

**VILLAGE OF SOUTH BARRINGTON
MINUTES OF THE FINANCE COMMITTEE MEETING
December 5, 2016
2:00 PM**

CALL TO ORDER

The meeting was called to order at 2:16 pm by Committee Chairman Stagno.

ROLL CALL

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

Members Absent: None.

Others present: Treasurer Michelle Bodie and Administrator Bob Palmer.

PUBLIC COMMENT

None.

APPROVAL OF MINUTES

Trustee Abbate made a Motion to approve the Minutes of the Open Session Meeting held August 8, 2016. Chairman Stagno noted on page two, beginning on line 27 and ending on line 28 that the statement should read "Chairman Stagno questioned the Village's future ability to pave roads and pay salaries with a growing pension obligation." Trustee Abbate amended his motion to approve the minutes, by making the motion to approve with the noted change by Chairman Stagno. Trustee Kerman seconded the motion. By unanimous voice vote, the Motion passed.

AGENDA ITEMS

Proposal of Insurance from Arthur J. Gallagher for the Village of South Barrington 2016-2017 (Workers Compensation insurance through Illinois Public Risk Fund - IPRF)

Treasurer Bodie distributed a schedule on "Workers Compensation Premium History", which showed policy year, experience modifier, estimated annual premium, average rate per \$100, IPRF Grant/Discount, Workers Compensation Payroll Audit and Grant Balance. Bodie noted that in the year 2000, the experience modifier was below 1.00 as opposed the prior year (2016) when it was 1.44. Trustee Abbate commented on the high modification rate. Bodie noted there had been four to five cases in the last five years where employees were out for up to one year, receiving full pay while recuperating, which impacts the modification rate. Trustee Abbate asked about the time period before a case drops off the Village's record and would translate to lower rates. Palmer answered that the time period is five years after a case closes, at that time that particular case is no longer impacting the rate process. Bodie explained the grant/discount program, particularly that IPRF in the past had given a 30% premium discount, but instead now makes available a grant based on the premium paid to be used for specific safety equipment, with an aim to reduce claims. Administrator Palmer explained that this year the Village applied for funds to repair the Police Department outer doors, under the IPRF access equipment category. Next year the grant amount available is \$7,500. Palmer explained that the Village is forming a Safety Committee to discuss such issues as how to utilize the grant funds and to promote safety with the idea of reducing injuries and thus claims. Bodie added that a Safety Committee would be utilized to investigate injuries and review claim information. Chairman Stagno commented that the companies the Village utilizes are good at reporting what has happened, but questions their commitment to service and promoting prevention. Bodie stated the IPRF is the insurance company while AJ Gallagher is the Village's insurance broker. Chairman Stagno asked if the amount of coverage is enough, particularly for employer liability limits. Chairman Stagno after reviewing the premium and the coverage amount noted that the premium is

roughly 2.35% of the coverage cost. Bodie suggested that next year the Committee may want to consider alternative proposals such as self insurance. Motion was made by Trustee Abbate to forward the proposal of insurance from Arthur J. Gallagher for the Village of South Barrington calendar year 2017 (Workers Compensation) on to the Village Board for consideration. Seconded by Trustee Kerman. By unanimous voice vote, the Motion passed.

Resolution authorizing payment of \$75,000 from the Bartlett Sewer Construction Fund to the Performance Deposit Fund on the Principal of the Inter-Fund Loan

Bodie explained that the proposed payment would reduce the Inter-Fund Loan to \$175,000. Original amount was \$800,000. Bodie gave a brief explanation of fund accounting and members of the Finance Committee asked questions in regard to the practice. Trustee Kerman asked about the collection of revenue in the general fund and how it fluctuates throughout the year. Bodie explained that the bulk of property taxes come in March and August. Motion was made by Trustee Kerman to recommend to the full Village Board the proposed Resolution authorizing payment of \$75,000 from the Bartlett Sewer Construction Fund to the Performance Deposit Fund on the Principal of the Inter-Fund Loan. Second by Trustee Abbate. By unanimous voice vote, the Motion passed.

Release of Escrow

Treasurer Bodie explained that staff is reviewing Developer Escrows and Performance Deposits for return to the original applicants. With a number of projects, the amount in the fund continues to grow and it is advisable to review the funds on account for release. The amounts to be released will be included in the warrant run and no further action is required at this time.

IMRF Accelerated Payment Notice

Treasurer Bodie presented the IMRF Accelerated Payment Notice by explaining that it is not a penalty, but a pre-payment due to growth in wages particularly at the end of an employee's career. IMRF has a formula in place for situations where salary increases above a certain percentage prior to retirement, which triggers an accelerated payment to IMRF. Typically these will be situations where there is a promotion in a relatively short time period prior to retirement. Chairman Stagno asked about the employee's contribution. Bodie explained that the employee pays 4.5% and that the pension is typically based on the last four years of service. The accelerated payment factor evaluates wages the last two years of service. Bodie recapped that this payment would be \$11,934.99 which would go into the IMRF reserve account which has a balance of \$54,000 currently. IMRF's adopted investment policy rate is 7.5% which has been difficult to reach in recent years. Motion was made by Trustee Kerman to recommend approval to the Village Board for the payment of \$11,934.99 to IMRF as an Accelerated Payment. Seconded by Trustee Abbate. By unanimous voice vote, the Motion passed.

Employee & Other Year End Bonus

Treasurer Bodie presented the bonus schedule which provides full and part-time employees with a yearend net bonus check of \$100 and \$50, respectively. In addition there was discussion regarding granting a bonus to a Conservancy volunteer. The Committee discussed the Conservancy volunteer's circumstances and input from the Village Attorney regarding the difference between a bonus and a retainer. The Committee discussed the merits of a granting a bonus, retainer or doing nothing. Trustee Kerman stated that he was not in favor of a bonus, and clarified that it had nothing to do with the merits of the individual's efforts for enhancing the Village. Chairman Stagno stated that the term 'bonus' should not be used, and expressed concern for establishing a precedent. Bodie explained that no action was necessary by the Committee to approve the bonuses for the employees, since there was consensus to move forward with those and they would appear on the agenda as they have in the past.

Bodie also explained that she would consult with the Mayor regarding the Committee's recommendation relating to a bonus for the Conservancy volunteer.

Budget Calendar Memo

Bodie presented the budget schedule for the coming fiscal year and explained that notice will be going out to all the committees to incorporate their budget discussions in their individual agendas. Chairman Stagno asked about the Conservancy budget and Trustee Abbate also asked where their budget appears. Bodie explained that the Conservancy has their own budget lines within the full Village Budget. For the budget schedule, Bodie suggested that the January meeting be cancelled since there would not be enough budget information gathered at that point for discussion. There would also be a Human Resources/Legal Committee Meeting to discuss the findings of the GovHR Staffing Study around the same time, should any matters present themselves and need immediate attention. That would leave the February and March meetings for Budget discussions (Feb. 1st and March 1st at 2PM respectively). Elaborating on the GovHR study, Bodie explained that there would be classification information and job duties presented. Trustee Kerman commented on past experience with different job classifications and 'bands' under the 'General Schedule' system. Bodie explained that the study identified 15 comparable communities. The Committee briefly discussed mortality tables, rate tables and other related items to total pension costs. Consensus amongst the Committee was to cancel the January 2017 meeting. No formal action taken on this item.

STAFF REPORTS

Village Administrator

No report.

Finance Officer

No report.

OLD BUSINESS

No old business.

NEW BUSINESS

No new business.

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 4:36 p.m.

Respectfully submitted by,

Bob Palmer
Village Administrator

These Minutes were approved this

_____ day of _____, 2017