

**VILLAGE OF SOUTH BARRINGTON
MINUTES OF THE FINANCE COMMITTEE MEETING
NOVEMBER 5, 2018
2:00 PM**

CALL TO ORDER

The meeting was called to order at 2:09 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, Trustee Steve Guranovich, Treasurer Michelle Bodie, Executive Assistant/Deputy Village Clerk Melissa Moeller and Administrator Bob Palmer.

PUBLIC COMMENT

No public present for comment.

APPROVAL OF MINUTES

Trustee Abbate made a Motion to approve the Minutes of October 1, 2018. Trustee Kerman seconded the motion. By unanimous voice vote, the Motion passed.

AGENDA ITEMS

1. Resolution Approving Purchase of New Computer Server (Software and Hardware)

Executive Assistant/Deputy Village Clerk Melissa Moeller presented information regarding the purchase of a new computer server, noting that the pricing is reflective of the state purchasing contract and would offer savings on licensing and software. Trustee Kerman asked if the server was backed up on a daily basis. Moeller explained that the server is backed up and with the proposed new server, configured into multiple servers itself, one of the internal servers would conduct the backup. Treasurer Bodie added that currently there is no offsite storage, which is needed. Mayor McCombie questioned whether back-up could be conducted with the cloud. Moeller would check into that option. Kerman asked why the server needed replacement. Bodie responded that the current server is out of disk space. Moeller explained that the Village's IT consultant had outlined three options. Chairman Stagno expressed interest in discussing the matter with the consultant. Mayor McCombie phoned Mike Spiro with the Village of West Dundee who is the Village's IT consultant, Spiro was put on speaker phone and explained the proposal. Spiro explained that the proposed replacement would have six terabytes of storage. Stagno asked how much storage the current server has. Mayor McCombie stated that the current server has one terabyte of storage. Chairman Stagno reviewed the two storage options, back up off site or leverage another hard drive at West Dundee or at Quadcom. Spiro added that the latter option would cost approximately \$2500. Having no further discussion Chairman Stagno requested a motion to forward to the full Board a Resolution Approving Purchase of a New

Computer Server (Software and Hardware). Motion was made by Kerman and seconded by Abbate. On a voice vote the motion was approved.

2. MFT Funds

Bodie presented the next item on the transfer of MFT Funds for the 2018 Road Program and to allocate MFT Funds for the 2019 Road Program. Bodie explained that this action is taken every year to transfer and reimburse funds for the road program. It is anticipated that next year the amount of MFT funds would be \$125,000. A balance in MFT funds of \$30,000 had accumulated. Having no further discussion Chairman Stagno requested a motion to send two resolutions to the Village Board for consideration. The first resolution is to transfer MFT Funds for the 2018 Road Program and the second resolution is to allocate MFT funds for the 2019 Road Program. Motion was made by Abbate and seconded by Kerman. On a voice vote the motion was approved.

3. Police Pension Fund Reports – to Village Board to be placed on file

Bodie noted that final reports are passed along to the Board for acceptance and to be placed on file with copies put on the website. The Pension Fund Report under State Statute is the only report that must be received prior to the passage of the levy. Having no further discussion, Kerman made a motion to recommend acceptance of the Police Pension Fund Reports to the Village Board and to have the reports placed on file. Abbate seconded the motion. On a voice vote the motion was approved.

4. 2018 Tax Levy Discussion payable in 2019

Bodie presented the 2018 Tax Levy for discussion, noting an increase anticipated in the food and beverage tax due to the new restaurants that plan to open next year. Mayor McCombie noted that there may be an issue with the Rascal Flats Restaurant with the openings of other locations not following their prescribed schedule. Bodie explained that the 2018 Estimated Tax Levy Resolution should go on the next Village Board agenda and the FY 2018/2019 Annual Tax Levy Ordinance would be held over Public Hearing at the December Village Board Meeting. Having no further discussion Abbate made a motion to refer the 2018 Estimated Tax Levy Resolution to the Village Board for consideration at the next Village Board Meeting and to present the FY 2018/2019 Annual Tax Levy Ordinance to the Village Board at the December meeting. Kerman seconded the motion. On a voice vote the motion was approved.

STAFF REPORTS

Mayor

Mayor McCombie reported on the status of the Plum Farm Development and possible actions to mitigate the impact of the proposed development. Mayor McCombie also reported that Dave Deacon would be attending the next Village Board meeting to discuss the proposed school district referendum.

Village Administrator

Palmer reported that the Village AmeriCorps Member had started working with the Village. Snow Plowing quotes are being sought for plowing the Village Hall Parking Lot and lift station areas. The Village has received a letter regarding the widening of Barrington Road that will be

reviewed at the next Public Works Committee meeting. The letter requested information on the Village's position for including amenities to the widening.

Finance Officer

Bodie reported that she was preparing October filings, listing all investments and posting reports.

OLD BUSINESS

No old business.

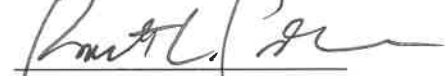
NEW BUSINESS

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 to adjourn the meeting. Trustee Abbate seconded the motion. By unanimous voice vote, the motion passed, and the meeting was adjourned at 3:37 PM.

