

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING  
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES  
OSWEGO VILLAGE HALL  
100 PARKERS MILL, OSWEGO, ILLINOIS  
September 20, 2016**

**CALL TO ORDER**

President Gail Johnson called the meeting to order at 6:00 p.m.

**CONSIDERATION OF AND POSSIBLE ACTIONS ON-ANY REQUESTS FOR ELECTRONIC PARTICIPATION IN MEETING**

There was no one who participated electronically.

**ROLL CALL**

Physically Present: President Gail Johnson; Trustees Ryan Kauffman (attended at 6:13 pm), Karin McCarthy-Lange, Pam Parr, Luis Perez , Judy Sollinger and Joe West.

Staff Present: Dan Di Santo, Village Administrator; Christina Burns, AVA/HR Director; Tina Touchette, Village Clerk; Jennifer Hughes, Public Works Director; Jeff Burgner, Police Chief; Mark Horton, Finance Director; Rod Zenner, Community Development Director; Michele Brown, Community Relations Manager; Jay Hoover, B&Z Manger; Jim Murphy, Village Attorney and Greg Jones, Ance Glink Attorney.

**PUBLIC FORUM**

Public Forum was opened at 6:00 p.m.

Jerry Sternberg addressed the Board regarding not removing soil or any minerals from Oswego; taxing contractors; planting native plants to save water and cut water bills; mowing expenses and fertilizers; working with developers; cutting and hauling doesn't do anything; provide sanctuaries for birds and butterflies; builders and businesses should do the same. President Johnson noted butterfly plants were planted at Village Hall and staff is reviewing code for conservation efforts.

There was no one else who requested to speak; the Public Forum was closed at 6:04 p.m.

**OLD BUSINESS**

There was no Old Business.

**NEW BUSINESS**

**F.1. Pension Funding Discussion**

Director Horton presented the pension operations and funding to the Board. The Village contributes to the Illinois Municipal Retirement Fund (IMRF) and the Police Officers' Pension Fund. Both funds are governed by State Statutes and any changes to the benefits can only be made by State Legislature. The Village has always used property tax revenues to make contributions to the funds and any remaining property tax revenue for general operations. FY2010 was the last year property tax revenues were sufficient to make the annual contributions to the pension funds. The reduction in the annual tax levy in FY2012 meant more operating revenue was needed to make the annual contributions. The tax levy has not been raised since 2010; even though the required contributions to the pension funds increases annually based primarily on the investment returns of the funds. In years to come, lower investment returns will become the norm; meaning greater increases in annual contributions to the pension funds. The Village will need to determine how to support the annual contributions moving forward. The following information shows the status of the pension funds:

**Pension Funds**

- IMRF
  - Defined benefit plan; does not matter the contributions
  - Non-police employees who meet the hourly standard
  - As of January 2011, two tiers of members
    - ✓ Legislature created
    - ✓ Assist in alleviating the pension problems
    - ✓ Based on age, years of service and calculation of pension
  - Governed by and created by Illinois statutes
  - Actuary hired by IMRF
  - Report in compliance with GASB Statement 68
    - ✓ Valuation date of December 31, 2015
    - ✓ Total pension liability = \$12,294,296
    - ✓ Plan fiduciary net position = \$10,127,741
    - ✓ Net pension liability = \$2,166,555
    - ✓ Net position % of TPL (funding %) = 82%
    - ✓ Liability needs to show on the Village's financial statements
  - Future funding
    - ✓ Keeps increasing
    - ✓ Contribution percentage based on investment earnings
    - ✓ GRS GASB 68 report
  
- Police Officer's Pension fund
  - Defined benefit plan; does not matter the contributions
  - All sworn police officers
  - As of January 2011, two tiers of members
  - Governed by and created by Illinois statutes
  - Five member Board of Trustees
  - Annual requirements provided by the tax levy are equal to the normal cost of the pension fund plus an amount sufficient to bring the total assets of the fund up to 90% of the total actuarial liabilities of the fund by the end of FY2040
  - Actuary hired by the Village to be in compliance with Illinois pension codes
  - Report for requirements of Illinois Pension Code. GASB Statements 25,27,67 & 68
    - ✓ Actuarial report for FY2017
    - ✓ Total pension liability = \$35,676,827
    - ✓ Plan fiduciary net position = \$22,553,626
    - ✓ Net pension liability = \$13,123,201
    - ✓ Net position % of TPL (funding %) = 63%
    - ✓ Good funding level compared to others
  - Future funding
    - ✓ Required amounts based on tax levy
    - ✓ Village gives more than 90%
    - ✓ Operating revenues plus property tax is the Village's current funding method
    - ✓ Review actuarial valuation

#### Police Officer's Pension Fund Summary of Results

There was a change to the actuarial assumptions from the prior year that reflects revised expectations to future salary increases and mortality rates. The salary increase assumption is reduced to 5% from 5.5%. The mortality rates changed to the RP 2014 Mortality Table projected to 2016 using improvements scale MP-2015. The amortization period has been increased to 25 years from 17 years. There was no changes to the Fund's investment from the prior year (annual investment return 0.79%). The Village's tax levy requirement decreased from \$1,465,094 to \$1,392,423.

