

# Village of Niles

## Finance Committee Meeting

Council Chambers

October 19, 2016

8:00 a.m.

**Call To Order:**

Trustee LoVerde called the meeting to order at 8:00 a.m.

**Roll Call:**

Assistant Finance Director Nannini called the roll for Committee members.

**Committee Members Present:** Chairman LoVerde, Bob Callero and Paul Nielsen

**Committee Members Absent:** John Johann and Al Weel

**Village Staff Present:** Village Manager Steve Vinezeano, Interim Finance Director Harry Sakai, Assistant Finance Director Nannini, Legal Assistant Kathy Thake, Human Resources Director Kathy Barnat and Public Services Director Mary Anderson

**Also Present:** Tom Collins from Mesirow; Pension Fund Attorney Carolyn Clifford from Ottosen-Britz; Tom Sawyer from Sawyer Falduto Asset Management; Jessica Fain from the Actuarial Department of Lauterbach and Amen; and Firefighter Bob Greiner

**Old Business:**

None.

**Approval of Minutes:**

The minutes from the September 21, 2016 Finance Committee meeting were up for approval, motion made and all concurred.

**Accounts Payable Approval:**

The approval of the Accounts Payable registers for 9/16, 9/23, 9/30 and 10/7 were up for approval, motion made and all concurred.

**New Business**

**2017 Workers Compensation and Liability Insurance Renewal:**

Tom Collins from Mesirow went over the specifics of the workers compensation and liability insurance renewal and answered questions from the Committee. In summary, there is a decrease in premiums of 2.5%. Motion was made and all concurred to recommend the Village Board approve as presented at the November Board meeting the annual insurance renewal with Mesirow.

**Claims Management Contracts Renewal:**

Human Resources Director Kathy Barnat provided the Committee with the 2017 contracts with Claims Management which provides claims administration services to the Village for liability, property damage and auto policies. They have submitted a service agreement to be the same fee of \$30,300 for liability claims for 2017. They also handle our older claims and that fee decreased from \$10,800 to \$6,000 starting in January 2017. Motion was made and all concurred to move the contracts to the Village Board for approval.

**Tax Year 2016 Property Tax Levy:**

Interim Finance Director Sakai notified the Committee that a recommended tax levy will be presented to the Village Board at their November 15 meeting. Village Manager Vinezeano relayed that he and Mayor Przybylo are not advocating for a property tax increase at this time. He would like to see what is recommended by the Finance Committee following a presentation by the pension funds.

Pension Fund Attorney Carolyn Clifford, Fund Advisor Tom Sawyer of Sawyer Falduto Asset Management and Jessica Fain from the Actuarial Firm of Lauterbach & Amen provided the Committee with some background information on the levy request that the Finance Committee will be receiving from the Fire and Police Pension Boards.

The recommended contribution from the Fire Pension Fund will be approximately \$3.5 million and represents a 12.69% increase from last year. The recommended contribution from the Police Pension Fund will be approximately \$3.6 million and represents a 15% increase from last year. They answered questions from the Committee on why the increases occurred, the condition of the funds in terms of investments and how Niles' pension funding compares to other communities. Currently the Fire Fund is 42.01% funded and the Police Fund is 40.23% funded. Bob Callero asked the Village Manager to schedule this same pension fund presentation by Attorney Clifford, Mr. Sawyer and Ms. Fain for the Village Board. Village Manager Vinezeano will add a presentation for the Village Board on October 25. Chairman LoVerde stated that funding the pensions needs to be a high priority and everyone's focus.

Bob Callero moved to make a recommendation from the Finance Committee to the Village Board that the property tax levy be increased by 4.9% with additional funds going directly to the pensions. Paul Nielsen seconded the motion. On voice vote, Chairman LoVerde, Bob Callero and Paul Nielsen voted yes and it was unanimously approved.

Firefighter Greiner, a 15-year Trustee on the Fire Pension Board, addressed the Committee and reassured them that the Fire Pension Board has been working with the Police Pension Board and together they are moving in a forward direction and have created a very educated environment and have brought in the best people to manage their funds including Attorney Clifford, Sawyer Falduto investment advisors and a representative from Lauterbach and Amen who attend every pension board meeting.

**FY16 Appropriation Amendments:**

Assistant Finance Director Nannini presented the FY16 Appropriation Amendment Ordinance. There were four funds that went over budget in FY16 that will be documented in the Certified Annual Financial Report (CAFR). This ordinance will be brought to the Village Board for approval at their November 15 Board meeting.

Bob Callero moved approval of the appropriation amendments, seconded by Paul Nielsen, on voice vote all approved.

**Vehicle Financing Options:**

Interim Finance Director Harry Sakai reported on requests for financing which were sent out for \$936,000 for the Ford squad cars and sewer vac. He outlined the three proposals received from BMO Harris, PNC Bank and the lowest from JP Morgan Chase at 1.49% interest rate. Bob Callero recommended looking at the two lowest proposals, once the interest rate is updated and also suggested looking into leasing the squad cars with a possible buy-out at the end of the lease. Village Manager Vinezeano stated that they will continue working on this.

**Finance Director Update:**

Chairman LoVerde reported that the Village is very close to hiring a Finance Director.

**FY16 Audit Update:**

The Assistant Finance Director and Interim Finance Director are analyzing the draft audit document. However, due to the resignation of the Finance Director as well as the scheduled change of the independent auditors this year, the Village will request a 30-day filing extension.

**Quarterly Water Billing Updates:**

Assistant Finance Director Nannini reported that the State has sent the Village approximately \$194,000 from the Illinois Debt Recovery Program. She also updated the Board on the list of water leak adjustment requests received by the Finance Department, a master shut off list, and payment plan for delinquent accounts.

**Other Business:**

None.

**Public Comment:**

Resident Louella Preston gave some historical background on funding of the Police and Fire Pension Funds while she was a member of the Board of Trustees. At one point, they were funded at 103%. She also commented that Niles is the only community who has one Police car for each officer and the Village was to do a comparison study with other municipalities to see if it was financially worthwhile and she would like to know if a study was done. On her tax bill, other taxing bodies break out pension liabilities – will the Village be adding our pension fund information to the tax bill?

Chairman LoVerde commented that the Village's property tax goes to pension and garbage and asked what the Village could do to show the amount going to pensions. Village Manager Vinezeano will work with the new Finance Director to see how this can be accomplished.

**Adjournment:**

Motion to adjourn was made and all concurred at 9:34 a.m.