Respectfully submitted by,



Bob Palmer
Village Administrator

These Minutes were approved this

29 day of November, 2018

**VILLAGE OF SOUTH BARRINGTON
MINUTES OF THE FINANCE COMMITTEE MEETING
OCTOBER 1, 2018
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, Treasurer Michelle Bodie, Administrator Bob Palmer, Todd Schroeder and Kevin Cavanaugh of Lauterbach & Amen.

PUBLIC COMMENT

No public present for comment.

APPROVAL OF MINUTES

Trustee Abbate made a Motion to approve the Minutes of September 10, 2018. Trustee Kerman seconded the motion. By unanimous voice vote, the Motion passed.

AGENDA ITEMS

1. Presentation by Todd Schroeder and Kevin Cavanaugh, Lauterbach & Amen, Regarding Layered Amortization of Unfunded Pension Liabilities

Treasurer Bodie introduced Todd Schroeder and Kevin Cavanaugh with Lauterbach & Amen, LLP. Schroeder proceeded to review the Draft South Barrington Police Pension Fund Report. Schroeder highlighted that the recommendation for the levy this year was \$863,357, which was an increase of \$36,064 from the prior year or a 4.4% increase. Mayor McCombie questioned the increase noting that the Village had made an additional contribution to the Police Pension Fund of \$400,000 and yet the levy is increasing as opposed to a decrease or break-even. Cavanaugh explained that the \$400,000 infusion had reduced what would have been recommended by \$42,000. Chairman Stagno posed the philosophical question relating to contributing now for the benefit of future taxpayers vs. the obligation to current taxpayers. Schroeder commented that creating a reserve fund as opposed to making the contribution would not be a bad idea. Mayor McCombie disagreed on the advantage. The committee then entered into a general discussion regarding the cost to the Pension Fund of a new Police Officer and how full funding should work. On the opposite view, underfunding can occur naturally with retirees living longer. Chairman Stagno noted the differences in mortality tables and how politics have influenced and supported making smaller contributions, resulting in underfunding. Trustee Kerman asked about the longevity tables and what communities are included. For example is Chicago included with South Barrington? Schroeder explained that Chicago is not included with South Barrington and that a large number of communities are looked at together and averaged out. There is then a step

increase community by community. Schroeder continued his comments regarding how mortality tables are put together. New tables are being studied currently and should be out nationwide this winter. Treasurer Bodie mentioned the requirements to be 100% funded by 2033 which is being changed to 90% by 2040. Cavanaugh noted the fund is underfunded by \$7.2 million, goal is to pay off over the next 15 years, however under 15 years creates more volatility for the fund. IMRF for example uses the rolling policy of amortization – 90% funded or higher may make sense under a rolling amortization scenario. Layered amortization can be an effective method for managing volatility. Trustee Kerman noted that being fully funded cannot be achieved. Treasurer Bodie noted that the layered approach would cost an additional \$15,000. Cavanaugh reviewed the transition to Layered Amortization over a 15 year period. Schroeder noted again the volatility management aspect of paying off by 2030, anything new would have its own schedule. Bodie asked about the benchmark set for the fund of 6.25%. Schroeder stated that was at the low end of the spectrum. Cavanaugh added that the statewide average is 5.2%. Schroeder said that top returns have been in the 7-7.5% range with funds over \$10 million slightly higher. Some funds have been at 9-10%. Chairman Stagno commented that the Village goal is 6.25% but the earnings have been 4.7%. Schroeder recommended considering the layered approach. The Committee thanked Schroeder and Cavanaugh for their presentation. Schroeder and Cavanaugh then left the meeting at 3:03 PM.

The Committee then briefly reviewed the comments from the presentation and briefly discussed the layered approach. Chairman Stagno expressed concern over the lack of earnings. Treasurer Bodie noted that due to the size of the Pension Fund it has only been recently that the fund could invest in stocks. Bodie also noted that the last quarter had good returns, close to 6%. Mayor McCombie noted that with the fund over \$10 million now, it would be more favorable to hold any additional contributions.

STAFF REPORTS

Mayor

No report.

Village Administrator

Palmer reported that he recently attended the IML Conference and the ICMA conference where he picked up an award for the Village from SolSmart for promoting solar energy. Palmer also reported that the Village has selected a candidate for the AmeriCorp position in conjunction with the Mayors Caucus.

Finance Officer

Bodie noted that Chairman Stagno would not be at the next meeting due to his travel schedule.

OLD BUSINESS

No old business.

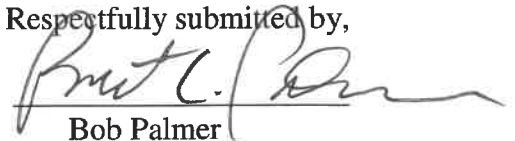
NEW BUSINESS

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 to adjourn the meeting. Trustee Abbate seconded the motion. By unanimous voice vote, the motion passed, and the meeting was adjourned at 3:19 PM.

Respectfully submitted by,



Bob Palmer
Village Administrator

These Minutes were approved this

5th day of November, 2018