VILLAGE OF LAKE BLUFF

FINANCE COMMITTEE

Saturday, October 31, 2015
8:30 AM

VILLAGE HALL BOARD ROOM
40 E. CENTER AVE, LAKE BLUFF, IL

AGENDA

I. Call to Order – Roll Call
Trustee Steve Christensen, Chairman
Trustee Mark Dewart, Member
Trustee Barbara Ankenman, Member

II. Approval of Minutes – April 6, 2015

III. Non-Agenda Items and Visitors
The Finance Committee allocates fifteen (15) minutes at this time for those individuals who would like the opportunity to address the Committee on any matter not listed on the agenda.

IV. Business Items

1. Review of FY2015 Draft Comprehensive Annual Financial Report and Auditor Communications to the Board
2. Discussion Regarding 2015 Property Tax Levy Estimates and Police Pension Actuarial Recommendation
3. Consideration of an Amended and Restated Landscape Waste Composting Agreement with DK Organics
4. Review of FY2017 and FY2018 Biennial Budget Calendar
5. FY2016-17 Special Vehicle License Sticker Request from Lake Bluff Garden Club
6. Report Concerning Personnel Manual Safe Harbor Provision

V. Informational Items

VI. Adjournment

The Village of Lake Bluff is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations in order to allow them to observe and/or participate in this meeting, or who have questions regarding the accessibility of the facilities, are requested to contact R. Drew Irvin at 847-234-0774 or TDD number 847-234-2153 promptly to allow the Village of Lake Bluff to make reasonable accommodations.

VILLAGE OF LAKE BLUFF - FINANCE COMMITTEE
MINUTES OF MEETING – **April 6, 2015**

I. Call to Order – Roll Call

The Finance Committee of the Village of Lake Bluff was called to order on Monday, April 6, 2015 at 6:00 PM in the Village Hall Board Room, 40 E. Center Ave., Lake Bluff, Illinois.

Members Present: Trustee Steve Christensen, Chairman
Trustee Brian Rener, Member
Trustee Mark Dewart, Member

Others Present: Kathleen O'Hara, Village Board President
Barbara Ankenman, Village Clerk
William Meyer, Village Board Trustee
R. Drew Irvin, Village Administrator
Susan Griffin, Finance Director
Marlene Scheibl, Assistant Finance Director
George Russell, Village Engineer
Darren Olsen, Christopher B. Burke Engineering

II. Approval of Minutes

Member Dewart moved to approve the minutes of the March 9, 2015 meeting as presented; seconded by Member Rener and approved unanimously on a voice vote.

III. Business Items

1. Presentation Regarding Storm Water Flooding Relief Studies

As a result of the severe rain storm event experienced by the Village of Lake Bluff on May 12, 2014, the Village engaged the services of Christopher B. Burke Engineering, Ltd. to perform two separate drainage investigations of the two more significant flood impacted areas of the Village. The areas are the West Scranton Avenue Underpass and the Campbell Court Subdivision area. Christopher Burke submitted initial draft reports to the Village for each of the two areas that were studied.

Village Engineer Russell introduced Darren Olsen, the engineer from Christopher Burke who had been working on the studies since late summer. Mr. Olsen said the studies for both areas involved the same processes of data collection, hydrologic and hydraulic analysis, potential improvement projects, and the list of next steps to the projects. He explained the definition of 100, 10 and 2 year storm events as: 100-year storm event has a 1% chance of occurring in any given year, 10-year storm event has a 10% chance of occurring in any given year, and a 2-year storm event has a 50% chance of occurring in any given year. The May 2014 rainfall event had 3-inches of rain fall over a 5.5 hour time period. This event was equivalent to a 10-year recurrence storm event. As part of this study there were three drainage improvement alternatives developed to increase the level of flood protection for the West Scranton Avenue underpass.

- Alternative 1:100-Year Storm Sewer from Viaduct to Lake Michigan: Under this alternative, a 48-inch diameter storm sewer would be installed from the Viaduct to Lake Michigan under North Avenue. This would provide a 100-year level of protection for the Viaduct and the engineer's estimate of probable cost is $18.2M.

- Alternative 2: 10-Year Storm Sewer from Viaduct to Lake Michigan: Under this alternative, a 30-inch diameter storm sewer would be installed from the Viaduct to Lake Michigan under North Avenue. This alternative would provide a 10-year level of protection for the Viaduct and the engineer's estimate of probable cost is $3.4M.
- Alternative 3: Stormwater Storage Upstream of Viaduct: Under this alternative, a storm water storage basin would be constructed upstream of the Viaduct to reduce the flowrate of water toward the Viaduct. This alternative would provide a 10-year level of protection for the Viaduct and the engineer's estimate of probable cost is $1.6M.

Each alternative will require permitting through various regulatory agencies, with Alternatives 1 and 2 requiring the most regulatory review due to the proximity of the proposed alternatives to Lake Michigan. Member Rener asked if Mr. Olsen had worked on projects which were funded with federal grants. Mr. Olsen said FEMA does provide funding but it is only available for disasters. Trustee Meyer asked if there is any capacity to increase flow of water to the ravine. Engineer Russell opined this would be overloading the rock in the ravine. Member Dewart said he is not in favor of Alternatives 1 or 2 because of the disruption, the water treatment required, and the required maintenance. Mr. Olsen said all three alternatives will have a maintenance requirement. VA Irvin asked what standards must be met by a new development. Engineer Russell responded they must meet standards for 100-year storm event. Chairman Christensen said he thought Alternative 3 was worth pursuing. President O'Hara said she thinks Alternative 3, possibly with additional retention storage, would be the alternative to pursue. President O'Hara asked what the time line would be. Mr. Olsen responded it would take 4-6 months for design, 2 months for IDOT, and then construction for a total of time line of 12-18 months. VA Irvin asked what the recommendation would be to improve Alternative 3. Mr. Olsen said it would be to look at storage and look at the upstream area. The consensus of the committee was to make a recommendation to the Village Board to pursue Alternative 3 with the addition of looking for additional retention storages.

The Village experienced flooding at the area surrounding Campbell Court during the May 12, 2014 storm event. Based on conversations with residents and Village staff, at least two structures were flooded from standing water in the rear yard entering the home through a window well or basement window. Several of the other properties reported high standing water in the rear yards. Four drainage improvement alternatives were developed by Christopher Burke to reduce the risk of future flooding of the study area. Alternatives 1A and 1B propose to construct 4.0 acre-ft and 6.3 acre-ft storm water storage basins. Alternative 2 proposed to construct a diversion channel approximately 7.1 acre-ft of new flood storage. Alternative 3 proposes to excavate the existing berm behind Campbell Court residences and use a portion of the material to fill backyards. Alternative 4 proposed to excavate approximately 2.5 acre-ft of new flood storage volume on the Tangley Oaks property. The engineer's estimate of probable costs for the four alternatives ranged from $1,003,500 to $3,356,700. Member Dewart asked if the construction on the Great Lakes Naval Base had made the issue worse. Both Mr. Olsen and Engineer Russell responded that it hadn't. VA Irvin stated that this project involves about 15 homes, 6 of those significantly impacted, 2 homes taking water inside, and others have some water up to the foundation resulting in seepage. Engineer Russell said there would need to be access to get inside the affected 6-7 homes to determine foundation levels. Member Rener asked if the road floods. Mr. Olsen responded the road does not flood since it is at a higher level. VA Irvin asked if Mr. Olsen had seen other developments with similar problems. Discussion ensued regarding the resolution of issues on private property. VA Irvin said the next step may be to show the homeowners some alternatives. Mr. Olsen said this would involve getting into their homes. President O'Hara said the Village could hold a workshop for these residents to share the results of the study. Mr. Olsen said he can provide a list of names of some reputable resources.

IV. <u>Next Meeting</u>
The next meeting will be scheduled as needed.

V. Adjournment
Member Rener made a motion to adjourn the meeting at 8:45 PM, seconded by Member Dewart and all members voted aye.

Respectfully submitted,

Marlene Scheibl
Assistant Director of Finance

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO:	Finance Committee Chairman and Members Kathleen O'Hara, Village President
FROM:	R. Drew Irvin, Village Administrator Susan M. Griffin, Finance Director
CC:	Marlene Scheibl, Assistant Finance Director
DATE:	October 29, 2015
SUBJECT:	FY2014-15 Preliminary Comprehensive Annual Financial Report (CAFR)

The Preliminary CAFR for the fiscal year ending April 30, 2015 showing the financial position of the Village, the Auditor's Communication to the Board including the Management Letter, and the Internal Control Report, are attached as part of this package. Daniel Berg, Partner at Sikich, LLP, will be present at the Finance Committee meeting on October 31st to review the results of the audit and answer questions. Highlights of the document:

- The Village received an unmodified opinion (previously referred to as an unqualified opinion) on these statements which is the most favorable opinion an entity can receive.
- The General Fund fund balance increased by $1.107M as revenues exceeded expenditures by $1.789M but was offset by total other financing uses (transfers to other funds) of $682k.
- The Village's building permit revenues increased by $560k and the sales tax revenues rose by $277k which accounted for $837k of the revenue growth. Expenditures (including capital) were $853k less than last year predominately due to the carry forward of projects into FY16 and the reduction in improvement projects as grant funds diminished.
- The General Fund ended the year with a fund balance of $6.15 million which represents 84% of the operating expenditures, exceeding the Village's policy to maintain 50%, to provide expanded flexibility and cash flow during times of economic distress.
- The Water fund had an operating loss of $27k and the net position decreased $86k after non-operating expenses of $59k this fiscal year. Last year the operating income was $56k and net position declined by $6k.
- Water sales revenue as the main source decreased 8%or $98k from the prior fiscal year. The retail water rate change of $0.20 accounted for $33k increase in water sale but was offset by $131k reduction in revenue from the decline in consumption attributed to the milder spring and summer of 2014.

