

MINUTES

BOARD / COMMISSION: Finance Commission DATE: September 14, 2012

MEETING: Regular CALLED TO ORDER: 7:05 AM

QUORUM: Yes ADJOURNED: 8:27 AM

MEMBER ATTENDANCE: PRESENT: Chairman Skirvin, Commissioners
Faber, Geiselhart, McCloskey, Moody,
Nuehring and Parker

ABSENT: None

ALSO PRESENT: Village Manager Franz; Finance Director
Wachtel; Assistant Finance Director Coyle;
Recording Secretary Blake

I. **CALL TO ORDER:**

This Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:05 AM by Chairman Skirvin in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn, Illinois. Roll call was taken, and it was determined that a quorum was present

II. **PUBLIC COMMENT**

None

III. **APPROVAL OF MINUTES**

Commissioner Parker moved, and Commissioner Moody seconded, that the minutes from the July 20, 2012 meeting be approved as previously revised. The motion was passed unanimously.

Commissioners had several changes on the minutes from the August 24 meeting. The changes will be made by staff and reviewed again for consideration at the October meeting.

IV. **FINANCIAL UPDATE**

Director Wachtel did not have the August financials available. However, he reviewed the three page summary report for the Quarter Ended July 31, 2012. The first page extracted internal transfers, and showed revenues and expenditures by fund types.

The second page showed the same information along with all the internal transfers. The final page compared prior year and current year revenues and expenditures. In response to a question, Director Wachtel clarified that restricted funds are restricted in use, i.e., for capital or a specific purpose. Available cash is unrestricted.

Going forward, the quarterly reports will report recycling revenue as it is tied to the rates residents will pay for garbage collection. There was discussion concerning the use and nature of projections. In this case, they will be used to look at what has changed in the first quarter and extrapolate that into the rest of the year.

Chairman Skirvin expressed that he was pleased with the three page report and that it will be important to continue the report in the future.

V. POLICE PENSION ACTUARY ASSUMPTIONS

Director Wachtel reported that the Village has been assuming a 7.5% investment rate of return, which is about average for local municipalities, and compares to the actual 10 year average rate of return of 5.32%. On the salary side, the Village assumption is about ½% above most municipalities at 6.0% annual increase, with the actual 4 year average salary increase is 5.2%.

Commissioners had a wide-ranging discussion of the current investment climate, rates of return and the varied strategies to fund pensions. The Commission has two matters on which to offer an opinion or recommendation: salaries and investments. It was noted that the Pension Board decides how to invest funds once they are contributed by the Village.

Commissioners debated what would be the best assumptions for salary increases and investment returns. Manager Franz said that the Village would like a recommendation on investment yield and rate of salary increase to forward to the Village Board. The Pension Board will also provide a recommendation to the Village Board. Management recommended a 7 ¼% investment return assumption and 5 ½% salary increase assumption. After further discussion, Commissioner Nuehring moved, and Commissioner McCloskey seconded the following motion:

That the Finance Commission recommend the staff recommended assumptions of 5.5% salary increase and 7.25% investment return.

Ayes: McCloskey, Nuehring

Nays: Faber, Geiselhart, Moody, Parker and Skirvin

The motion failed.

Commissioner Moody then moved, and Chairman Skirvin seconded the following motion:

That the Finance Commission recommend assumptions of 4.5% salary increase and 7.00% investment return.

After only Commissioner Moody and Chairman Skirvin vote aye, the motion was withdrawn.

There was discussion on how to proceed as the Commission was split on what to recommend. It was noted that the Pension Board meets October 17. Therefore the Commission will have an additional meeting to consider a recommendation before the Board meets. This subject will be deferred and placed on the agenda for the October 12 Finance Commission meeting.

VI. PROJECT UPDATES

Chairman Skirvin said that the Scorecard will not be done for the year. The Five-Year Forecast will be done this fall. Manager Franz said that there will be a future discussion on how to show grant income. Additionally, he encouraged Commissioners to attend the pre-budget workshop.

VII. NEXT MONTH'S MEETING AND FUTURE MEETING TOPICS

Chairman Skirvin encouraged management to be proactive in setting agenda topics with a view toward topics that will affect the Village's finances in the future.

VII. ADJOURNMENT

Commissioner Moody moved, seconded by Commissioner Faber, to adjourn the meeting at 8:27 AM. The motion carried unanimously.

Submitted by Karen Blake, Recording Secretary

Reviewed by Finance Director Wachtel