VILLAGE OF SOUTH BARRINGTON
MINUTES OF THE FINANCE COMMITTEE MEETING
AUGUST 8, 2016
2:00 PM

CALL TO ORDER

The meeting was called to order at 2:05 pm by Committee Chairman Stagno.

ROLL CALL

Members Present: Committee Chairman Stagno, Trustee Bernard Kerman
Members Absent: Trustee Joseph Abbate
Others present: Mayor Paula McCombie, Administrator Bob Palmer, Treasurer Michelle Bodie.

PUBLIC COMMENT

None.

APPROVAL OF MINUTES

Trustee Kerman made a Motion to approve the Minutes of the Open Session Meeting held May 9, 2016. Chairman Stagno seconded. By unanimous voice vote, the Motion passed.

AGENDA ITEMS

Electric Aggregation Update & Discussion – David Hoover, NIMEC Executive Director

Mr. Hoover addressed the committee regarding an update on the Village's Electric Aggregation Program. Hoover explained that Electric Aggregation was put in place in Illinois to lower rates, similar to what had been put into effect for the waste hauling industry. Legislation was put in place in 2011, however not many municipalities had been taking advantage of the program. The Village held a referendum on Electric Aggregation in 2012 that passed. NIMEC is the agency that handles the aggregation program for the Village and handles a total of 125 municipalities (more than any other entity of its kind). South Barrington's program has been one of the most successful in the State of Illinois. Since 2012 an average household has saved $1,100 on electricity and the energy supplied has been all "green energy". Chairman Stagno posed the question of when there are no winds to generate electricity, what type of electricity are Village residents getting? Hoover explained that "green" energy does not come directly to the Village and in fact electricity would be coming from the grid. Hoover further explained that in terms of "green" energy, the Village buys what are called Renewable Energy Certificates (RECS) that are used towards the purchase of "green" energy generated elsewhere. Chairman Stagno pointed out that conventional electricity generation is required to meet demand. Hoover also explained that such things as wind farms receive a Federal Subsidy to support alternative forms of natural energy. He also pointed out that by utilizing "green" energy; the Village has reduced the amount of CO2 produced by 58,000 tons. The cost differential between the current conventional rate of 6.27 KwH and "green" energy of 6.37 KwH is .1 cents per KwH. Hoover also explained that residents have the option to opt out and get the "non-green" aggregation rate. Mayor McCombie asked what roughly would be the savings per household, "green" vs. "non-green". Hoover estimated the savings to be roughly $15 per resident, per year, for four years, which would equal $60 difference. Trustee Kerman explained some of the costs associated with renewable products, specifically the extra cost to produce such products that add to the cost. Hoover explained what has happened with the aggregation pricing, specifically that the contract period began two years ago and the ComEd rate at that time was 7.2 cents per KwH and

the aggregation rate was 6.66 cents per KwH. The term of the contract was for three years and getting close to the final year, ComEd prices were lower than the aggregation rate. The agreement called for a provision that the contract could be terminated or the aggregation supplier could match the ComEd rate. That option was taken thus creating the new rates for the remainder of the term of the contract. The contract period ends May 31, 2017. Next year's rates are expected to break-even in terms of comparison to ComEd. Most of the NIMEC customers are expected to take a one year renewal in the future due to rates that are expected to rise. It is also expected that there will be fewer companies in competition for the aggregated contracts. Treasurer Bodie asked Hoover about Natural Gas Aggregation. Hoover explained that the State has to provide legislation to allow natural gas aggregation. Chairman Stagno asked about street lights and how they are billed. Bodie noted that the Village has about 15 street lights. Hoover said that streetlights often times fall under the Village's franchise agreement and ComEd bills under the franchise at the rate of $1.47 per month. Chairman Stagno thanked Mr. Hoover for his report, at which time Hoover left the meeting.

<u>Discuss Alcohol Server Age Limit (Not Drawing, Mixing or Pouring)</u>

Mayor McCombie provided background on the next agenda item, explaining that in consultation with the Village Attorney, that many neighboring communities have changed their Village Code to allow 18 year olds to serve alcohol in restaurants. This basically is in the realm of delivery of an ordered alcoholic beverage to a seated customer. Trustee Kermin asked about 18 year olds being able to sell alcohol, similar to a grocery store setting where an underage clerk cannot ring up the sale of alcohol and must get another over 21 year old employee to check the alcohol purchase out. Consensus of the Committee was that the underage server could not actually sell alcohol or ring it up in the restaurant; however the question would be asked of the Village Attorney for confirmation and clarification. Treasurer Bodie reminded the Committee that all alcohol servers are required to take Basset Training, to ensure that proper safety procedures are followed when serving alcohol. Chairman Stagno directed the Committee to review the existing language in place in the Village Code pertaining to alcohol consumption, noting the antiquated language being used and suggesting that the Village Attorney should review and recommend an update to the Village Code for the next Village Board Meeting. A Motion was made by Trustee Kerman to have the Village Attorney draft an ordinance updating the Village Code and addressing the conflicts that exist pertaining to the age of restaurant servers that serve alcohol, and as well update the code language pertaining to alcohol in general (i.e. removing antiquated language such as referring to "Habitual Drunkards"), and refer the proposed ordinance to the Village Board for consideration at the next Village Board Meeting. Chairman Stagno seconded. By unanimous voice vote, the Motion passed.

