

**VILLAGE OF SOUTH BARRINGTON
MINUTES OF THE FINANCE COMMITTEE MEETING
JANUARY 7, 2019
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 Edgar Alvarado, Police Chief Tom Roman, Treasurer Michelle Bodie, Mr. James Rachlin, President of Meristem Advisors, LLC and Administrator Bob Palmer.

PUBLIC COMMENT

No public present for comment.

APPROVAL OF MINUTES

Trustee Kerman made a Motion to approve the Minutes of November 29, 2018. Chairman Stagno seconded the motion. By unanimous voice vote, the Motion passed.

AGENDA ITEMS

1. Presentation by James Rachlin, Meristem Advisors, regarding SSA 3 Bond Refinance

Mr. James Rachlin was introduced to the Committee and asked to make his presentation. Rachlin explained that he was present to discuss the proposed refinancing of the Series 2007 Taxable Special Service Area Number 3 Bonds associated with the Arboretum Shopping Center owned by Starwood. The bonds in question have a “bullet” of approximately \$4 million that without refinancing would be a spike in the property taxes to the tenants of the Arboretum in 2027 when the bonds become due. Rachlin explained that he and the previous firm he was with, were involved in the original issue of the bonds. Due to changes in underwriting regulations, financial advisors are partitioned out as separate services, which Rachlin explained. Rachlin suggested that he take on the role of the Village’s advisor on the issue. Bodie explained that Speer Financial is a firm that the Village has previously worked with. Trustee Alvarado questioned the benefit to the Village in lending the Village’s name to the bonds and making them tax exempt. Rachlin explained that the leases are triple net at the Arboretum, so the tenants are paying the real estate taxes, including the property tax for the SSA 3 Bonds. By refinancing the bonds, a reduction in taxes would be given to the tenants and Starwood. Alvarado asked if there was a maintenance fund for the bonds, Bodie explained that the County adds 5% to the collection to provide a cushion. Rachlin reiterated that the Village would not be responsible for any payment of the bonds. Alvarado asked what would happen in the event of a default. Rachlin explained that there would be a lien for the unpaid taxes and eventually a tax sale on the property. Alvarado asked

why Starwood wouldn't issue corporate bonds. Rachlin replied that this is a cleaner mechanism. Further discussion by the committee on the benefit to the Village as a whole. Rachlin explained that you could keep the payment the same and go out approximately 14 years to pay off the bonds. Alvarado speculated on whether the Village could request a service request of fee to offset other Village expenses regarding the shopping center. Some issues with the shopping center were mentioned, Mayor McCombie brought up the continuing parking issue at the Arboretum. (Trustee Alvarado left the meeting). Rachlin concluded his comments noting that on his presented borrowing calendar, 60 days are required for the bond sale. The Committee thanked Rachlin for his presentation and he left the meeting. Bodie noted the sales tax rebate agreement that the Village has with the Arboretum and that could come into play with the proposed bond refinancing. Having no further discussion, this item was left to be continued at the next Committee meeting.

2. Fiscal Year 2020 Budget Update

Bodie presented the next item on the agenda the Fiscal Year 2020 Budget Update. Bodie noted that much of this year's update is similar to the previous year. Revenues are relatively flat. Sales tax revenue is down, however March is the biggest month for sales tax since it reflects collections from December. Typically there could be an increase of 30-40% in sales tax revenue for the month of March. Income tax is showing an increase. The Committee briefly discussed a Capital Projects Fund. Bodie suggested a reduction in the allocation to the Road Fund in the amount of \$400 thousand. In regard to salaries, Police Officers are slated to receive a 2% increase, CPI is at or below 1%. Roman noted that a significant project is proposed for the Police Department, and that is the purchase of Starcom Radio equipment, estimated at \$135,000. Having no further discussion the item will be kept on the agenda of the next Finance Committee meeting.

3. Illinois Department of Insurance – Actuarial Report (to send to Board to place on file)

Bodie noted that the Police Pension Fund is 65% funded according to the report. The Committee briefly discussed the format of the report. The Committee directed the report to be sent to the Village Board to be placed on file.

STAFF REPORTS

Mayor

Mayor McCombie reported on the "Culture Index" Program that was recently utilized during the recent promotional process in the Police Department. Mayor McCombie suggested that the Village adopt the "Culture Index" as an evaluation tool for all personnel. The Committee discussed the program and concurred with presenting the program to the Village Board. Mayor McCombie also reported on the Plum Farm Development and discussions with the developer in regard to establishing parameters that would not impact the existing development in the Village. Finally, Mayor McCombie reported on the Veterans Administration proposal for a columbarium in the Village and plans to travel to Washington D.C. to address the issue with members of Congress.

Village Administrator

Palmer reported that ComEd would be doing some tree trimming in the Village in the next 90 days, primarily along Bartlett and Penny Roads. Palmer also reported that Cuba Township had been out for snow events a total of eight times so far this season. Eight mailbox damage reports had been received. During the month Nicor would be conducting an energy assessment in Village Hall. Mayor McCombie also mentioned that Palmer would be arranging with Cuba Township to do clean up on County Highways in the Village, utilizing funds from an IGA with the County on some previous work. Finally, Mayor McCombie noted that the recent Village wide brush pick-up program conducted by Cuba Township only cost the Village just under \$3,000. Cuba Township provided five days of credit on the project per the Village's contract for snow removal.

Finance Officer

Bodie had no further items to 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 to adjourn the meeting. Trustee Abbate seconded the motion. By unanimous voice vote, the motion passed, and the meeting was adjourned at 4:33PM.

Respectfully submitted by,



Bob Palmer

Village Administrator

These Minutes were approved this

6th day of February, 2018/9