Transmittal Letter and Management Discussion & Analysis ("MD&A")
The transmittal letter on pp. iv-ix presents a broader picture of the Village's operations and the community as well as discussion about its finances. The MD&A located behind the "General Purpose External Financial Statements" on pages MD&A 1-10 is the source for a reader to focus on the Village's overall financial condition and reasons for the changes.

Government-Wide Statements
Beginning on pages 3-5 is the government-wide financial statements which consist of two main statements: "Statement of Net Position" and "Statement of Activities". The Statement of Net Position "Governmental Activities" column combines the assets and liabilities for all of the Village funds except the Water Fund and the Police Pension Fund. The Water Fund is shown as a "Business-Type Activity" and also referred to as an Enterprise/Proprietary fund on other statements. The Police Pension Fund is categorized as a Fiduciary Fund but is not reported in the government-wide statements because the funds are not available for any purpose other than Police Pension expenditures. Police Pension Fund statements are on pages 15-16.

On page 9 in the Statement of Revenues, Expenditures, and Changes in Fund Balance the governmental funds are shown in three columns: one for the General and Redevelopment Funds and another labeled "Other Nonmajor Governmental Funds" which comprises all of the other governmental funds (not Water or Police Pension). The fund balance number does not include capital assets, long term debt payable, net pension and OPEB obligations, and the loss on refunding bonds. *This amount is meant to provide a measure of the resources available for spending.* A reconciliation of the change in fund balance to the change in net position is on page 10.

Detail on the General Fund revenues and expenditures with budget comparisons are on pages 61-67 and for the Redevelopment Fund on page 68. The balance sheet for the individual non-major funds is shown on pages 69-71 and detail of revenues and expenditures for the non-major funds with budget comparisons are on pages 72-81.

Finally, the statistical section in the back of the report provides 10 years data on the Village's financial trends, revenue and debt capacity, and demographic, economic, and operating information.

NEW: GASB Statements 67 and 68
This year some disclosure requirements of GASB 67 and 68 were required to be implemented. GASB 67 applies to financial reports issued by downstate police pension funds. GASB 68 (required to be implemented next year) applies to local governments that participate in IMRF and/or sponsor downstate police pension funds. These pronouncements effectively separate financial reporting and funding considerations pertaining to the pension plans of state and local governments.

In this CAFR on page 58 is the new "Schedule of Changes in the Employer's Net Pension Liability and Related Ratios" which will prospectively provide 10-years of data about the Police Pension Fund. Currently the Village's net pension liability is $6.44 million. Pursuant to GASB 68, next year the revised net pension liability figure will be reflected on the "Statement of Net Position" reducing the unrestricted net position of the Village. Note that this reduction in unrestricted net position or possible negative net position is not a result of short-term actions of the Village or Pension Boards. The intent of GASB 68 is to show the unfunded pension obligations to the face of the organization-wide financial statements. Attached to this memo is a 3-page Q&A on these new standards.

Auditor's Communication to the Board/Management Letter
The Auditor's Communication to the Board is also attached. This includes a description of the auditor's responsibilities and noting any difficulties encountered in performing the audit or issues with management, which there were none. As part of this package are comments on control deficiencies and suggestions on improving the Village's internal control process and accounting system.

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Q&A GASB'S NEW PENSION STANDARDS: SETTING THE RECORD STRAIGHT

The Governmental Accounting Standards Board's (GASB) recent pension standards substantially improve the accounting and financial reporting of public employee pensions by state and local governments. The new standards are:

- Statement No. 67, *Financial Reporting for Pension Plans,* which applies to financial reporting by most pension plans.
- Statement No. 68, *Accounting and Financial Reporting for Pensions,* which applies to financial reporting by most governments that provide their employees with pension benefits.

Below are questions and answers that should help clarify common misperceptions about the new pension Statements.

1 DO THE NEW GASB STATEMENTS ESTABLISH REQUIREMENTS FOR HOW GOVERNMENTS SHOULD FUND THEIR PENSIONS?

No. In the past, the accounting and financial reporting standards were closely associated with the approach that many governments take to funding their benefits—that is, toward contributing sufficient resources to a defined benefit pension plan to finance benefit payments when they come due. Consequently, many governments have established funding policies based on the GASB's standards. However, after reexamining the prior standards for pensions, the GASB concluded that approaches to funding are not necessarily the best approach to accounting for and reporting pension benefits. Therefore, the new Statements mark a definitive separation of accounting and financial reporting from funding.

2 WILL GOVERNMENTS HAVE TO PAY MORE EACH YEAR FOR PENSIONS BECAUSE OF THE GASB'S NEW STATEMENTS?

As just stated, the new pension Statements relate only to accounting and financial reporting, or how pension costs and obligations are measured and reported in external financial reports. How much governments actually contribute each year to a pension plan is a policy issue. Governments will likely report pension expense more quickly than under the prior standards; however, how or whether this information is used in assessing the amounts that governments will contribute to their pension plans is a public policy decision made by government officials.

3 DO GOVERNMENTS HAVE TO USE A MUNICIPAL BOND RATE FOR DISCOUNTING AS PUNISHMENT FOR NOT FULLY FUNDING THEIR PENSIONS?

No. The selection of an appropriate interest rate for discounting projected future benefit payments to their present value is based on what resources are projected to be used to make those payments: (1) assets of the plan that have been invested using an investment strategy to achieve the assumed long-term expected rate of return and their earnings; or (2) the general resources of the government employer. As long as the projected plan net position related to current employees and inactive employees exceeds the projected benefit payments for those employees, the long-term expected rate of return on investments will serve as the basis for discounting. This asset-based rate is appropriate because the earnings on the plan's investments reduce the amount an employer will need to contribute to the plan.

If a government reaches a *crossover point*—when projected benefit payments for current employees and inactive employees exceed projected plan net position related to those employees—then benefit payments projected to be made from that point forward will be discounted using a high-quality municipal bond interest rate. This liability-based rate is appropriate because the plan would no longer be expected to have sufficient assets related to those employees to produce investment income that will reduce how much an employer will have to contribute. The pension liability would then resemble the employer's outstanding debt and other typical long-term liabilities.

However, it is true—all other factors being equal—that the less well-funded a pension plan is, the more likely it will reach a crossover point and therefore have to discount some projected benefit payments using the municipal bond index rate. Under current economic conditions, municipal bond rates are lower than long-term expected returns on pension plan investments. Using a lower discount rate increases the present value of projected benefit payments and, thereby, increases the size of the pension liability.

4 DO THE GASB'S STANDARDS ALLOW GOVERNMENTS TO MAKE THEIR LIABILITIES LOOK SMALLER BY USING A DISCOUNT RATE BASED ON UNREALISTICALLY HIGH EXPECTED RATES OF INVESTMENT RETURN?

No. The new Statements require that governments measure their pension liabilities using assumptions that are consistent with the standards of practice of the actuarial profession. If a government assumes a rate of return that is out of line with the actuarial standards, then it is misapplying the accounting standards rather than exploiting a loophole in the standards.

It is important to note that examining a pension plan's investment return in any short-term period is not appropriate for drawing conclusions about the appropriateness of a government's assumption about *long-term* investment earnings. The investment return in any given year or short-term period is likely to be either higher or lower than the assumed long-term return. However, an appropriate long-term investment return assumption will reflect the expected average earnings over a long period, even though it may not be the same as actual earnings in any particular single or short-term period.

Governments will disclose information about their long-term investment return assumptions in the notes to the financial statements to assist in evaluating the reasonableness of those assumptions. The information will include a brief description of how the long-term expected rate of return was determined, significant methods and assumptions used for that purpose, the assumed asset allocation of the pension plan's portfolio, and the long- term expected real rate of return for each major asset class.

5 IS THE DISCOUNT RATE THE MOST IMPORTANT FACTOR IN DETERMINING THE SIZE OF A GOVERNMENT'S PENSION LIABILITY?

The guidance put forth in the new Statements pertaining to the selection of a discount rate is certainly an important element but it is only one part of the determination. Discounting is one of the basic three steps involved in measuring a government's total pension liability—projecting, discounting, and attributing. (The measurement process is more fully described in separate fact sheets about accounting and financial reporting by governments that provide pension benefits.)

The amount of a government's pension liability also depends on a variety of other factors such as:

- The types of benefits a government has promised
- The length of service of employees and their salaries in the final years of their employment
- The life expectancy of retirees, which determines how long they will continue to receive benefits
- The inflation rate, which affects both salaries and rates of return on investments.

6 CAN THE INFORMATION REPORTED BY GOVERNMENTS UNDER THE NEW STATEMENTS BE COMPARED?

Yes. The comparability of the pension information that will result from the new Statements has been significantly improved. One of the features of the prior standards that many financial statement users have criticized is the variety of choices that employers could make when attributing the present value of projected benefit payments to past, present, and future periods. Governments previously were allowed to select from six different actuarial cost allocation methods, each of which could be applied in two ways—as a level dollar amount each year or as a level percentage of payroll in each year. In the view of many users, these options seriously diminished comparability. The new Statements, however, require that all governments use one type of actuarial cost method—called *entry age*—and apply it only as a level percentage of payroll.

