

**VILLAGE OF SOUTH BARRINGTON
MINUTES OF THE FINANCE COMMITTEE MEETING
November 7, 2016
2:00 PM**

CALL TO ORDER

The meeting was called to order at 2:02 pm by Committee Chairman Stagno.

ROLL CALL

Members Present: Committee Chairman Stagno, Trustee Joseph Abbate, and Trustee Bernard Kerman.

Members Absent: None.

Others present: Mayor Paula McCombie, Administrator Bob Palmer, and Treasurer Michelle Bodie.

PUBLIC COMMENT

None.

APPROVAL OF MINUTES

Trustee Abbate made a Motion to approve the Minutes of the Open Session Meeting held August 8, 2016. Trustee Kerman noted that correction to the spelling of his name was necessary, otherwise the minutes were fine and he seconded the motion. By unanimous voice vote, the Motion passed.

AGENDA ITEMS

IMRF Final Employer Contribution Rates for 2017 & Retirements

Treasurer Bodie explained the IMRF Final Employer Contribution Rates for 2017, are 13.6% for Regular and 10.93% for SLEP employees noting that IMRF regular was down from 21.54% in 2016. Chairman Stagno questioned the terminology used to arrive at the proposed rates by IMRF. Bodie explained the "Funding Adjustment" <over> under rate. Chairman Stagno questioned that the fund was underfunded. Bodie explained that according to IMRF, \$630,000 is the Village's unfunded liability. Bodie also explained the difference between IMRF and the Police Pension Fund, and gave a few examples of the financial requirements that IMRF imposes when someone retires. Chairman Stagno noted the erosion of property tax revenue to the general fund due to increasing pension levy requirements. Mayor McCombie commented on the current reviews of staffing and compensation and how they intersect with pension funding. Chairman Stagno posed the question of looking into better investments for the pension fund and/or different advisors. Bodie stated the Pension Board is solely in charge of investment advisor selection and investments. Bodie reiterated some of the changes that have been made, such as the implementation of Tier 2 for employees that requires a longer period to vest in the pension plan. Chairman Stagno commented that it seems that the Pension Board provides the Village with a bill for the pensions, without any alternatives. Bodie explained that the relationship has been cooperative between the Pension Board and the Village Board. Bodie also noted that it is an option to go below the actuarial recommended funding amount on the pension to a minimum amount provided by statute. Chairman Stagno commented that the two options are to spend less or get more revenue and getting more revenue means impacting the taxpayers. Discussion

concluded noting the contribution rates as presented, no formal recommendation was necessary to forward to the full Village Board.

MFT Funds

a. Transfer of Funds for 2016 Road Program (completed)

Bodie explained that last year; the Village earmarked the transfer of \$110,000 from the MFT Fund for the Village Road Program. Motion was made by Trustee Kerman to recommend to the full Village Board the proposed transfer of funds. Second by Trustee Abbate. By unanimous voice vote, the Motion passed.

b. Allocation of Funds for 2017 Road Program

Bodie explained that the second recommendation is to allocate \$115,000 in MFT Funds for the 2017 Village Road Program. Motion was made by Trustee Kerman to recommend to the full Village Board the proposed allocation of funds. Second by Trustee Abbate. By unanimous voice vote, the Motion passed.

Police Pension Fund Reports

Treasurer Bodie presented the Lauterbach & Amen Actuarial Report, IDOI Actuarial Report and the Required Report from the Pension Fund to the Municipality. Bodie explained that these reports are required reporting to the Village Board before the levy is passed, the reports are published on the Village website. Chairman Stagno discussed options such as changing Investment Advisors. Bodie commented that the advisors had been changed in the last few years. Trustee Abbate confirmed that the advisors had been changed. Chairman Stagno asked about the return on investment that the fund had been experiencing. Bodie answered that some years the return has been as high as 17% and as low as -6%. Bodie explained that these reports are required reporting to the Village Board before the levy is passed, the reports are published on the Village website. Chairman Stagno questioned the Village's future ability to pave roads and pay salaries with decreasing amounts of revenue due to an increasing levy for pensions. Motion was made by Trustee Abbate to forward the reports presented on to the Village Board. Seconded by Trustee Kerman. By unanimous voice vote, the Motion passed.

Discussion of 2016 Estimated Tax Levy Resolution (payable in 2017)

Treasurer Bodie presented the 2016 Estimated Tax Levy Resolution (payable in 2017) and noted that while the recommendation is basically the same as last year, the Board has the opportunity to abate a portion of the property taxes by April 1st. Mayor McCombie stated that rather than abating taxes it would be preferable to put any excess funds toward the Village's unfunded pension fund liability. Trustee Abbate noted that while abating funds is a positive gesture, it is unclear how much awareness there is of the abatement. Mayor McCombie reminded the committee that the State continues to threaten to take revenue from the municipalities and the Village needs to be vigilant in protecting available revenue. Mayor McCombie noted that the staffing levels and compensation study may also impact the budget discussion. Motion was made by Trustee Abbate to recommend the 2016 Estimated Tax Levy Resolution (payable in 2016) to the Village Board. Seconded by Trustee Kerman. By unanimous voice vote, the Motion passed.

FY 2016/2017 Annual Tax Levy Ordinance

Treasurer Bodie presented the FY 2016/2017 Annual Tax Levy Ordinance noting that it would be held over to the December meeting should the Finance Committee recommend it to be sent to the Village Board. It is also recommended that a Public Hearing be held to present the Tax Levy, which has become the practice of the Village, although not formally required. Motion was made by Trustee Abbate to recommend the FY 2016/2017 Annual Tax Levy Ordinance to the Village Board for the December Village Board Meeting. Seconded by Trustee Kerman. By unanimous voice vote, the Motion passed.

STAFF REPORTS

Village Administrator

Administrator Palmer reported on progress in painting the Street Name Sign Poles and also the Dry Hydrants. Palmer also reported on a meeting with Toll Brothers Representatives regarding their temporary signs, home models on specified lots and an issue with paving. Toll had also requested to switch an outstanding letter of credit with a bond, noting that the expense for the bond is less than the letter of credit. Mayor McCombie explained to the committee that she would not recommend that a bond be substituted for a letter of credit on the advice of the Village Attorney, because it is much more difficult to work with a bond than a letter of credit for the Village. Consensus of the Finance Committee was to not allow the change from a letter of credit to a bond for the Toll Brothers project.

Finance Officer

Treasurer Bodie presented three reports that she wanted the Finance Committee to be aware of and identify where they could be found for future reference. All three reports are required reporting by the Village. The three reports are: The Treasurer's Report which is published in the newspaper, the Illinois Department of Insurance – Pension Fund detailed report, and the Comptroller's Report.

OLD BUSINESS

No old business.

NEW BUSINESS

Mayor McCombie reported that she would be meeting with the GovHR representative to discuss progress on the salary study that is underway.

ADJOURNMENT

Having no further business, Chairman Stagno asked for a Motion from the Committee to adjourn the meeting. Trustee Kerman made a Motion and Trustee Abbate seconded. By unanimous voice vote, the motion passed, and the meeting was adjourned at 3:55 p.m.

Respectfully submitted by,

Bob Palmer
Village Administrator

These Minutes were approved this

_____ day of _____, 2016