



Village of Oak Park

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

Meeting Minutes

Finance Committee

Monday, October 10, 2016

6:30 PM

Room 101

1. Call To Order

Call to order at 6:37 p.m.

2. Roll Call

Present were members of the Finance Committee Trustees Glenn Brewer, Adam Salzman, Robert Tucker and President Anan Abu-Taleb.

Others present were Police Chief Anthony Ambrose, Deputy Fire Chief Scott Bartelt, Trustee Andrea Button-Ott, CFO Steve Drazner, Budget Manager Paul Gasiecki, IT Director Alvin Nepomuceno, Village Manager Cara Pavlicek, Village Clerk Teresa Powell, Village Attorney Paul Stephanides and Fire Pension Board Attorney Carolyn Welch Clifford of Ottosen Britz Law Firm.

3. Public Comment

There was no public comment.

4. Approval of Minutes

5. New Business

[ID 16-308](#)

Minutes from the September 12, 2016 Meeting of the Finance Committee.

It was moved by Trustee Salzman and seconded by Trustee Tucker that the Minutes of the September 12, 2016, Finance Committee meetings be approved. A voice vote was taken and they were approved unanimously.

6. Old Business

[ID 16-300](#)

Finance Committee Review of the Draft Recommended FY17 Budget

Manager Pavlicek announced that the Chair of the Police Pension Board could not be present for this meeting.

FIBER OPTIC UPGRADE PROPOSAL

Trustee Salzman had visited the CISC meeting last week and has a report from the commission with recommendations for an alternate approach to

the fiber optic upgrade proposal. Trustee Salzman reviewed the recommendations, noting that current systems are at the end of their useful life and catastrophic failure of fiber optic systems can come without warning, shutting down Village communications with our vital systems, such as the water pumping station. A newer system can also improve network security.

He suggested that planning for upgrades can begin in 2017, along with talks about collaboration with other local governments, such as School District 97 (D97). This would zero out the expense for fiber optic systems for 2017, but that there might be a 2017 budget request pursuant to the planning function, not implementation, as the process continues.

President Abu-Taleb confirmed that there would be no budget item for 2017; Trustee Tucker said that this was a reasonable strategic approach.

Trustee Brewer asked for a time line for strategic planning with regular reporting at least quarterly. Trustee Tucker added that reporting could be based on the CISC work plan. Trustee Brewer noted that this can proceed with or without D97.

President Abu-Taleb asked that a cost/benefit analysis as if presented in an internal/home-grown versus a vendor's invoice format be presented to the board, including the details of services such as network speed and capacity.

POLICE AND FIRE PENSIONS

Manager Pavlicek explained that the State of Illinois requires funding and sets the funding level for Police and Fire pensions to be funded by Illinois municipalities. The property tax levy supports the fund and an outside actuary sets the rate determined to be "full funding". GASB requirements have changed this year to require reporting of funding levels. The level for police is currently at 51%, for fire it is 37%.

Attorney Clifford presented the actuarial valuation recommendation of the Fire Pension Board from Lauterbach and Amen, LLP with comparison numbers from the State of Illinois and the Village's actuary, Serota. She also pointed out the current investment policy of the Oak Park Firefighters' Pension Fund, which is attached to the report.

Attorney Clifford noted that this year Serota made fresh assumptions about investment and mortality rates. The Fire Pension Board was concerned that these changes were not pointed out in their report to the Board. CFO Drazner added that Serota will use the entry age normal method going

forward.

Attorney Clifford reviewed the funding levels of the three actuarial reports. Trustee Tucker noted that the Lauterbach number of \$4.6 million was \$500,000 more than Serota. Attorney Clifford discussed two approaches to funding, one which focused on a budgetary goal and the other which used best practices and the investment and mortality actuarial methodology. Trustee Brewer asked about the investment rate; this is 7.0% for the Lauterbach report, 6.75% for Serota.

Trustee Tucker expressed his support for using best practices to determine funding and noted the large gap in funding between Police and Fire. He proposed funding of an additional \$1.5 million over the Serota recommendation to start to bring the funding level more in line with Police. Trustee Brewer suggested developing a three to seven year schedule to "catch up" and asked what it might take to get to parity. Trustee Tucker supported analysis of this issue. There was also discussion of the fact that investments were low at year end in 2015 and should be better for 2016 year end.

Attorney Clifford noted that ERISA private users have used government standards but that these have been skewed and may overshoot the mortality rate given longer life expectancy today. Over the next two years these rates are being adjusted, but there is not yet enough data to confidently make these revisions. President Abu-Taleb suggested that the Fire Pension Board and Village could jointly use one actuary. Trustee Salzman asked for the staff opinion and Manager Pavlicek explained that having three sets of numbers was helpful, but welcomed Pension Board input on selection and further collaboration.

President Abu-Taleb suggested that increasing the pension contribution could reduce the unfunded liability and reduce the amount being borrowed to cover pension payouts. Trustee Tucker recommended that the total funding for Fire and Police pensions be raised from \$9 million to \$10.5 million. Trustee Salzman agreed. Trustee Button-Ott also supports this approach and the long term planning proposed.

Attorney Clifford suggested consultation with other similar municipalities on funding and noted that Naperville uses its food and beverage tax for pensions. CFO Drazner summarized that the increase would be from \$9 million to \$10.5 million for pensions. Trustee Salzman noted that the pie chart of property taxes by local government includes the pension funding.

CALENDAR

Manager Pavlicek reviewed the schedule for the next two Finance

Meetings, with the Parking and Water & Sewer Funds on October 19 and the General Fund on October 24.

7. Adjournment

Adjournment

It was moved by Trustee Tucker, seconded by Trustee Brewer to adjourn the meeting.

Ayes: All Nos: None

The meeting was adjourned at 7:25 p.m.