SPECIAL FINANCE COMMISSION MEETING
NOTES
OCTOBER 8, 2021

CALL TO ORDER:

Jeremy S. VanEk	Chairman	Present
Michael Campagna	Commissioner	Present
Lea Dan	Commissioner	Excused Absence
Lisa A. Cleaver	Commissioner	Excused Absence
Scott R. Greeno	Commissioner	Excused Absence
Christopher Oakes	Commissioner	Present
Jose DeLeon	Commissioner	Excused Absence
Brenton J. Peck	Commissioner	Excused Absence

Also, present: Trustee Payne, Finance Director Coyle, Assistant Finance Director Patrick Brankin, and Recording Secretary Haslett.

A. **Call To Order**

The special meeting was called to order at 7:00AM. A quorum was not presented. Therefore, these are notes of the meeting and not minutes.

B. **Public Comment (Non-Agenda Item)**

None.

C. **Approval of Minutes**

1) Minutes – September 20, 2021

There was not a quorum so the minutes were not approved.

D. **Police Pension Actuary Presentation**

1) <u>Jason Franken from Foster & Foster will present the 2021 Police Pension Actuarial Report as well as some additional information on a 15-year open amortization model.</u>

Jason Franken, of Foster and Foster, referenced the police pension actuarial valuation report included in the agenda packet. Franken said the report was very favorable across the board. An investment return of 9.45% on a market basis was achieved. The investment rate of return smoothed across a five (5) year period was calculated at 7.23%, which is in excess of the 6.5% assumption. Franken noted the Village's police pension assets will eventually be consolidated through the State of Illinois. The fire pension assets are being consolidated first. Franken noted the Village's contribution amount declined from last year's $2,058,218, to $1,981,581 for this year, representing a $76,637 decrease. Lower salaries and turnover worked towards decreasing the contribution.

The unfunded liability is $20,845,733 and the Village's funded ratio went from 59.2% last year to 62.4% this year. There are two (2) main components of the contribution. First, the normal cost which is the active benefits being earned by active employees. The normal cost will continue to decline as a percentage of payroll because more Tier 2 officers will replace Tier 1 officers. The second component is the amortization of the unfunded liability, which in essence is the payment to eliminate the unfunded liability. Chairman VanEk asked how much the Village is actually paying in benefits each year. Franken, replied the estimate for 2021 is $2,629,114.

Franken went on to discuss the 15-year amortization schedule. With the 15-year amortization the Village will not be 100% funded at any one time, but will achieve an 88% or 90% funded level. Franken suggested, the 15-year open is the best approach over long term. With the 15-year open, the Village's contributions will go down over time and contributions remain manageable. Chairman VanEk indicated although the Village can not use American Rescue Plant Act (ARPA) on pension funding, the ARPA grants can be used for other purposes, that in the past would have competed with pension funding. Franken estimated that the Illinois 2040 90% funded requirement would be extended out. Commissioner Oakes inquired about how many other plans have switched to a 15-year amortization schedule. Franken replied a lot of communities are easing into the 15-year amortization until they get to the 15-year point. Franken said about 5 or 10 are already at the 15-year point. Franken said IMRF is on a 15-year plan and are already 100% funded.

Chairman VanEk said since there is not a quorum, he suggested this be placed on the next November agenda for discussion so that the Finance Commission can put forward a recommendation. Finance Director Coyle noted staff is working on the draft budget, but from a contribution standpoint even in years that the actuarial required contribution comes in lower, the contribution level is maintained. The proposed 2022 budget reflects a contribution around last year's amount of $2,058,218, which will help increase the funded status. Commissioner Oakes inquired about why the 15-year open was not advanced in the past. Finance Director Coyle replied when the 15-year open was last discussed, it coincided with state cuts to Village revenues and the issue did not proceed and was placed on the back-burner.

E. **Trustee Liaison's Report**

Trustee Payne updated the Finance Commission on recent Village Board activities.

F. **Chairman's Report**

None.

G. **Other Business**

1) Economic Development Update

None.

2) Next Meeting: Friday, November 12, 7:00AM

H. **Adjournment**

1. Motion to Adjourn

The Finance Commission was adjourned at 8:09a.m.

Submitted by Aileen Haslett, Recording Secretary