Minutes
Village of Glen Ellyn
Finance Commission
Regular Meeting
Friday, September 14, 2018
7:00 AM
Glen Ellyn Civic Center, Room 301

A. Call to Order

Attendee Name	Title	Status
Lisa A Cleaver	Commissioner	Present
Jose G DeLeon	Commissioner	Absent
Scott R Greeno	Commissioner	Present
Jeremy S VanEk	Commissioner	Present
Christopher D. Oakes	Commissioner	Present
Lea Dan	Commissioner	Present
Michael Campagna	Commissioner	Present
Matthew L Halkyard	Chairman	Present
Brenton J. Peck	Commissioner	Present
Ben Harrington	Student Commissioner	Present

Chairman Halkyard called the meeting to order at 7:00 AM.
Also Present: Village Manager Franz, Finance Director Coyle, Assistant Finance Director Thomas, Trustee Fasules, and Recording Secretary Haslett.

B. Public Comment (Non Agenda Items)

None.

C. Approval of Minutes

1. Finance Commission - Regular Meeting - Jul 13, 2018 7:00 AM

RESULT:	**ACCEPTED [UNANIMOUS]**
MOVER:	Christopher D. Oakes, Commissioner
SECONDER:	Brenton J. Peck, Commissioner
AYES:	Cleaver, Greeno, VanEk, Oakes, Dan, Campagna, Halkyard, Peck
ABSENT:	DeLeon

D. Actuarial Information

1. Jason Franken from Foster & Foster Actuaries and Consultants will present information on the actuarial modeling of the Glen Ellyn Police Pension Fund

Finance Director Coyle stated the Village's actuary, Jason Franken, will present information on transitioning to a 15- year open amortization period for the Glen Ellyn Police Pension Fund. The Police Pension Board also requested the actuary prepare a sensitivity analysis on the major assumptions that the guide the calculation

of the contribution. Franken recommended the Village move away from the State of Illinois pension funding method and transition to a 15-year open approach. The 15-year open approach is sound financially and amortizes the pension liability. Currently IMRF utilizes the 15-year open model. Franken explained if the Village were to move immediately to a 15-year approach, the Village's contribution would significantly increase by $433,000 because you are reducing the amortization period from 22 years to 15 years.

Franken noted the Village's contribution would be higher in the initial years but would eventually go down so that by 2025, the Village would be contributing $71,000 less than the current approach. With the 15-year open, by 2025 the actuarial required contribution would decline by $435,000 from the current baseline approach. By putting the money in early, the Village benefits from the compounded interest, rather than paying the compounded interest. Under the current baseline approach there is negative amortization because the annual contributions are made, but the pension liability increases. Franken said it is not as important if Village moves to a 15 year open immediately or gradually, what is important is getting there and staying there.

Commissioner VanEk said the graphs on page 5 of the report say it all on why the Finance Commission is even considering the 15-year open. Commissioner VanEk said the 15-year open is good for the long-term financial health of the Village, and the Village will do their level best to meet these obligations, but the annual contribution will depend upon financial performance. Commissioner Greeno stated the bottom line is that the Village of Glen Ellyn needs to take responsibility setting a correct model for this because this is our fund, not the State of Illinois. Franken also discussed the sensitivity analysis requested by the Police Pension Board.

Finance Director Coyle said staff's recommendation for the 2019 budget is to retain the same actuarial required contribution in the amount of $1.959 million that was included in the current 2018 budget. Finance Director Coyle noted that even though the actuarial required contribution for 2019 decreased under the baseline model, keeping it flat will help ease the transition to the 15-year open. Finance Director Coyle noted the actuarial required contribution would be discussed at the October 11, 2018 Village Board budget meeting.

After further discussion, the Commission concurred to motion to recommend to the Village Board to retain a flat contribution from 2018 to the Police Pension Fund for the 2019 budget and that the Village should work towards a 15-year open approach to fund the annual actuarial required contribution.

