

**Minutes of the
Finance Committee Meeting
Of
February 17, 2016**

Attendees:

Trustee Don Jensen – Committee Chairperson
Peggy McHugh – Finance Director
Jon Kindseth – Village Administrator
Mayor John Hucker

Trustee Regina Miller - Member
Trustee Linda Sittig - Absent
Sandi Pastell – Administrative Assistant
Trustee Richard Gust

Roll call was taken and the meeting brought to order at 6:00 p.m.

Points of Action: Chairman Jensen then asked if there were any updates to the Points of Action from the January 20, 2016 meeting. Jon Kindseth informed the Committee that we hope to have the Priority Lien Ordinance back from Attorney Magna to go to the next Board meeting.

January 20, 2016 meeting minutes: Chairman Jensen then asked for a motion to approve the January 20, 2016 meeting minutes. Chairman Jensen asked about the status of the electrical aggregation program. Jon Kindseth stated that there are some issues at the moment as we need to terminate Constellation before we can change over to Dynegy, which we are in the process of. Chairman Jensen then asked about the Talmadge culvert project. Jon Kindseth stated that at the last meeting we provided the different fund reserve policies and that all we needed was a resolution to move forward. Staff will wait for final cost figures and then decide how to pay and from what funds. Jon Kindseth stated that we will be starting the project during the summer. Chairman Jensen then asked for a motion to approve the January 20, 2016 minutes. Trustee Miller made the motion to approve the minutes. Chairman Jensen seconded the motion. By voice vote, the motion was approved unanimously.

Monthly Finance Report: Chairman Jensen then moved the discussion to the Monthly Finance Report. Peggy McHugh stated that the trends have stayed the same. The General Fund revenue is above target and the expenses remain below target. Trustee Miller then asked why the capital improvement fund is in the negative. Peggy McHugh explained that it normally is and that we do a lump sum transfer of surplus to fund the account and then spend it down. Chairman Jensen then asked about the Sheridan Road TIF expense figures and Peggy McHugh explained that bond payments make up most of the amount. Chairman Jensen then asked about the \$425,000.00 fund balance and asked if we liquidate that or does it stay. Mayor Hucker explained that not all the bond proceeds were spent and the remainder is in the project fund. More discussion was had in regards to the Sheridan Road TIF and possible projects. Peggy McHugh explained that the project fund would transfer to the principal and interest fund if it is not used.

Trustee Miller then asked where the revenue from Wadsworth shared services goes and it was explained to her that it is in a separate fund in Community Development department.

SSA 9 – 12 Expense Summary: Chairman Jensen then moved the discussion to the new SSA projects. Peggy McHugh stated it looks like we still owe \$168,675.77; however, we still believe that engineering will come in lower and advised the Committee that two residents have already paid the amount in full. After the final cost is calculated, staff will make a final EIPA loan disbursement request.

Warrant List: Chairman Jensen then moved the discussion to the warrant list. Chairman Jensen asked what the \$95.00 charge for a boat cruise was for. Peggy McHugh stated that was part of the Parks Conference. Chairman Jensen asked if that was budgeted and was told it is included in the conference budget, not singled out. Chairman Jensen then asked about the LED light installed in Cambridge and Jon Kindseth stated that was a replacement light. Chairman Jensen then asked about the Platinum bill for two new computers. Jon Kindseth explained that we

purchase two every year with monitors and that the software is included. In the future, we will not always buy new monitors.

Chairman Jensen then asked about the cost of the Parks Conference. Trustee Gust stated that if we register early, we save \$100.00. Trustee Miller asked about the Dynegy bills and it was explained that all of the Village electric bills were transferred to them. Chairman Jensen then asked about the scholarship. Jon Kindseth stated there is a request from Zion Benton High School. Jon Kindseth stated in previous meetings we have discussed the fairness in these requests and the amounts. Jon Kindseth stated that we have done this in previous years in the amount of \$500.00. Chairman Jensen stated he reluctantly approves this year; however, he wants to look at it closely for next year. Trustee Miller is all for scholarship requests. The Committee agrees to allow two scholarships in the amount of \$500.00. One will go to Zion Benton and the other to Waukegan.

Travel and Reimbursement Policy for Elected Officials: Chairman Jensen then moved the discussion to travel and reimbursement for elected officials. Chairman Jensen stated that the elected officials must hold themselves to similar standards as staff. Mayor Hucker stated that these policies have been discussed in the past; however, they were never formalized as a policy. Chairman Jensen stated that we must watch every penny that is spent and is open to suggestions. Jon Kindseth stated that the State has a policy; however, it has not been adopted as of yet; however, it will be a State mandate that all Villages adopt such a policy. Jon stated that what was given to the Committee in their packets is out of our employee handbook. Chairman Jensen stated we should follow it as written. Peggy McHugh stated that we have set an amount of \$71.00 per day for meals; however, the IRS has set the amount at \$68.00. The Committee agrees to reword the policy amount based on the IRS rate.