<u>Draft Audited Financial Statements 4/30/16 – NEW Pension Fund Reporting</u>

Treasurer Bodie reported that Lauterbach and Amen representative Jamie Wilke will attend the next Finance Committee Meeting on September 1, 2016 at 1:00 PM. Bodie explained that there were big changes with the audit this year in regard to showing the liability for unfunded pension amounts. Police personnel have their own pension fund while non-sworn personnel are in the Illinois Municipal Retirement Fund (IMRF). The pension liability on the IMRF side of the personnel equation stands at $660,000. Bodie led the Committee on an overview of the Audited Financial Statements noting the actuary study component and various data tables. It was noted that under the Schedules of Insurance the outstanding private interest bonds for Stonegate and the Arboretum. Basically the bonds work as a pass through from collected taxes, to the Village where they are paid off. Bodie also noted that the Village has a very good track record in regard to collecting property taxes, very close to 100%. The Committee reviewed the changes in equalized assessed value for the Village and the ten largest tax payers that are included in the audit report. Trustee Kermin noted the

tax rate of 8.8 %. Bodie commented that the rate is very stable by comparison to the last year. Mayor McCombie noted that the pension issues are reflected in the tax rate. Bodie concluded the discussion noting again that the Village auditors would be at the next Finance Committee Meeting to fully present the audit report for the Committee's review and recommendation to the Village Board.

STAFF REPORTS

EAP Proposal

Bodie presented information from the Village's health insurance broker regarding the addition of an Employee Assistance Program. Basically two options were suggested by the current broker, the first was to purchase an EAP as an add-on to the policy for $1500 and the other involved changing insurance carriers to one that includes the EAP in their coverage. Chairman Stagno questioned some of the material provided regarding the EAP program, specifically some of the language in the material. Chairman Stagno questioned EAP in regard to absenteeism and how an EAP program would address that issue. Trustee Kermin noted that these are for profit companies offering the EAP services and wondered about existing public agencies that would offer the same or similar service. Bodie suggested that the representative from the Village's broker be brought out to a future Finance Committee Meeting to further the discussion. Chairman Stagno expressed his view that this form of care is too commercialized in his opinion. Chairman Stagno also stated that this type of care requires a one on one process for the best results and one where there is a relationship built up.

Pension Fund Investment Returns

Treasurer Bodie reminded the Committee of the decision to utilize PMA Investments to manage and invest Village funds. Bodie brought to the Committee's attention that some of the banks being utilized were foreign banks. Bodie explained that when PMA was contacted and the Village agreed to work with them, that there was no discussion regarding the use of foreign banks. While the banks are chartered in the United States some are clearly owned then by foreign interests. The discussion had not taken place as to whether a policy decision would be made regarding the use of foreign banks for these public funds. Consensus among the Committee was to not utilize foreign banks for these investments and to communicate that specification to the PMA representative. Regarding investments, Mayor McCombie noted that often there will be promoted investments with private financial institutions that would seem to be attractive for these funds. Bodie said she would check into such offerings with PMA and find out if those are resources that they utilize.

FY 2017 Revenue Trends

Treasurer Bodie presented to the Committee some of the highlights of the recent Revenue Trends for the Village. Bodie noted that sales tax revenue is currently down; however building permits are showing an upward movement. Trustee Kermin asked about retail revenue specifically from the local theatres in town. Bodie explained the situation with the AMC Theatres and the ticket tax that was put in place through a developer's agreement. Mayor McCombie noted that some of these agreements are coming to a close and the Village Board needs to review them with the Village Attorney to be sure of the key dates.

OLD BUSINESS –

Committee briefly discussed Prevailing Wage Issues as they pertained to the recent work on the Covered Bridge Roof.

NEW BUSINESS –
Mayor McCombie reported to the Committee that the Village had been involved with residents of the Regency and the Woods regarding noise from Down to Earth Landscaping in unincorporated Cook County. Unfortunately the Mayor had received information that Greg Daniels the owner of the business suffered a fatal accident in Wisconsin.

ADJOURNMENT
Having no further business, Chairman Stagno asked for a Motion from the Committee to adjourn the meeting. Trustee Kerman made a Motion and Chairman Stagno seconded. By unanimous voice vote, the motion passed, and the meeting was adjourned at 4:23 p.m.

Respectfully submitted by,

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Bob Palmer, Village Administrator

These Minutes were approved this

_____day of _____, 2016