RESULT:	**APPROVED [UNANIMOUS]**
MOVER:	Jeremy S VanEk, Commissioner
SECONDER:	Christopher D. Oakes, Commissioner
AYES:	Cleaver, Greeno, VanEk, Oakes, Dan, Campagna, Halkyard, Peck
ABSENT:	DeLeon

E. Five Year Forecast

1. Finance Director Coyle will present the 2018 Five Year Forecast in preparation for the 2019 budget kickoff

Finance Director Coyle presented the 2018 Five Year Forecast for the 2019 budget and noted this will go to the Village Board on October 1, 2018. Finance Director Coyle said the goals of the Five-Year Forecast is to understand long-term financial trends in revenues and expenses, identify future imbalances, identify programs now to avoid future deficits, and compare past forecasts with actual results. Overall revenues are forecasted to grow slower than expenses, possibly bringing the Village's fund balance down below policy level without action to the contrary. Key revenues such as sales, home rule sales, and income taxes performed well prior to 2017, which mitigated losses predicted in earlier forecasts. However, these revenues streams are flat now. Pension costs primarily IMRF but also Police have moderated compared to prior forecasts.

Commissioner Cleaver inquired about how the new State of Illinois administrative fee for local taxes impacted the Village finances. Finance Director Coyle stated last year the State withheld 2% of all home-rule sales taxes retaining about $40,000, however this service fee decreased to 1.5% for the current year. Also, last year the State decreased the income tax distributions by 10%, compared to a 5% decrease this year. Chairman Halkyard asked how the Amazon sales tax collections are impacting the Village. Finance Director Coyle said the Amazon sales taxes are remitted to the Village through the use taxes category on a per-capita basis.

Property taxes have increased around 3.45% over the last 10 years. The Village continues to adhere to the tax cap rules of CPI and new growth. The Village Board has opted to only increase the property tax levy by the new growth, saving taxpayers $309,000 over the last 5 years.

A discussion of key expenditures ensued. The Police Department represents 50% of the Village's budget at around $8.7 million. Personnel costs represent 66% of total expenditures, given that the Village is highly service oriented. The Village has been fortunate enough to control health insurance costs through participating in a risk pool with other local governments. The Police Pension is 62.5% funded, while the IMRF pension is 103.5% funded. The Five-Year Forecast includes a 5% increase for police pension contributions.

Finance Director Coyle said as part of the ongoing dialog for funding some of the major capital improvements, there has been discussion to transfer the excess General

Fund reserves at approximately $1.7 million to the Capital Improvement Fund in 2020. Operating costs continue to rise, despite stagnant revenues. The Village's 2015 AAA bond rating cited strong reserve levels as a key reason for the rating, which is why it is important to retain healthy reserves.

RESULT:	DISCUSSION ONLY

F. Financial Reports

1. Financial Report - General Fund - August 2018

Finance Director Coyle said property taxes were impacted by a timing difference compared to the prior year because property taxes were received in August rather than the typical September distribution, which created a revenue distortion for the August report. Sales, home rule sales, and income taxes are still not hitting the budget or prior year numbers. Cable franchise fees are trending downward, most likely due to customers switching from Comcast to streaming services.

Legal services are currently trending below budget, while building costs have increased due to increased professional services resulting from staffing vacancies.

RESULT:	DISCUSSION ONLY

2. Village Links/Reserve 22 - Financial Statements - July 2018

Finance Director Coyle drew attention to the Village Links/Reserve 22 financial statements and solicited questions from Commissioners.

RESULT:	DISCUSSION ONLY

G. Trustee Liaison Report

None.

H. Chairman's Report

Chairman Halkyard welcomed everyone back after the summer.

I. Other Business

1. Economic Development Update

Finance Director Coyle gave a brief economic development update.

2. Food and Beverage Tax Update

Finance Director Coyle indicated the Food and Beverage tax will go before the Village Board for final approval on September 24, 2018 and if passed will go into effect in March of 2019. This new tax will help pay for capital improvements

included a new parking garage, downtown street and streetscape, and a new train station. Finance Director Coyle estimated that the new food and beverage tax will bring in between $825,000 to $1.2 million in new revenue. Chairman Halkyard asked if there is an incentive for the smaller retailers to update their point-of-sale system. Finance Director Coyle said the retailers will be able to take advantage of an on-time payment discount.

3. Budget Schedule 2019

Finance Director Coyle discussed the 2019 budget schedule with the first meeting be held on October 1, 2019. Finance Director Coyle invited all Commissioners to attend.

J. Adjournment

1. Motion to Adjourn

The meeting was adjourned at 8:27 a.m.

RESULT:	**APPROVED [UNANIMOUS]**
SECONDER:	Lisa A Cleaver, Brenton J. Peck
AYES:	Cleaver, Greeno, VanEk, Oakes, Dan, Campagna, Halkyard, Peck
ABSENT:	DeLeon