



Village of Oak Park

123 Madison Street
Oak Park, Illinois 60302
www.oak-park.us

Meeting Minutes

President and Board of Trustees

Monday, July 29, 2019

7:00 PM

Village Hall

I. Call to Order

Village President Abu-Taleb called the Meeting to order at 7:02 P.M.

II. Roll Call

Present: 6 - Village President Abu-Taleb, Village Trustee Andrews, Village Trustee Boutet, Village Trustee Buchanan, Village Trustee Taglia, and Village Trustee Walker-Peddakotla

Absent: 1 - Village Trustee Moroney

III. Agenda Approval

It was moved by Village Trustee Walker-Peddakotla, seconded by Village Trustee Boutet, to approve the Agenda. A voice vote was taken and the motion was approved.

IV. Public Comment

There was no Public Comment.

V. Regular Agenda

C. [ID 19-224](#)

Motion to consent to the Village President's Appointments of:
Citizen Police Oversight Committee - Kevin Barnhart, Appoint as Member
Citizen Police Oversight Committee - Sue Humphreys, Appoint as Member
Community Relations Commission - Cassandra West, Appoint as Member
Community Relations Commission - Yoko Terretta, Appoint as Member
Transportation Commission - Camille Fink, Appoint as Member
Transportation Commission - Ron Burke, Appoint as Chair

Village Clerk Scaman read the names of those being appointed.

It was moved by Village Trustee Boutet, seconded by Village Trustee Andrews, that this Appointment be approved. The motion was approved. The roll call on the vote was as follows:

AYES: 6 - Village President Abu-Taleb, Village Trustee Andrews, Village Trustee Boutet, Village Trustee Buchanan, Village Trustee Taglia, and Village Trustee Walker-Peddakotla

NAYS: 0

ABSENT: 1 - Village Trustee Moroney

A. [ID 19-223](#) Discussion of the Police and Fire Pension Actuarial Reports in Preparation for the Fiscal Year 2020 Budget & Levy

Village Manager Pavlicek noted that the State has oversight of pension funding and gave an overview of employee and Village contributions, payouts and goals for future funding.

Actuary Todd Schroeder of Lauterback & Amen provided a summary of their recommended contribution to the Fire Pension Fund as well as the status of assets and liabilities. Assets are funding approximately 42% of the liability as of December 31, 2018. He explained the significance of that; for any retired or disabled member receiving a payment, that money should be available in the pension fund. For active members still working, there should be an amount of money representative of where they are in their working career. Currently, 42% of that amount is in the fund. He anticipates an increase in benefit payments of approximately \$1.7 million in the next five years and approximately \$2.8 million in the next ten years. Mr. Schroeder discussed how the Village can expect to reach those goals and how fluctuations in the market affect the fund. He explained the funding policies for each of the pension funds and recommended to continue funding pensions at a higher rate over time.

Village President Abu-Taleb commented that in addition to funding the pensions by \$400,000 or more above what policy dictates, the Village has recently lowered the discount rate, which is used to value the current cost of future pension obligations. Village Manager Pavlicek added that several things contributed to the current underfunded pensions. The size of sworn staff has decreased, therefore fewer members are contributing. Standards for anticipating needed funding are now more accurate. Mr. Schroeder stated that there is also a lower expectation on investment returns. Village President Abu-Taleb asked about the difference in taxpayer contributions between the Fire and Police Funds. Mr. Schroeder stated that it is primarily because of the amount of unfunded liability in the two funds. The Police Fund has a similar amount of unfunded liability, but is in a better position because the workforce is larger. However, the literal financial contribution for taxpayers is higher for police.

Village Manager Pavlicek stated that the current funding policy is to contribute what is recommended by staff and is done during budget adoption. Future boards cannot be bound to do that. Adopting a resolution would provide guidance but is not a guarantee of future funding, as a future board can undo that as well.

There was a discussion regarding choices that exist; lower the discount rate, fund at a higher rate, make an additional investment at a later time, etc.