It should be noted that, although governments are required to measure their pensions within the same parameters set forth in the standards, the resulting amounts will be different because of differences in the terms of the governments' respective pension plans, differences in the demographics of the plan members, and differences in other relevant factors. In other words, because the governments are in different circumstances, their measurements will employ different assumptions.

It has been suggested that comparability would be greatly improved if all governments were required to use the same assumptions. However, taking a one-size-fits-all approach would ignore significant differences between governments—such as the mix of their investment portfolios and their actual earnings experience—that are relevant to determining the amount that governments are obligated to provide for pensions.

7 HAS THE GASB DETERMINED THAT STATE AND LOCAL GOVERNMENT PENSION PLANS ARE UNDERFUNDED BY $3 TRILLION?

No. The GASB has never conducted research regarding the extent to which pension plans are funded in the aggregate. Funding relates to a public policy issue that is beyond the scope of the GASB's activities.

GASB GOVERNMENTAL ACCOUNTING STANDARDS BOARD

401 Merritt 7, PO Box 5116
Norwalk, Connecticut 06856-5116
T: 203.847.0700 | F: 203.849.9714

www.gasb.org

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Chairman and Finance Committee Members
Kathleen O'Hara, Village President
R. Drew Irvin, Village Administrator

CC: Marlene Scheibl, Assistant Finance Director

FROM: Susan Griffin, Finance Director

DATE: October 28, 2015

SUBJECT: 2015 Property Tax Levy Estimate and Police Pension Actuarial Valuation

The attached packet includes supporting schedules estimating the 2015 Property Tax Levy and showing the breakdown by purpose with comparison to prior years. It also includes an attachment from the Lake Bluff Library and the Police Pension Actuarial Valuation.

Levy Calculation and Estimates – Attachment A

Attachment A of the package shows the calculation of the tax levy based on the maximum non-referendum tax levy which takes into account the CPI factor and estimated new construction.

The CPI factor is 0.8% down from 1.5% last year, the EAV for 2015 is projected at 107% of the 2014 amount and new construction is estimated at $2.976 million based on preliminary data from the Lake County Assessor. The new construction represents a portion of the Target development partly because the businesses opened in late July 2015.

The estimated maximum amount (under the Property Tax Limitation Act - PTELL) that could be levied is $4,079,460 (including the Library portion) representing a 1.388% increase. While the Village is not legally limited by the tax caps since becoming home rule, the Village Board passed a resolution pledging to not increase the aggregate levy in excess of the amount that is allowed under the PTELL.

Part III, of Attachment A details the new dollars received, the percentage increase, and the tax rate changes compared to the 2014 extension. Under the estimated levy, the Village would realize $43,717 and the Library $12,130 for a total of $55,847 new dollars while the **blended** tax rate would decrease from $.839 to $.795 per $100 of EAV.

Below is a table showing the last 9 years' total (Village and Library) tax extension and the current estimated levy.

Tax Collection Yr	Levy Year	Tax Extension	New Dollars	Equalized Assessed Value	Blended Tax Rate	Inc/(Dec) in EAV	Inc/(Dec) in Levy
2016-17 [1]	2015	4,079,460	$55,847	513,171,972	.795	7.0%	2.54%
2015-16	2014	4,023,613	$76,386	479,518,737	.839	(1.0)%	2.51%
2014-15	2013	3,947,227	$96,685	484,263,512	.815	(4.4)%	2.51%
2013-14	2012	3,850,542	$126,832	506,500,163	.673	(8.1)%	3.41%
2012-13	2011	3,723,710	$80,146	551,254,954	.678	(5.9)%	2.20%
2011-12	2010	3,643,564	$147,321	585,899,834	.624	(7.1)%	4.21%
2010-11	2009	3,496,243	$49,014	630,953,018	.556	(2.6)%	1.42%
2009-10	2008	3,447,229	$194,015	647,740,985	.532	3.2%	5.96%
2008-09	2007	3,253,214	$166,276	627,765,760	.518	9.8%	5.39%
2007-08	2006	3,086,938	$174,830	571,694,190	.540	10.1%	6.00%

[1] Year 2015 Levy, EAV, rate and percentage changes are estimates.

Special Levies and Levy Breakdown by Fund/Purpose – Attachments B & C

Attachment B shows the breakdown of the levy by fund/purpose with a comparison to previous years. The shaded column shows the effect of the 2015 levy on the Village funds. Of the total new dollars projected under this allocation scenario, the General fund would realize $26,527 or 1.22% increase over the 2014 extension.

The Police Pension Board met on October 15th to discuss the Fund's levy requirement and is requesting a levy consistent with the actuary's recommendation. The 2015 actuarial valuation, prepared by the actuarial firm of MWM Consulting, calculates a recommended minimum Village contribution of $640,595 up 1.5% from the contribution last year of $640,595. The actuarial recommended levy is based on the Entry Age Normal funding method and more conservative assumptions than the minimum levy required by statute. The recommended amount is designed to reduce the unfunded liability each year, to produce a levy that is about 51.5% of covered payroll, and to achieve at least 90% funding by 2040 (as required by law.) The plan is 57.6% funded as of May 1, 2015 up from 53.7% at May 1, 2014. The complete actuarial valuation report is **Attachment C**.

The Illinois Municipal Retirement Fund and Social Security levy allocations are based on a projection of the costs for FY2016-17 less usage of some of the excess fund balance reserves. The fiscal year 2014-15 IMRF expenditures decreased 3.4% due to a reduction in the 2015 rate and the reduction in staff from 38 to 35 from dispatch consolidation. The Social Security FY2014-15 expenditures increased by 1% due to the annual rise in the FICA taxable salary maximum. These funds have unreserved fund balances at the end of fiscal year 2015 of $214 and $176 thousand, respectively.

Library Property Tax Levy – Attachment D

The Library Board has not formally submitted its levy request yet; so this report reflects a levy amount of $886,048 which represents a 1.388% increase over the 2014 tax extension and is the amount under the PTELL. However, **Attachment D** outlines the estimated FY2016-17 budget requiring a levy of $901,008 which is 3.1% higher than 2014. Library Director Eric Bailey and two Library Board members will be in attendance at the Finance Committee meeting.

Abatement of both the 2011 Refunding Bonds and 2012 Refunding Bonds

As has been past practice, this levy does not include an amount for these bond payments. This debt requires an abatement ordinance to request that the County NOT levy this tax because Ordinances 2011-19 and 2012-13 are filed with the County. These ordinances require the County tax extension office to levy the annual bond payment amount unless the Village abates the levy each year. This abatement ordinance will be submitted to the Board for approval in conjunction with the levy ordinance.

General Information and Tax Levy Legal Adoption Requirements

The Village is required by Statute to prepare a resolution estimating the property tax levy which will be on the November 9th agenda. The first reading of the Levy Ordinance, Debt Abatement Ordinance, and Public Hearing will be held on November 23rd with final adoption of the levy on December 14th. The levy must be filed with the County Clerk by the last Tuesday in December.

Truth-In-Taxation Law Compliance Is Not Required

The truth in taxation law requires that the corporate authorities comply with specific publication and public hearing requirements if the aggregate tax levy is estimated to be more than 105% of the amount extended the prior year. At this time, the Village and the Library levies are in compliance with the tax cap amount, therefore, compliance with the provisions of this law is not required. However, the Village will hold a public hearing on the budget at the November 23rd Board meeting in accordance with past practice. The public hearing notice will be posted on the

Village Hall bulletin board, the website, and printed in the November 12th edition of the Lake Forester.

ATTACHMENT A

VILLAGE OF LAKE BLUFF

28-Oct-15

2015 PROPERTY TAX LEVY PRELIMINARY LEVY

I. Calculation of 2015 Estimated EAV & Historical Data

	2010	2011	2012	2013	2014	2015 **Estimated**
Village EAV	$561,955,086	527,046,786	484,191,545	463,295,419	458,754,118	$491,784,414
Sanctuary EAV	$23,944,748	24,208,168	22,308,618	20,968,093	20,764,619	$21,387,558
Total Village EAV	$585,899,834	$551,254,954	$506,500,163	$484,263,512	$479,518,737	$513,171,972
Shield's Township EAV	$2,223,203,731	$2,060,162,776	$1,926,914,557	$1,781,099,584	$1,690,026,662	$1,639,325,862
Village % of Township	26.35%	26.76%	26.29%	27.19%	28.37%	31.30%
New Construction Value	$3,063,550	$3,106,704	$967,961	$2,877,031	$1,378,812	$2,976,000
Annexed Property						
Property Tax Extension	$3,506,600	$3,573,377	$3,694,381	$3,789,757	$3,862,737	
Sanctuary Extension	$136,964	$150,333	$156,160	$157,470	$160,876	
Total Village Extension	$3,643,564	$3,723,710	$3,850,542	$3,947,227	$4,023,613	$0
Tax Rate	0.624	0.678	0.763	0.818	0.842	0.000
Sanctuary Rate	0.572	0.621	0.700	0.751	0.775	0.000