Board and staff discussion focused on operating revenues increasing, but not sure they will continue; Village was funding using the old method; funding at 100%; funding to year 2040 to help lower the

tax levy; pension fund not as lucrative for a new employee; Village has been overfunding and being proactive; getting used to lower returns; have less control of returns going forward; 3-5% is the new norm; dropping the interest rate assumption will decrease the investment earnings; State of Illinois controls how the funds are invested; investments are in stocks, mutual funds and bonds; very little risk; need to determine how to keep funding; may need to cut expenditures; whether to be concerned about 7%; Village will never be 100% funded; having the 90% to fall back on; salaries set as of May 1<sup>st</sup> every year are used for calculations; building a cushion in the funds; staying ahead of the debt calculation; additional homes or growth does not matter unless the Village wants to levy more money; average resident could pay less; total dollar amount versus what each resident pays; setting goals and using formulas to see impact; Village is more conservative. Board member requested a flow chart to view the cause and effect. There was no further discussion.

## F.2. Fiscal Year 2018 Budget Discussion with the Village Board

Director Horton addressed the Board regarding the budget process for FY2018. A kick-off meeting is scheduled with the management team on September 21<sup>st</sup>. Each year, staff asks the Board for their input on the budget such as:

- Suggestions on the process
- Whether the timeline is acceptable
- Thoughts and initiatives

### Timeline:

- Review of last year's initiatives in October
- Brainstorming session at second meeting in October
- Prioritize items and review strategic plan in November
- Department budgets due by November 21<sup>st</sup>
- Requests discussed in December
- Staff prepares budget for Board review in January
- Budget workshop scheduled for March 4<sup>th</sup>

Board and staff discussion focused on not all ideas going in the budget; staff needs time to review ideas; workshop to be held the same way as last year; prioritizing in October; bringing all ideas to the Board at the workshop; making sure there is a brainstorming session; determining what needs to be done now and what can be put off; results of community survey will be plugged into the budget; setting a time schedule for the workshop; if needing more time to discuss, will continue at a Committee of the Whole meeting. There was no further discussion

## F.3. Purchasing Manager Intergovernmental Agreement with the United City of Yorkville

Asst. V.A. Burns addressed the Board regarding an intergovernmental agreement with Yorkville for the hiring of a purchasing manager to be shared between the two communities. Montgomery is not participating at this time. The purchasing manager would be an employee of the Village of Oswego covered by the Village's personnel policies, workers compensation insurance and receive the same customary benefits as other Village employees. Yorkville's Village Administrator would have a say in the hiring of the employee as well as input for performance evaluation. The total cost of the employee would be split between the two municipalities, with Oswego invoicing Yorkville. The agreement term is to run through December 31, 2021. The agreement may be terminated with appropriate notice. The other municipality would have the option to jointly employ the purchasing manager, or terminate and share the cost of workers' compensation.

Staff from both municipalities have identified a list of projects. Currently, purchasing responsibilities fall to Department Heads and operational staff. Staff believes the position would pay for itself in identifying shared service opportunities and streamlining purchasing processes. Based on the review

of salaries, the position would fall in Grade IX, or \$63,966 to \$91,381; inclusive of all benefits. The position would be an exempt position. Staff anticipates hiring the purchasing manager this winter.

Board and staff discussion focused on position reporting to the Village Administrators in each community; six month salary included in the budget; approving the agreement at a future meeting and working through the proposed salary; staff currently handles purchasing for each of their departments; currently the bid process is handled through the Clerk's department; whether the position is needed; return on savings within the first year; seeing the savings happen quickly; whether staff can track the tasks and cost savings for the position; whether there is an easier way to find the return on investment; justifying the position; both Administrators will be part of the review process; quality position at a good cost. There was no further discussion.

**CLOSED SESSION**

There was no Closed Session held.

**ADJOURNMENT**

The Committee of the Whole meeting adjourned at 7:09 p.m.

Tina Touchette  
Village Clerk