6:41

Present: Robert Tucker, John Hedges, Glenn Brewer, David Pope

Also Present - Tom Barwin, Lisa Shelly, Chief Tanksley, Deputy Chief Ambrose, Carolyn Welch, George Lazewski, Scott Bartel, Tom McShay, KC Poulos, John Wielebnicki, Cara Pavlicek, and Joe Gordon. Present members entered and exited on relevant agenda items.

Agenda adjusted to drop Mid-year financials with CFO Lesner missing.

1. Hedges moved approval of Feb. 28 minutes. Tucker, all ayes.
2. Public Comment – George Lazewski, member of fire pension board, 3 topics. Inquired about state actuary report, and updated state law. State does not have software for updated reports, may not receive this year. Pension board sign off sheet still needed to be signed by police rep.

Pension boards had one meeting with pension board last year. They want another this year.

George Lazewski wants to meet with Tim Sharpe and hasn't been able to meet or 7.35 interest assumptions not on report. Fire has done well this year with assumptions and not sure of future with bonds.

3. Manager Barwin reviewed CFO's memo on pension assumptions, 7.5 % interest earnings, and union increases are often higher than actual increases as a result of other related costs.

President Pope explained past practices and various entities involved in setting assumptions between state, advisors, and Villages independent actuarial.

3 variables drive pension contributions, numbers in system, base wage, assumed rate of increase, and ROI...output dollar contribution to meet threshold.....to get to 90% funded by 2040, which should lower contribution. ROI's and salaries establish rates. (was 100% funded by 2033).

Last year's discussion suggested moving from a 7.5% interest earning and 5.5% payroll increase to CPI wage adjustment which typically should be closer to 2.5% to 3%

Carolyn Welch reviewed changing dynamics.

Projected unit credit new actuarial approach borrowed from private sector. Assumes everyone in two tier plan, i.e. changes Jan 11 new hires. CW says skews the contribution down initially and steep increase later.

Carolyn gave presented and reviewed 9 point information report from state study report from Dept. of Insurance of Illinois.

Some aspects discussed like 5% wage adjustments, high because of raises and step increases.

1-1-2011, equity exposure invested from 40 to 50 %, 2012, 55%, i.e. equals increased risk. Corporate bonds also now eligible.

Police 12 year ROI good, up to 7% earnings.

Fire at 48% funded. Police at 60% funded. Success important to village pointed out by Hedges with minimal village control as boards make independent decisions. Trustee Hedges wondered how village backstop impacts investment decisions of board.

Manager Barwin advised staff open to creative funding ideas which are emerging due to pressure on taxpayers of funding pension systems, and welcomed police and fire reps back for meetings if and when any specific proposals are reviewed.

Village President appoints 2 village reps to each board.

Taxpayers 100% backstop to system and economic performance of funds. 12 year report from Tim Sharpe available.

Discussed a board session on different systems. Manager Barwin pointed out IMRF currently requires 10% contribution of payroll, last year fire over 50%, which is passed through to taxpayers.

GASBY reg's will also begin to show pension liabilities as liabilities in municipal audits, prepared by independent actuarial, i.e. Tim Sharpe, and differences will show between system actuarial and GASBY. Moving toward collaborative efforts.

Tim Sharpe should start annual actuarial report for an early fall vs. December discussion. Manager Barwin will check and attempt to report to board in next two weeks.

Scott talked about fire board getting third actuarial report, cost might be \$3,000.

Tom Meshay of Graystone Consulting passed out ROI report dated 7/20/11 for police fund, on 7 year time horizon 6.9% estimated current ROI. On 20 year, 7.83% estimated ROI.

Tim's report with assumptions and 4 plot.

4. Manager Barwin reviewed draft budget schedule and sought input for Monday, July 25<sup>th</sup>, pre-budget session. Finance committee meetings ok'd for scheduling.

Manager Barwin presented draft 2010 audit general fund balance sheet and discussed possible audit review with auditor Monday, July 25<sup>th</sup>.

Committee suggested 6:30 pm Monday, 7/25 finance committee to 8 pm. Audit review and mid-year financials, and general budget direction. 8/1 meeting to include pre-budget agenda item.

Committee requested draft budget in weekend packet.

5. Solar Panel -

Sustainability Manager K.C. Poulos reported solar panel grant increased from 50% to 75% through a director's waiver request. DPW Director John Wielebnicki presented a review of process and recommendation to award bid to Solar Service for 95 KW solar panel.

Extensive discussion occurred over the strengths and weaknesses of the various proposals and cost differentials.

Staff expressed their emphasis on quality and service impressions gained through research, interviews, and evaluation of review committees made up of BPS Director, Sustainability Manager, DPW Director, Village Manager, and DPW Manager of Property Maintenance.

Committee asked for additional information and justification of recommendation, including independent engineering review of final proposals of four short listed terms. Goal is to have project on early September board agenda.

6. Cara Pavlicek presented an overview of enterprise parking fund and various categories of fees which help cover parking fund expenses and some history since walker 2008 study suggesting rate strategies to match expenses. Reduction of deficit in parking fund was discussed and progress since 2008.

New rates which were reviewed with parking benefit advisory committee were reviewed, including \$1 for first two hours, and updated quarterly parking permit fees which see highest change to non-resident commuter.

Staff reviewed rate changes should see \$3.8 million parking fund deficit paid down in 4 to 5 years. Board asked for report on longer range rate projections in anticipation of TIF sun setting as TIF currently paying \$1.8 million annually into principal and interest in garage debt.

One goal, by 2018, all parking system costs covered by parking system revenues. Cara and Finance will begin working on these projections.

7. List of Bills and Conferences and Training and wellness were briefly discussed by Manager.
8. Other – President Pope reported on new Tiger grant and attempting to plan for.

Meeting adjourned at approximately 10:15 p.m.