II. Calculation of Maximum Tax Levy

A. Tax Cap Calculation - PTELL MAXIMUM — **YEAR 2015 ESTIMATE**

		CPI Factor 0.8%	0.80%	
STEP 1: Prior year Extension less debt * CPI factor				
2014 Extension	***$4,023,613***	**$4,055,802**		
STEP 2: Tax Rate Maximum=New Extension (less debt) Divided by Estimated EAV less New Construction		$510,195,972		
Maximum Tax Rate with CPI (Step 1 divided by Step 2)		**0.7949**	**PTELL Limiting Rate**	
STEP 3: Rate * Total EAV = Total levy (less debt)		$4,079,460	**MAXIMUM** 1.388%	% Increase
STEP 4: Total Maximum Levy		$4,079,460	1.388%	% Increase
STEP 5: Add G.O. Debt Payments	**ABATED**	$0		
STEP 6: Total Maximum Levy & Tax Rate		**$4,079,460**	**0.7949**	

III. Comparison 2014 & 2015 Levy - VILLAGE

A. PTELL Maximum	2014 Tax Ext	**2015 Tax Max**	2015 Estimate	$ Change	% Change
Levy Before Debt	$3,149,695	**$3,193,412**	$3,193,412	$43,717	1.388%
Debt Levy	$0	$0		$0	
Abatement	$0	$0		$0	
Total Levy	$3,149,695	$3,193,412	$3,193,412	$43,717	1.388%

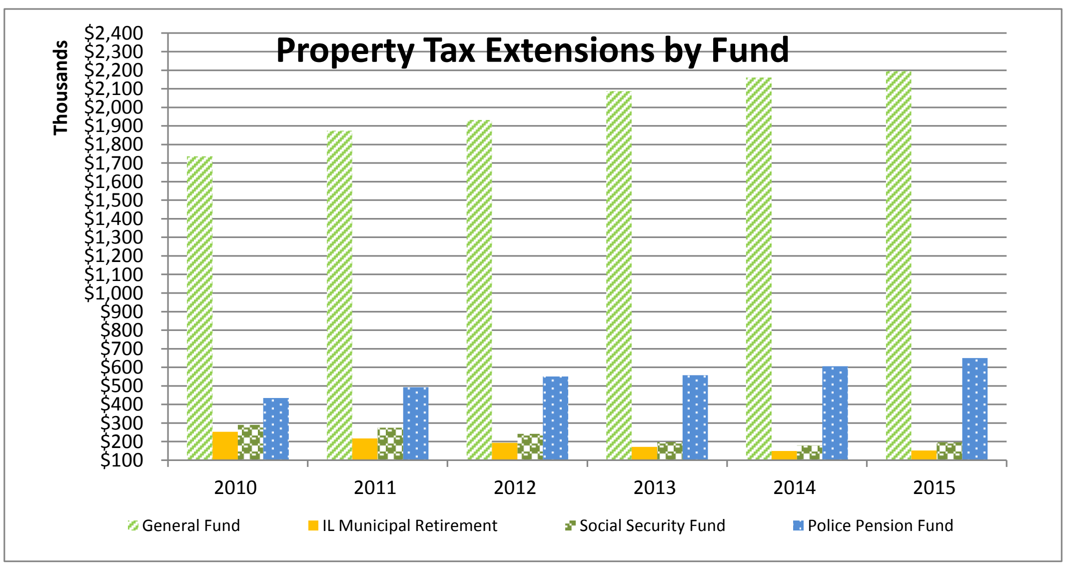
IV. Library Levy Estimates

	2014 Extension	2015 Max	2015 Estimate	$ Increase	% Change
Amount Allowed per Tax Cap	$873,918	**$886,048**	$886,048	$12,130	1.388%
TOTAL LEVY	**$4,023,613**	**$4,079,460**	**$4,079,460**	**$55,847**	**1.388%**

VILLAGE OF LAKE BLUFF
COMPARISON OF PROPERTY TAX LEVIES 2011-2015

	FUND TITLE	PROPERTY TAX 2011 EXT (FY12-13)	PROPERTY TAX 2012 EXT (FY13-14)	PROPERTY TAX 2013 EXT (FY14-15)	PROPERTY TAX 2014 EXT (FY15-16)	PROPERTY TAX 2015 EXT (FY16-17)	$ INC/(DEC) 2014 Extension to 2015 Levy	% INC/(DEC)	% of Total Levy
01	General Fund	$1,932,133	$2,087,921	$2,160,295	$2,169,085	$2,195,612	$26,527	1.22%	49.53%
	Debt Service Abatement	**$0**	**$0**	**$0**	**$0**	**$0**	$0	N/A	0.00%
	General Fund Total Tax	$1,932,133	$2,087,921	$2,160,295	$2,169,085	$2,195,612	$26,527	1.22%	49.53%
07	IL Municipal Retirement	192,939	172,210	150,122	150,003	152,000	$1,997	1.33%	7.47%
14	Social Security Fund	242,552	197,535	179,177	190,004	195,700	$5,696	3.00%	8.56%
16	Liability Insurance Fund	0	0	0	0	0	$0	N/A	0.00%
62	Police Pension Fund	551,255	557,150	605,329	640,603	650,100	$9,497	1.48%	11.68%
	Subtotal-Village	**$2,918,879**	**$3,014,816**	**$3,094,923**	**$3,149,695**	**$3,193,412**	**$43,717**	**1.39%**	**77.24%**
80	Library Fund	744,267	763,094	777,654	797,398	807,598	$10,200	1.28%	20.90%
80	Library IMRF	32,887	40,704	41,925	42,975	44,050	$1,075	2.50%	1.07%
80	Library FICA	27,677	31,927	32,725	33,545	34,400	$855	2.55%	0.78%
39	1998 G.O. Bond & Interest	0	0	0	0	0	$0	N/A	0.00%
	Library	**$804,831**	**$835,725**	**$852,304**	**$873,918**	**$886,048**	**$12,130**	**1.39%**	**22.76%**
TOTAL EXTENSION/LEVY		**$3,723,710**	**$3,850,541**	**$3,947,227**	**$4,023,613**	**$4,079,460**	**$55,847**	**1.39%**	**100.00%**

Residential property represents 90.6% of the total EAV of the Village.
Commercial, industrial, farm and railroad property combined EAV represents 9.4%.



VILLAGE OF LAKE BLUFF

MEMORANDUM

TO:	Finance Committee Chairman and Members Kathleen O'Hara, Village President R. Drew Irvin, Village Administrator
CC:	Marlene Scheibl, Assistant Finance Director
FROM:	Susan Griffin, Finance Director
DATE:	October 28, 2015
SUBJECT:	2015 Police Pension Actuarial Valuation & Historical Information

Attached is a copy of the Police Pension fund 2015 actuarial valuation report prepared by the Village's new actuarial firm, Kathleen Manning and Daniel Colby, MWM Consulting, the State of Illinois actuarial valuation, and multi-year historical data on the Plan.

The actuary recommends a total Village contribution of $650,024 or 51.9% of payroll (based on the Entry Age Normal Cost method) and notes that the *statutorily* required contribution is $455,599 (based on the Percentage Unit Credit method). The breakdown of the recommended contribution is shown on page 9 Exhibit 9. This 2015 recommended levy amount is 1.5% greater than the $640,595 recommended last year under the more conservative EANC method. The funded ratio increased as of April 30, 2015 to 57.60% from 53.73% the prior year as the actuarial accrued liability decreased from $15.572 million to $15.378 million. The State of Illinois actuary prepared a report based on the Pension Code requirements which shows a contribution of $527,046.

Attachments:

A. Police Pension Fund Statistical Data
B. May 1, 2015 Actuarial Valuation Report
C. State of Illinois Actuarial Valuation Report

LAKE BLUFF POLICE PENSION FUND 10/14/2015
HISTORICAL DATA

Fiscal Year[1]	Property Tax Year[2]	Total Covered Payroll	Employee Contributions	Property Tax Receipts	IL Personal Property Replacement Tax	Investment Income	Appreciation/ Depreciation of Assets	# of Covered Emplees[3]	Total Net Assets @ MV	# of Annuitants	Service Pensions	Spouse Pensions	Duty Disability Pensions	Non-Duty Disability Pensions	Total Benefit Payments	# of Deferred Annuitant
2017	2015	1,333,280	132,128	650,000	6,000	195,000	250,000	15	9,690,700	14	541,380	21,631	201,971	26,375	791,357	1
2016	2014	1,282,000	127,046	640,595	6,000	167,800	250,000	14	9,298,900	14	527,008	21,631	201,971	26,375	776,985	1
2015	2013	1,273,602	126,214	603,833	6,395	176,292	284,549	14	8,934,449	14	521,632	21,631	201,971	26,375	771,609	1
2014	2012	1,168,174	115,766	566,409	6,554	546,821	424,089	14	8,558,313	14	516,985	21,631	201,971	26,375	766,962	2
2013	2011	1,181,110	117,048	548,421	5,727	118,624	457,427	14	7,697,491	14	453,159	21,631	157,103	26,375	658,268	1
2012	2010	1,139,596	112,934	490,353	5,777	172,238	(97,448)	12	7,167,985	12	414,671	21,631	125,946	26,375	588,623	1
2011	2009	1,128,732	111,857	433,811	6,403	190,680	451,189	13	7,112,050	11	402,594	21,631	88,096	26,375	538,696	1
2010	2008	1,239,733	122,857	417,876	5,761	120,337	864,103	14	6,503,557	11	390,868	21,631	50,114	26,375	488,988	1
2009	2007	1,226,060	121,503	375,468	6,508	322,988	(1,222,440)	16	5,507,275	10	379,483	21,631	37,453	26,375	464,942	1
2008	2006	1,193,158	118,243	337,305	7,108	391,510	(214,794)	16	6,503,242	10	368,431	21,631	37,453	26,375	453,890	1
2007	2005	1,092,306	108,302	280,004	6,511	411,393	150,947	15	6,326,813	10	354,227	21,631	37,453	26,375	439,686	1
2006	2004	1,037,395	102,806	253,971	6,101	206,522	436,877	15	5,816,571	10	340,207	21,631	37,453	26,375	425,666	0
2005	2003	958,477	94,985	240,279	3,839	141,980	78,595	15	5,242,060	10	331,943	21,631	37,453	26,375	417,402	0
2004	2002	921,734	91,343	163,077	2,234	(163,374)	760,850	15	5,106,273	10	320,915	21,631	37,453	26,375	406,374	0
2003	2001	800,590	79,198	152,068	2,011	101,503	(189,962)	14	4,665,883	10	310,878	21,631	37,453	26,375	396,337	0