Chairman Jensen then asked about recurring travel and if that is budgeted. Jon Kindseth stated that yes it is budgeted as training and IML is budgeted in the Administration department. Chairman Jensen then asked about nearby meetings such as Milwaukee and Chicago and do we have a radius for hotel stays. Jon Kindseth stated no, we do not. Chairman Jensen said he wants everyone to think about what they are spending. Mayor Hucker stated he has gone to the IML every year and has come out with more education on specific subjects and has no problem with overnight stays as some of the events are in the evening. Mayor Hucker stated he likes the policy as written. Chairman Jensen stated he agrees; however, he would like language added in regards to nearby meetings and if in Milwaukee or Chicago, no overnight stays and that we should stay with providing receipts for reimbursement and receipts should be itemized. Jon Kindseth asked what radius the Committee would like entered into the policy and the Committee feels it should be 50 miles or the Chicago/Milwaukee metro.

Jon Kindseth stated that staff will make the changes and bring it back to this Committee for review before going to the Board for approval.

Early Redemption Dates for Village Bonds: Chairman Jensen then moved the discussion to early redemption dates for Village bonds. Peggy McHugh said that the first date is for the Water/Sewer Recapture and that is December 2018. Peggy McHugh stated we can take another bond to pay it off or pay it off with cash. Peggy McHugh said that the interest rate is 2.5% to 4.6% and in 2018 it will be 3.875% and will be about one million dollars. The next is the Public Works bond and that is callable December 2019. The interest rate is 4% but can go to 4.4%. Chairman Jensen said he wonders if we are charging enough for water. Peggy McHugh stated that the PW bond is secured by the income tax revenue. Peggy McHugh then stated the last one is the TIF Bond and that is callable December 2020 and the interest rate is 6.25%; however, it can go to 7.25% and that is secured by the increment generated in the Sheridan Road TIF. More discussion was had in regards to water and sewer rates.

Jon Kindseth discussed the Wadsworth interconnect project which is now estimated at 1.7 million and that we could refinance the current water/sewer bond, request an IEPA loan or a possible SSA. More discussion was had in regards to the water connections and water and sewer infrastructure.

FY2017 Budget Draft: Chairman Jensen then moved the discussion to the budget draft. Peggy McHugh stated that the budget is balanced and that the surplus in the general fund and water/sewer fund shows we are covering our costs. Peggy McHugh stated that Chairman Jensen has highlighted some items and that we will go through each fund. Peggy McHugh stated that the only increase in the Mayors fund is the Sheriff's office contract as there will be an increase when the contract is up for renewal in January 2017. Peggy McHugh then moved to the

Administration fund. Chairman Jensen asked about the Planner and was told that is being deleted from this fund and being moved to Community Development. Chairman Jensen then asked about VM Landscaping and can't we bring some of that in-house and that the Committee is not happy with the work they do around the signage. Jon Kindseth stated that the Village Hall will now be taken care of by staff and Public Works and that we will go out to bid for the signage; however, staff is looking at Brickman or Busse Landscaping. Chairman Jensen said he feels we do not have to put flowers around the signage and why can't we just do hardscaping and just spray some weed killer. Jon Kindseth stated we can try this on one sign next year and see how that works.

Chairman Jensen then asked about phones that are issued to the Trustees and if they are really a necessary expense. Chairman Jensen would like to have it reevaluated and he feels they should not be provided unless they are being used and are necessary. Jon Kindseth stated that he would like to have the Trustees use tablets. More discussion was had in regards to cell phones for the Trustees. Mayor Hucker suggested an informal survey of the Trustees to see if they feel they need the phones and how much they use them.

Chairman Jensen then wanted to know if Swalco is worth the expense. Jon Kindseth stated that yes, they are and an example is electronics recycling and that they are an advocacy. Chairman Jensen asked if we really need Lake County Partners and Jon Kindseth stated we do get the ESRI reports from them.

Chairman Jensen then asked about the IML and the ILCMA and was told the IML is for elected officials and the ILCMA is for professionals and other administrators and both are beneficial as they provide legislative information.

Chairman Jensen then moved the discussion to Community Relations and he feels that these items need to be rethought as we are not here to decide what charities to give public funds to and feels they should be eliminated. Chairman Jensen stated he wants to know how these items benefit our community. Mayor Hucker says view it from the public side, we are the community and that there are items in here that we need to keep as a show of support and to stay connected to the community. Jon Kindseth told the Committee that the Coalition for Health Communities is requesting \$3,700.00 this year and they have provided the Village with a budget to show where the money will be spent. Chairman Jensen stated he does not see what they actually accomplish and feels this should not be given.

Chairman Jensen then moved to Parks and Recreation. Peggy McHugh stated that the last page shows events and the number of attendees and the net cost. The net expense was \$500.00 for the Senior Holiday Party as residents pay for their tickets. Chairman Jensen then asked about the special needs movies and why do we do that. Peggy McHugh stated that it allows special needs children to be "children" at a movie instead of disturbing the general public.

