

BOARDS, COMMISSIONS, AND COMMITTEE MEETING SUMMARY FORM

BOARD/COMMISSION/COMMITTEE: Finance Committee

DATE OF MEETING: June 8, 2018

NAMES OF MEMBERS, STAFF AND GUESTS PRESENT:

Members: Chair Dan Sullivan, Trustee George Pearce, Trustee Senta Plunkett

Staff: Melinda Molloy, Finance Director; Mike Braiman, Assistant Village Manager; John Risko, Assistant Finance Director

Guests: Jason Franken, Foster & Foster Actuaries & Consultants

Agenda Item – Minutes of the 6/1/18 Meeting – Approved 3-0

Agenda Item – Discussion of Police & Fire Pension Funds

Jason Franken, Actuary from Foster & Foster, walked the Committee through a pension modeler which demonstrated the impact of various actuarial and amortization changes on the Village's pension contributions and the funding levels of the police and fire pension funds. Actuarial assumptions reviewed included payroll growth assumption which is currently 3.70% (payroll for the entire department), salary scale assumption which is currently 5.50% (annual salary growth for an individual employee), investment rate of return assumption which is currently 7.25%.

Utilizing an open amortization period, as compared to the arbitrary date of 90% by 2040 (the Village goal is 100% by 2040) as set by the State of Illinois, will lead to a more stable and predictable contribution requirement over the next 30 years. The primary concern of the ratings agencies is whether the pension funds are reducing their unfunded liability over time.

The Committee directed staff to prepare several options which can be phased in over a five year period which seeks over time to improve the funded ratio of each fund, reduce the unfunded liability, smooth the rate of growth of the employer contribution, and target an 80% funding level.

The Finance Committee will continue discussions at a future meeting.

Agenda Item – Public Comment

None

DATE & TIME OF NEXT MEETING: TBD

PERSON PREPARING SUMMARY: Michael Braiman, Assistant Village Manager