[1]FY2016 and FY2017 amounts are projections.
[2]2013 Property Tax Year is the levy being considered.
[3]Chief Gallagher hired in 2001 and retired in 2014 was not part of the Pension Fund. In FY2015 new Deputy Chief is not part of the fund.

PERCENTAGE CHANGE FROM YEAR TO YEAR

Fiscal Year[1]	Property Tax Year	Total Covered Payroll	Employee Contributions	Property Tax Receipts	IL Personal Property Replacement Tax	Investment Income	Appreciation/ Depreciation of Assets		Total Net Assets @ MV		Service Pensions	Spouse Pensions	Duty Disability Pensions	Non-Duty Disability Pensions	Total Benefit Payments
2017	2015	4.0%	4.0%	1.5%	0.0%	16.2%	0.0%		4.2%		2.7%	0.0%	0.0%	0.0%	1.8%
2016	2014	0.7%	0.7%	6.1%	-6.2%	-4.8%	-12.1%		4.1%		1.0%	0.0%	0.0%	0.0%	0.7%
2015	2013	9.0%	9.0%	6.6%	-2.4%	-67.8%	-32.9%		4.4%		0.9%	0.0%	0.0%	0.0%	0.6%
2014	2012	-1.1%	-1.1%	3.3%	14.4%	361.0%	-7.3%		11.2%		14.1%	0.0%	28.6%	0.0%	16.5%
2013	2011	3.6%	3.6%	11.8%	-0.9%	-31.1%	-569.4%		7.4%		9.3%	0.0%	24.7%	0.0%	11.8%
2012	2010	1.0%	1.0%	13.0%	-9.8%	-9.7%	-121.6%		0.8%		3.0%	0.0%	43.0%	0.0%	9.3%
2011	2009	-9.0%	-9.0%	3.8%	11.1%	58.5%	-47.8%		9.4%		3.0%	0.0%	75.8%	0.0%	10.2%
2010	2008	1.1%	1.1%	11.3%	-11.5%	-62.7%	-170.7%		18.1%		3.0%	0.0%	33.8%	0.0%	5.2%
2009	2007	2.8%	2.8%	11.3%	-8.4%	-17.5%	469.1%		-15.3%		3.0%	0.0%	0.0%	0.0%	2.4%
2008	2006	9.2%	9.2%	20.5%	9.2%	-4.8%	-242.3%		2.8%		4.0%	0.0%	0.0%	0.0%	3.2%
2007	2005	5.3%	5.3%	10.3%	6.7%	99.2%	-65.4%		8.8%		4.1%	0.0%	0.0%	0.0%	3.3%
2006	2004	8.2%	8.2%	5.7%	58.9%	45.5%	455.9%		11.0%		2.5%	0.0%	0.0%	0.0%	2.0%
2005	2003	4.0%	4.0%	47.3%	71.8%	-186.9%	-89.7%		2.7%		3.4%	0.0%	0.0%	0.0%	2.7%
2004	2002	15.1%	15.3%	7.2%	11.1%	-261.0%	-500.5%		9.4%		3.2%	0.0%	0.0%	0.0%	2.5%

Actuarial Valuation

Village of Lake Bluff
Lake Bluff Police Pension Fund

As of May 1, 2015
For the Year Ending April 30, 2016

Table of Contents

SECTION 1: SUMMARY OF PRINCIPAL VALUATION RESULTS

MWM Consulting Group was retained to prepare an actuarial valuation as of May 1, 2015 for the Village of Lake Bluff Police Pension Fund. The purpose of the actuarial valuation was to determine the financial position and the annual actuarial requirements of the pension fund under Illinois statute 40 ILCS 5/3, Section 125, and to develop a recommended minimum contribution amount.

For quick reference, some of the key results of the valuation, along with selected financial and demographic information for the year ending April 30, 2016 are summarized in this overview section along with (for comparison) the results from the prior year.

CONTRIBUTIONS

The plan sponsor must contribute at least the statutorily required minimum contribution under Illinois statutes equal to the normal cost plus the amount necessary to amortize the unfunded accrued liability such that by 2040, the liabilities will be 90% funded.

Item	Current Valuation as of 5/1/2015	Prior Year Valuation as of 5/1/2014
Recommended Minimum Contribution	$650,024 (51.9%)	$640,595 (51.5%)
Statutory Minimum Contribution per 40 ILCS 5/3 Section 125	$455,599 (36.4%)	$464,838 (37.4%)

() amounts expressed as a percentage of payroll

STATUTORY MINIMUM FUNDING COST ELEMENTS

Illinois statues require employers to contribute at least the amount necessary such that assets will equal at least 90% of the accrued liability by 2040. The minimum amount is determined under the Projected Unit Credit funding method, with smoothed assets, and is equal to the normal cost plus the amortization amount.

Item	Current Valuation as of 5/1/2015	Prior Year Valuation as of 5/1/2014
Accrued Liability	$ 14,943,673	$ 14,493,065
Market Value of Assets	$ 8,934,449	$ 8,558,315
Actuarial (Smoothed) Value of Assets	$ 8,857,854	$ 8,367,021
Normal Cost (Total)	$ 288,721	$ 294,210
Amortization Amount	$ 253,001	$ 250,900
Statutory Minimum Contribution	$ 455,599	$ 464,838

RECOMMENDED MINIMUM FUNDING CONTRIBUTION COST ELEMENTS

The recommended minimum contribution is the amount necessary to fund 95% of the accrued liability by 2040 based upon a level dollar amortization basis and the entry age normal funding method.

Item	Current Valuation as of 5/1/2015	Prior Year Valuation as of 5/1/2014
Accrued Liability	$ 15,377,823	$ 15,572,807
Market Value of Assets	$ 8,934,449	$ 8,558,315
Actuarial (Smoothed) Value of Assets	$ 8,857,854	$ 8,367,021
Normal Cost (net of employee contributions)	$ 138,166	$ 175,780
Amortization Amount	$ 461,218	$ 433,105
Recommended Minimum Contribution	$ 650,024	$ 464,838

FINANCIAL THUMBNAIL RATIOS

This chart summarizes traditional financial ratios as applied to the pension plan. This liquidity ratio relates the cash flow position of the Fund by comparing the investment income plus employer and employee contributions to the annual benefit payments. Maintaining a ratio well above 100% prevents the liquidation of assets to cover benefit payments. The increase in benefits paid over the years is generally a result of the maturing of the pension plan.

Coverage of the Accrued Liabilities by the Assets is the Coverage Ratio and is one indication of the long term funding progress of the plan.

Tests	2015 Valuation	2014 Valuation
Liquidity Ratio (based upon year ended)	145%	
Coverage Ratio (Market Value Assets)	58.1%	
Annual Benefit Payments (expected)	$776,845	
Annual Contributions (expected)		
Members	$124,073	$118,430
Village	$650,024	$640,595

PARTICIPANT DATA SUMMARY

The Actuarial Valuation takes into account demographic and benefit information for active employees, vested former employees, and retired pensioners and beneficiaries. The statistics for the past two years are compared in the chart.

Item	Current Year Valuation as of 5/1/2015	Prior Year Valuation as of 5/1/2014
Active Members	14	14
Terminated Members entitled to future benefits	1	2
Retired Members (including beneficiaries and disabled participants receiving benefits)	14	14
Total	29	30

SECTION 2: VALUATION RESULTS

Significant Events and Issues Influencing Valuation Results

Actuarial valuations are snapshot calculations which incorporate and reflect the experience and events of the past year such as changes in the demographics of the plan participants, gains and losses in the plan assets, changes in actuarial assumptions about future experience and outside influences such as legislation. Some of the more significant issues affecting the Plan's contribution level are described here.

Change in Actuarial Assumptions/Methods

With respect to demographic assumptions, modifications were made to the disability and duty disability assumptions and to the mortality table which was upgraded to include mortality improvements to the 2015 valuation year and a lowering of the public safety adjustment to 50% from (125% to 200%). Retirement rates were not changed for this valuation, however, a review of the retirement rates is recommended before the next valuation.

For determination of the recommended contribution the amortization basis was increased to 95% of the accrued liability from 90%.