Village President Abu-Taleb was comfortable with the current discount rate of 6.75%. Mr. Schroeder commented that it might be worth having the investment people speak to the Board about that. Village Trustee Andrews suggested that it would be good to know the average five-year return on investment before deciding on the discount rate. Mr. Schroeder noted that 6.75% is typical for municipalities similar to Oak Park.

Village Trustee Taglia stated that providing new mortality tables next year was discussed during a Fire Pension Board meeting. He expressed concern that these projected added payouts combined with mortality table changes will force the Village to make cuts to other programs and increase the levy. Mr. Schroeder stated that both reports have an expectation of mortality improvement built in. When they get new mortality information, they will only have to capture the difference between how it actually improved and what

was predicted. He believes going forward, mortality is not going to be an issue of high volatility as it was in the past.

Attorney Carolyn Clifford stated that the Fire Pension Fund will meet in September and make their formal recommendation. She spoke about the positive outcomes of contributing aggressively and acknowledged that Oak Park needs to maximize their investment return without taking on too much risk, as well as find opportunities to make additional contributions. Ms. Clifford discussed the rationale of other entities that have reduced their investment return assumptions. The State does not want to see municipalities fail and is looking at options for the future, although municipalities are currently somewhat restricted.

Village Trustee Taglia stated that the pension contribution rate is growing at a greater rate than their tax levy is. There is a gap between the recommended increased contribution rate of 5% and a tax levy increase of 3%. Ms. Clifford stressed the need for the Village to contribute at the suggested rate; otherwise, the amount of unfunded liability will grow at a greater rate. Mr. Schroeder provided an explanation.

Village Trustee Buchanan asked for details on potential plan reforms. Ms. Clifford stated that cutting COLAs has been discussed, although benefits for Tiers 1 and 2 could not be changed. She envisions the possibility of a Tier 3 being created to address that and it would align more with Social Security benefits. She also noted that Tier 2 was such a drastic cut from Tier 1 that it may not keep up with Social Security as a replacement and may have to eventually be adjusted.

Village President Abu-Taleb suggested looking at the Fire and Police Pensions as separate from the general tax levy.

Village Trustee Boutet asked that the Pension Boards post their agendas and minutes on the Village website for the sake of transparency. Village Trustee Walker-Peddakotla agreed, noting that it would be helpful for the public to understand why the Village Board has to make difficult decisions. Village President Abu-Taleb suggested a link on the Village website to the State's website where that information is posted.

Village Trustee Andrews disagreed with the concept of separate levies. He does not want to see that as an excuse to spend money that affects the public just the same. He would prefer to tighten up spending rather than cut programs.

Village Trustee Boutet commented that this is another reason to move to program-based budgeting.

B. [MOT 19-86](#) **A Motion to Approve the Unaudited Year-to-Date Quarterly Financial Report as of June 30, 2019**

Village Trustee Walker-Peddakotla asked for an explanation of \$1.16 million for "other" expenses. CFO Steve Drazner responded and stated that he can provide a more detailed breakdown in the future.

Village Trustee Boutet asked that numbers for revenues and expenses accompany graphs.

CFO Drazner answered questions from the Board. He and Village Manager Pavlicek discussed how revenue from non-compliance is higher than estimated. CFO Drazner does not see any areas of concern at this point in the year.

It was moved by Village Trustee Andrews, seconded by Village Trustee Walker-Peddakotla, that this Motion be approved. The motion was approved. The roll call on the vote was as follows:

AYES: 6 - Village President Abu-Taleb, Village Trustee Andrews, Village Trustee Boutet, Village Trustee Buchanan, Village Trustee Taglia, and Village Trustee Walker-Peddakotla

NAYS: 0

ABSENT: 1 - Village Trustee Moroney

VI. Adjourn

It was moved by Village Trustee Boutet, seconded by Village Trustee Walker-Peddakotla, to adjourn. A voice vote was taken and the motion was approved. Meeting adjourned at 8:36 P.M., Monday, July 29, 2019.

Respectfully Submitted,

**MaryAnn Schoenneman
Deputy Village Clerk**