Chairman Jensen then stated he does not want to give any money to North Shore Rods for the Beach Park Fest as they are a club and if they want to be there, they should pay the expense of it. Trustee Miller said that we have to do some of these things for the community. Chairman Jensen then asked about the expense of the Senior Holiday Party and was told the Village expense was only \$481.00 last year as we sell tickets for the attendance.

Mayor Hucker stated that we should have the entire Board's opinions and maybe we should have a budget workshop an hour before the next Board meeting to discuss these items. Jon Kindseth stated that if the Committee looks at the total expense for these items of \$10,500.00, that is only .25% of the budget and that 99.75% of the budget is not getting the attention that these items are. Chairman Jensen stated that he is fine with the other items in the budget; it is the non-core expense items he has issues with. Mayor Hucker stated this is better discussed at a budget workshop than at the Committee level. The Committee agreed that there shall be a budget workshop one hour before the first meeting in March.

Chairman Jensen then asked about the Building and Property maintenance (mowing) and can't that be done in house. Jon stated that we get the money back through liens and that this year we will be issuing tickets.

Chairman Jensen then asked about the FedEx expense for the IEPA sampling program. Peggy McHugh stated she calculated it high; however, she can lower it to \$2,500.00. Chairman Jensen then asked about the Des Plaines River Watershed and said do not do it until we are forced to. Trustee Miller then asked about the bike path that's

still in capital and it was stated that we would get to that in a moment. Chairman Jensen said he wants to take out the Park conference and Jon stated it is not in the budget. Trustee Gust said that if he is not a member the costs are more and that they learn about new park equipment that's available, etc. Chairman Jensen moved the discussion back to the bike path and that he feels this can be moved to the budget workshop as well. Mayor Hucker did state that most of the Board is against giving them \$10,000.00 and it was stated that if they don't want to do it, we can remove it. More discussion was had in regards to the bike path.

New business: Chairman Jensen then asked the Committee if there was any new business. Jon Kindseth stated that staff had an outing last year with the Kenosha Kingfish baseball team and wanted to know if the Committee would support it again this year. Jon Kindseth stated that the ticket price for the employees was \$15.00 which included food and beverage and that approximately 12 to 14 employees attended. Chairman Jensen stated he does support this and to move forward with it.

Jon Kindseth stated that we will continue to do weed control through TruGreen at the parks and ponds. Chairman Jensen stated he wants staff to shop around for a replacement for Clarke Environmental or they need to prove to the Village that their product works.

Jon Kindseth then stated that he and Peggy met with IPBC regarding the health insurance and that they are a self-insured pool that we had discussed about a year ago. Gallagher is an exclusive broker and that the rates will only increase 4% instead of 15%. Jon Kindseth asked the Committee if they would like them to prepare a presentation or can staff forward this to the Board for approval. The Committee agreed to just forward to the Board for approval. Jon Kindseth stated this will go in March. Chairman Jensen asked if we are a Cadillac plan and Jon stated yes, but the Federal ACA tax penalty provision has been delayed until 2020. Jon Kindseth stated that we did not change the employee contribution amount to the plan as it is 93% and 95% but does the Committee want to change that. Chairman Jensen said let's protect our employees and do not pass the increase on to them as he feels we have to appreciate our employee so they know they are being taken care of as well as appreciated for the work they do.

Jon Kindseth then stated staff is working on another 457 retirement plan for the employees. Jon Kindseth stated he and Peggy had a meeting with ICMARC for an additional retirement plan for the employees, they have lower rates and possibly higher returns.

Chairman Jensen then asked about an item he saw in building for an ARC/GIS system and asked if we are going to do this. Jon Kindseth stated that Jerry Nellessen is looking into it. Chairman Jensen then asked about the utility audit and Jon Kindseth stated that we have not heard from them and he is guessing that they are not finding the revenue they thought they would find and may no longer be working on it to cut their costs. Jon Kindseth stated they only found 6 home based businesses for sales tax. Jon Kindseth stated that the Village has not spent any money on this audit.

Chairman Jensen then asked what the next step is in the budget development plan. Mayor Hucker stated that we will bring it to the Board to see if they have any questions, including an hour budget workshop before a Board meeting and then bring it back to the Board in 2-4 weeks for final approval. Mayor Hucker stated that the Governor did not have LGDF on the table according to the budget review that was released today.

Public Comment: Chairman Jensen asked for any public comment. Hearing none, Chairman Jensen asked for a motion to adjourn.

Adjourn: Trustee Miller then made the motion to adjourn. Chairman Jensen seconded. Upon a voice vote, the motion was approved unanimously. The Finance Committee meeting was adjourned at 9:30 p.m.

Next Finance Committee Meeting: Wednesday, March 16, 2016 at 6:00 p.m.