Asset Performance for yearend 4/30/2015

The approximate 5.41% return (not time weighted) on net assets was below the actuarial assumption of 7.00%.

ACTUARIAL CERTIFICATION

This is to certify that MWM Consulting Group has prepared an Actuarial Valuation of the Plan as of May 1, 2015 for the purposes of determining statutory contribution requirements for the Fund in accordance with the requirements of 40 ILCS 5/3, Section 125, of determining a recommended minimum contribution. The contributions determined are net of contributions made by active member police officers during the year.

The results shown in this report have been calculated under the supervisions of a qualified Actuary as defined in appropriate State statutes. All results are based upon demographic data submitted by the Fund /Village, financial data submitted by the Fund, applications of actuarial assumptions, and generally accepted actuarial methods.

This valuation report has been prepared at the request of Village of Lake Bluff Incorporated to assist in administering the Plan and meeting specified financial and accounting requirements. This valuation report may not otherwise be copied or reproduced in any form without the consent of the Fund sponsor and may only be provided to other parties in its entirety. The information and valuation results shown in this report are prepared with reliance upon information and data provided to us, which we believe to the best of our knowledge to be complete and accurate and include:

- Employee census data submitted by the Village of Lake Bluff Incorporated. This data was not audited by us but appears to be consistent with prior information, and sufficient and reliable for purposes of this report.
- Financial data submitted by the Police Fund/Village of Lake Bluff Incorporated.

The measurements shown in this actuarial valuation may not be applicable for other purposes. Actuarial valuations involve calculations that require assumptions about future events. Certain of the assumptions or methods are mandated for specific purposes. Future actuarial measurements may differ significantly from the current measurements presented in the report due to such factors as experience that deviates from the assumptions, changes in assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period, or additional cost or contributions based on the Plan's funded status) and changes in plan provisions or applicable law. This report does not include an analysis of the potential range of such future measurements.

We believe the assumptions and methods used are within the range of possible assumptions that are reasonable and appropriate for the purposes for which they have been used. In our opinion, all methods, assumptions and calculations are in accordance with requirements and the procedures followed and presentation of results are in conformity with generally accepted actuarial principles and practices. The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. There is no relationship between the Village of Lake Bluff Incorporated and MWM Consulting Group that impacts our objectivity. I certify that the results presented in this report are accurate and correct to the best of my knowledge.

MWM CONSULTING GROUP

Kathleen E Manning, FSA Managing Principal & Consulting Actuary MWM Consulting Group	Daniel W. Colby, FSA Consulting Actuary MWM Consulting Group	10/15/2015 Date

SECTION 3 - FINANCIAL AND ACTUARIAL EXHIBITS

Exhibit 1 - Statement of Market Value of Assets

Item	Plan Year Ending 4/30/2015	Plan Year Ending 4/30/2014
1. Investments at Fair Value:		
a. Cash and Cash equivalents	$ 0	$ 0
b. Money Market Mutual Funds	585,850	592,441
c. Municipal Bonds	2,019,323	1,820,606
d. Corporate Bonds	0	0
e. US Government and Agency Bonds	2,417,827	2,267,965
f. Common and Preferred Stocks	2,158,003	2,260,550
g. Insurance Contracts (at contract value):	0	0
h. Mutual Funds	1,730,277	1,596,771
i. Accrued Interest and receivables	25,448	27,297
j. Other	0	0
Total Assets (a + b + c +d + e + f + g+ h+ i +j)	$ 8,936,728	$ 8,565,630
2. Liabilities:		
a. Expenses Payable	$ 2,279	$ 7,314
b. Liability for benefits due and unpaid	0	0
c. Total Liabilities	$ 2,279	$ 7,314
3. Net Market Value of Assets Available for Benefits: (1j – 2c)	$ 8,934,449	$ 8,558,316

Exhibit 2 - Statement of Change in Net Assets

Item	Plan Year Ending 4/30/2015	4/30/2014
Additions		
Contributions		
Employer	$ 610,228	
Plan Member	126,214	
Other	0	
Total Contributions	$ 736,442	
Investment Income		
Net appreciation in fair value of investments	$ 269,498	
Interest	97,642	
Dividends	93,589	
Real estate operating income-net	0	
Investment Expenses	109	
Net Investment Income	460,838	
Total additions	$ 1,197,280	
Deductions		
Benefits	$ 771,609	
Refunds	0	
Administrative and Investment Expenses	49,538	
Total deductions	$ 821,147	
Total increase (decrease)	$ 376,133	
Net Fiduciary Position		
Beginning of year	$ 8,558,316	$ 7,697,491
End of year	$ 8,934,449	$ 8,558,316

Exhibit 3 – Actuarial Value of Assets

Under 40 ILCS 5/3, the statutory minimum required contribution is to be determined based upon **Actuarial Value of Assets**, which are asset values which have been smoothed over a five-year period, beginning with the year 2011. The **Actuarial Value of Assets** has been calculated below based upon the market value of assets at May 1, 2015 with adjustments for the preceding year's gains/losses, which are reflected at the rate of 20% per year.

1. Expected Return on Assets	
a. Market Value of Assets as of Beginning of Year	$ 8,558,315
b. Income and Disbursements During the year	
i. Contributions Received (weighted 50%)	$ 368,221
ii. Benefit Payments and Expenses (weighted 50%)	410,574
iii. Weighted net income (other than investment income) (i) – (ii)	(42,353)
c.. Market Value adjusted for income and disbursements	$ 8,515,963
d. Expected Return on Assets at assumed rate of 7.00%	**$ 596,117**
2. Actual Return on Assets for year	
a. Market Value of Assets (Beginning of Year)	$ 8,558,315
b. Income (less investment income)	736,442
c. Disbursements	821,147
d. Market Value of Assets (End of Year)	8,934,449
e. Actual Return on Assets (d) – (a) – (b) + (c)	460,839
f. Investment Gain/(Loss) for year 2(e) - 1(d)	**$ (135,278)**
3. Actuarial Value of Assets	
a. Market Value of Assets as of End of Year	$ 8,934,449
b. Deferred Investment gains/(losses)	
i. 80% of 2015 loss of $(135,278)	108,222
ii. 60% of 2014 gain of $416,724	(250,034)
iii. 40% of 2013 gain of $58,278	(23,311)
iv. 20% of 2012 loss of $(442,639)	88,528
v. Total	(76,595)
c. Actuarial Value of Assets for statutory funding 3(a) + 3(b)(iv)	**$ 8,857,854**

Exhibit 4- Determination of the Statutory Minimum Required Contribution

Under 40 ILCS 5/3, the statutory minimum required contribution is to be determined based upon the Projected Unit Credit actuarial funding method, where the unfunded liability is amortized such that 90% of the liability will be funded as of 2040. Under the statute, 90% of the unfunded liability is to be amortized as a level percentage of payroll over the period through 2040. The mandated funding method, the Projected **Unit Credit funding method, requires** the annual cost of the plan to be developed in two parts: that attributable to benefits allocated to the current year (the normal cost); and that allocated to benefits attributable to prior service (the accrued liability).

Funding Elements for 40 ILCS 5/3

	Present Value of Benefits as of 5/1/2015	Projected Unit Credit (PUC) Normal Cost 5/1/2015	PUC Actuarial Accrued Liability as of 5/1/2015
1. Active Officers			
a) Normal & Early Retirement	$ 5,738,579	$ 217,109	$ 3,130,931
b) Vested Withdrawal	261,769	15,287	163,905
c) Pre-Retirement Death	189,980	8,820	111,821
d) Disability	941,247	47,505	534,798
e) Total Active Police Officers	$ 7,131,575	$ 288,721	$ 3,941,455
2.. Inactive Police Officers and Survivors:			
a) Normal Retirees	$ 6,846,329		$ 6,846,329
b) Widows (survivors)	142,042		142,042
c) Deferred Vested	119,590		119,590
d) Disabled	3,894,257		3,894,257
e) Total - Nonactive	$ 11,002,218		$ 11,002,218
3. Total – All	$ 18,133,784		$ 14,943,673

Minimum Statutory Contribution under 40 ILCS 5/3

Item	Amount
1. Annual Payroll	$ 1,251,993
2. Normal Cost (net of employee/member contributions)	164,677
3. Employee Contributions (expected)	124,044
4. Funding Actuarial Liability	14,943,673
5. 90% of Funding Actuarial Liability	13,449,306
6. Actuarial Value of Assets (Exhibit 3)	8,857,854
7. Unfunded Actuarial Balance	4,591,452
8. Amortization of Unfunded Balance over 25 years as a level percentage of payroll	253,001
9. Interest on (2), (3) and (8)	37,921
10. Minimum statutory tax levy contribution per 40 ILCS 5/3 (2) + (8) + (9)	**$455,599 (36.4%)**

*() amount as a percent of payroll

Exhibit 5- Determination of the Recommended Contribution

The Tax Levy has been based upon the actuary's recommended contribution, rather than the amount determined as the minimum under 40 ILCS 5/3. The recommended contribution is developed below, based upon the Entry Age Normal Funding Method, with the unfunded accrued liability amortized as a level dollar amount over the 25 years through 2040. The contribution is then the sum of the Normal Cost (developed under the entry age method, but where the total normal cost is not less than 17.5%) plus the amortization payment.

Funding Elements for Recommended Contribution

	Present Value of Benefits as of 5/1/2015	Entry Age Normal Cost 5/1/2015	Entry Age Accrued Liability as of 5/1/2015
1. Active Officers			
a) Normal & Early Retirement	$ 5,738,579	$ 186,554	$ 3,804,593
b) Vested Withdrawal	261,769	17,958	63,657
c) Pre-Retirement Death	189,980	8,754	96,285
d) Disability	941,247	48,944	411,070
e) Total Active Police Officers	$ 7,131,575	$ 262,210	$ 4,375,605
2. . Inactive Police Officers and Survivors:			
f) Normal Retirees	$ 6,846,329		$ 6,846,329
g) Widows (survivors)	142,042		142,042
h) Deferred Vested	119,590		119,590
i) Disabled	3,894,257		3,894,257
j) Total - Nonactive	$ 11,002,218		$ 11,002,218
3. Total – All	$ 18,133,784		$ 15,377,823

Recommended Contribution for Tax Levy

Item	Amount
1. Normal Cost (net of employee/member contributions)	$ 138,166
2. Member Contributions	124,044
3. Funding Actuarial Liability	15,377,823
4. 95% of Funding Actuarial Liability	14,608,932
5. Actuarial Value of Assets (Exhibit 3)	8,857,854
6. Unfunded Actuarial Balance	5,751,078
7. Amortization of Unfunded Balance over 25 years as a level dollar amount	461,218
8. Interest on (1), (2) and (7)	50,149
9. Recommended tax levy contribution (1) + (7) + (8)	**$650,024 (51.9%)**

Exhibit 6 – Summary of Participant Data as of May 1, 2015

Participant Data

Item	As of 5/1/2015
Active Members	14
Terminated Members entitled to future benefits	1
Retired Members (including beneficiaries and disabled participants receiving benefits)	14
Total	29

AGE AND SERVICE DISTRIBUTION AS OF MAY 1, 2015

Active Employee Participants

Age Group	Service									Total
	0 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	40+	
Under 20										0
20 - 24	1									1
25 - 29	3									3
30 - 34		2								2
35 - 39			4							4
40 - 44			1	1						2
45 - 49			1			1				2
50 - 54										0
55 - 59										0
60 - 64										0
75 & Over										0
Total	4	2	6	1	0	1	0	0	0	14

Average Age: 35.4 years
Average Length of Service: 10.4 years

SECTION 4 - SUMMARY OF PRINCIPAL PLAN PROVISIONS

This summary provides a general description of the major eligibility and benefit provisions of the pension fund upon which this valuation has been based. It is not intended to be, nor should it be interpreted as, a complete statement of all provisions

Definitions

Tier 1 – For Police Officers first entering Article 3 prior to May 1, 2011

Tier 2 – For Police Officers first entering Article 3 after December 31, 2010

Police Officer (3-106): Any person appointed to the police force and sworn and commissioned to perform police duties.

Persons excluded from Fund (3-109): Part-time officers, special police officer, night watchmen, traffic guards, clerks and civilian employees of the department. Also, police officers who fail to pay the required fund contributions or who elect the Self-Managed Plan option.

Creditable Service (3-110): Time served by a police officer, excluding furloughs in excess of 30 days, but including leaves of absences for illness or accident and periods of disability where no disability pension payments have been received and also including up to 3 years during which disability payments have been received provided contributions are made.

Pension (3-111)

Normal Pension Age

Tier 1 - Age 50 with 20 or more years of creditable service.

Tier 2 - Age 55 with 10 or more years of creditable service.

Normal Pension Amount

Tier 1 - 50% of the greater of the annual salary held in the year preceding retirement or the annual salary held on the last day of service, plus 2½% of such annual salary for service from 20 to 30 year (maximum 25%)].

Tier 2 - 2½% of Final Average salary for each year of service. Final Average Salary is the highest salary based on the highest consecutive 96 months of the final 120 months of service

Early Retirement at age 50 with 10 or more years of service but with a penalty of ½% for each month prior to age 55.

Annual Salary capped at $106,800 increased yearly by the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3%. Salary for valuations beginning in 2013 is $109,971.43.

Minimum Monthly Benefit: $1,000

Maximum Benefit Percentage: 75% of salary

Termination Retirement Pension Date

Separation of service after completion of between 8 and 20 years of creditable service.

Termination Pension Amount

Commencing at age 60, 2½% of annual salary held in the year preceding termination times years of creditable service or refund of contributions, or for persons terminating on or after July 1, 1987, 2½% of annual salary held on the last day of service times years of credible service, whichever is greater.

Pension Increase Non-Disabled

Tier 1 - 3% increase of the original pension amount after attainment of age 55 for each year elapsed since retirement, followed by an additional 3% of the original pension amount on each May 1 thereafter. Effective July 1, 1993, 3% of the amount of pension payable at the time of the increase including increases previously granted, rather than 3% of the originally granted pension amount.

Tier 2 - The lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each May 1 thereafter.

Disabled

3% increase of the original pension amount after attainment of age 60 for each year he or she received pension payments, followed by an additional 3% of the original pension amount in each May 1 thereafter.

Pension to Survivors (3-112)

Death of Retired Member

Tier 1 - 100% of pension amount to surviving spouse (or dependent children).

Tier 2 – 66 2/3% of pension amount to surviving spouse (or dependent children), subject to the following increase: the lesser of ½ of the Consumer Price Index- Urban (CPI-U) or 3% increase of the original pension amount after attainment of age 60, followed by an additional 3% of the original pension amount on each May 1 thereafter.

Death While in Service (Not in line of duty)

With 20 years of creditable service, the pension amount earned as of the date of death.

With between 10 and 20 years of creditable service, 50% of the salary attached to the rank for the year prior to the date of death.

Death in Line of Duty

100% of the salary attached to the rank for the last day of service year prior to date of death.

Minimum Survivor Pension

$1,000 per month to all surviving spouses.

Disability Pension - Line of Duty (3-114.1)

Eligibility

Suspension or retirement from police service due to sickness, accident or injury while on duty.

Pension

Greater of 65% of salary attached to rank at date of suspension or retirement and the retirement pension available. Minimum $1,000 per month.

Disability Pension - Not on Duty (3-114.2)

Eligibility
Suspension or retirement from police service for any cause other than while on duty.

Pension
50% of salary attached to rank at date of suspension or retirement. Minimum $1,000 per month.

Other Provisions

Marriage after Retirement (3-120)
No surviving spouse benefit available.

Refund (3-124)
At death prior to completion of 10 years of service, contributions are returned without interest to widow. At termination with less than 20 years of service, contributions are refunded upon request.

Contributions by Police Officers (3-125.1)
Beginning May 1, 2001, 9.91% of salary including longevity, but excluding overtime pay, holiday pay, bonus pay, merit pay or other cash benefit.

Actuarial Accrued Liability
See ***Entry Age Normal Cost*** *Method and* ***Projected Unit Credit Cost*** *Method.*

Actuarial Assumptions
The economic and demographic predictions used to estimate the present value of the plan's future obligations. They include estimates of investment earnings, salary increases, mortality, withdrawal and other related items. The *Actuarial Assumptions* are used in connection with the *Actuarial Cost Method* to allocate plan costs over the working lifetimes of plan participants.

Actuarial Cost Method
The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants. Also referred to as an *Actuarial Funding Method.*

Actuarial Funding Method
See *Actuarial Cost Method*

Actuarial Gain (Loss)
The excess of the actual *Unfunded Actuarial Accrued Liability* over the expected *Unfunded Actuarial Accrued Liability* represents an *Actuarial Loss.* If the expected *Unfunded Actuarial Accrued Liability* is greater, an *Actuarial Gain* has occurred.

Actuarial Present Value
The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of *Actuarial Assumptions.*

Actuarial Value of Assets
The asset value derived by using the plan's *Asset Valuation Method.*

Asset Valuation Method
A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an asset valuation method is to provide for the long-term stability of employer contributions.

Employee Retirement Income Security Act of 1974 (ERISA)
The primary federal legislative act establishing funding, participation, vesting, benefit accrual, reporting, and disclosure standards for pension and welfare plans.

Entry Age Normal Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated on a level basis over the earnings of the individual between entry age and assumed exit age(s). The portion of this *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost.* The portion of this *Actuarial Present Value* not provided for at a valuation date by the *Actuarial Present Value* of future *Normal Costs* is called the *Actuarial Accrued Liability.*

Normal Cost
The portion of the *Present Value of Projected Plan Benefits* that is allocated to a particular plan year by the *Actuarial Cost Method.* See *Entry Age Normal Cost Method* for a description of the Normal Cost under the *Entry Age Normal Cost Method.* See *Projected Unit Credit Cost Method* for a description of the Normal Cost under the *Projected Unit Credit Cost Method.*

Present Value of Future Normal Costs
The present value of future normal costs determined based on the *Actuarial Cost Method* for the plan. Under the *Entry Age Normal Cost Method*, this amount is equal to the excess of the *Present Value of Projected Plan Benefits* over the sum of the *Actuarial Value of Assets* and *Unfunded Actuarial Accrued Liability.*

Present Value of Projected Plan Benefits
The present value of future plan benefits reflecting projected credited service and salaries. The present value is determined based on the plan's actuarial assumptions.

Projected Unit Credit Cost Method
One of the standard actuarial funding methods in which the *Present Value of Projected Plan Benefits* of each individual included in the *Actuarial Valuation* is allocated by a consistent formula to valuation years. The *Actuarial Present Value* allocated to a valuation year is called the *Normal Cost*. The *Actuarial Present Value* of benefits allocated to all periods prior to a valuation year is called the *Actuarial Accrued Liability*.

Unfunded Actuarial Accrued Liability
The excess of the *Actuarial Accrued Liability* over the *Actuarial Value of Assets.*

SECTION 5 - SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHODS

Nature of Actuarial Calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events, some of which are mandated assumptions. Certain provisions may be approximated or deemed immaterial and therefore are not valued. Assumptions may be made about participant data or other factors. A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience and should not imply precisions, which is not inherent in actuarial calculations.

Actuarial Assumption Item	Annual Actuarial Valuation Statutory Minimum	Annual Actuarial Valuation Recommended Minimum
Interest	7.00% per annum	7.00% per annum
Mortality	RP2000 Mortality Table projected to 2015 with Blue Collar Adjustments, 50% Load	RP2000 Mortality Table projected to 2015 with Blue Collar Adjustments, 50% Load
Retirement	Rates of retirement for all ages are: Age / Age 50 35.52% 60 21.17% 51 22.38% 61 30.41% 52 18.42% 62 39.11% 53 18.83% 63 47.81% 54 19.24% 64 56.51% 55 19.65% 65 65.20% 56 20.07% 66 73.90% 57 20.48% 67 82.60% 58 20.89% 68 91.30% 59 21.30% 69 100%	Rates of retirement for all ages are: Age / Age 50 35.52% 60 21.17% 51 22.38% 61 30.41% 52 18.42% 62 39.11% 53 18.83% 63 47.81% 54 19.24% 64 56.51% 55 19.65% 65 65.20% 56 20.07% 66 73.90% 57 20.48% 67 82.60% 58 20.89% 68 91.30% 59 21.30% 69 100%
Withdrawal	Rates of termination are based upon age only. Sample rates for selected ages are: Age 25 7.34% 40 1.19% 50 0.00% 55 0.00%	Rates of termination are based upon age only. Sample rates for selected ages are: Age 25 7.34% 40 1.19% 50 0.00% 55 0.00%
Salary Increase	Rates of salary increases are based upon age only. An additional 2.5% reflecting inflationary increases, was added in addition to the rates illustrated below. Sample rates for selected ages are: Age 25 4.86% 40 1.52% 50 1.18% 55 1.12%	Rates of salary increases are based upon age only. An additional 2.5% reflecting inflationary increases, was added in addition to the rates illustrated below. Sample rates for selected ages are: Age 25 4.86% 40 1.52% 50 1.18% 55 1.12%

Actuarial Assumption Item	Annual Actuarial Valuation Statutory Minimum	Annual Actuarial Valuation Recommended Minimum
Payroll Growth	Total payroll is assumed to increase at 4.0% per year	Total payroll is assumed to increase at 4.0% per year
Percentage Married	85% are married, females are assumed to be 3 years younger	85% are married, females are assumed to be 3 years younger
Asset Valuation Method	Assets are valued at fair market value and smoothed over five years, reflecting gains and losses at 20% per year.	Assets are valued at fair market value and smoothed over five years, reflecting gains and losses at 20% per year.
Actuarial Cost Methods	Projected Unit Credit Cost Method This is the mandated actuarial method to be used in determining the statutory contribution requirements and under PA 096-1495. This method determines the present value of projected benefits and prorates the projected benefit by service to date to determine the accrued liability. Amounts attributable to past service are amortized as a level percentage of pay with the goal of reaching 90% of the accrued liability by 2040.	Entry Age Normal Cost Method This method projects benefits from entry age to retirement age and attributes costs over total service, as a level percentage of pay. Amounts attributable to past service have been amortized over 25 years as a level dollar amount.

LAKE BLUFF POLICE PENSION FUND
Actuarial Valuation Report

Showing Assets and Liabilities of the Fund in Accordance with Actuarial Reserve Requirements as of May 1, 2015

Summary

Accrued Liability	$16,104,829
Actuarial Value of Assets	$8,848,802
Unfunded Accrued Liability	$7,256,027
Funded Ratio	55%

Liabilities

Reserves for Annuities and Benefits in Force

	Head Count:	Present Value:	
Retirement Annuities	8	7,401,805	
Disability Annuities	5	3,676,572	
Surviving Spouse Annuities	1	147,625	
Minor Dependent Annuities	0	0	
Deferred Retirement Annuities	1	298,508	
Handicapped Dependent Annuities	0	0	
Dependent Parent Annuities	0	0	
Terminated Liabilities	0	0	
Total:	15		$11,524,509

Accrued Liabilities for Active Members	14	$4,580,320
Total Accrued Liabilities		$16,104,829
Total Normal Cost for Active Members		$338,075
Total Normal Cost as a Percentage of Payroll		27%
Total Annual Payroll		$1,251,993
Amortization of Unfunded Liabilities:		
Total Accrued Liability		$16,104,829
90% Funded Ratio Target		$14,494,346
Actuarial Value of Assets		$8,848,802
Liabilities Subject to Amortization		$5,645,544
Amortization Period		25 years
Amortization Payment, Beginning of Year		$280,876

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based on expectations for all Article 3 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

Jason Franken
Enrolled Actuary #14-06888
Foster & Foster

Scott J. Brandt
Statistical Services, Public Pension Division
Illinois Department of Insurance

LAKE BLUFF POLICE PENSION FUND
Actuarial Valuation Report

Assets

Actuarial Value of Assets

Current Year Gain/(Loss):

Market value of assets as of April 30, 2014	$8,558,315
Benefit payments during fiscal year 2015	(771,609)
Total contributions during fiscal year 2015	736,442
Expected return during fiscal year 2015	555,148
Expected market value of assets as of April 30, 2015	$9,078,296
Actual market value of assets as of April 30, 2015	$8,934,449
Investment gain/(loss) during the fiscal year	($143,847)

Development of Actuarial Value of Assets (market value less unrecognized amounts):

Market value of assets as of April 30, 2015	$8,934,449
Unrecognized gain/(loss) from fiscal 2015	(115,078)
Unrecognized gain/(loss) from fiscal 2014	264,757
Unrecognized gain/(loss) from fiscal 2013	22,662
Unrecognized gain/(loss) from fiscal 2012	(86,695)
Actuarial value of assets as of April 30, 2015	$8,848,802

Actuarially Determined Employer Contributions

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of May 1, 2015.	$214,003
Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 25 years as prescribed by Section 3-125 of the Illinois Pension Code.	$280,876
Interest to the end of the fiscal year.	$32,167
Total suggested amount of employer contributions to arrive at the annual requirements of the fund as prescribed by Section 3-125 of the Illinois Pension Code. *	$527,046

*The above figure is the suggested amount which should be obtained by the fund from the municipality exclusive of any other items of income, such as interest on investments, contributions from participants, etc. These items have already been taken into consideration in arriving at this amount.

LAKE BLUFF POLICE PENSION FUND
Actuarial Valuation Report

Actuarial Information

The following methods have been prescribed in accordance with Section 3-125 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

Actuarial Assumptions

Interest rate	6.50%
Interest rate, prior fiscal year	6.50%
Healthy mortality rates - Male	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Healthy mortality rates - Female	RP-2000 Combined Healthy Mortality, with Blue Collar Adjustment
Disability mortality rates - Male	RP-2000 Disabled Retiree Mortality
Disability mortality rates - Female	RP-2000 Disabled Retiree Mortality
Decrements other than mortality	Experience tables
Rate of service-related deaths	5%
Rate of service-related disabilities	70%
Salary increases	Service-related table with rates grading from 11% to 4% at 30 years of service
Payroll growth	4.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

Data and Fund Information

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, completed years of service of each individual participant.

The fund specific information used in the production of this document was provided to the Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.

ATTACHMENT D

Tax Levy for FY2016-2017

In reviewing the library's levy request I considered necessary expenses, known contracts, and likely expenses for each budget line. I am confident in the numbers I am passing along for your consideration, though new developments might effect the final numbers.

NEW EXPENSES

Upcoming Capital Expenses to be Paid from Reserve

- $2,000 for repair of the Spruth Room stair well;
- $2,000 for roof and beam repair work;
- $30,000 for repair and updating of the Library's HVAC system, and;
- $25,000 for replacement of the juvenile fiction and nonfiction shelving.

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A total of: **$59,000 in capital expenses from reserve**.

Regular Budget for FY 2016-2017

- Need for a more comprehensive HVAC maintenance plan to avoid future problems;
- The average staff salary remains low enough to be a disincentive for retention (average salary for paraprofessionals remains, for instance, 9% below the average starting salary at neighboring libraries);
- The State of Illinois is in flux, and approximately $6,000 of usually reliable funding cannot be relied upon;
- Replacement and repair for aging electronic equipment;
- Need to adequately support a now updated phone system, and;
- The need to maintain a reserve equivalent to roughly 50% of the annual operating budget.

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A total of: **$42,750 in new expenses**.

BUDGET REDUCTIONS

- The Space Needs study has been completed;
- The Local Area Network (LAN) maintenance contract for the library was favorably finalized last year;
- Improved efficiency has lowered the amount needed for office and technical supplies, and;
- Increased comfort with the now-fully-implemented Sierra Integrated Library System is allowing for time and cost savings.

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A total of: **$15,500 in budget reductions**.

Net increase in expenses: **$27,250**.

SUMMARY

A total of $59,000 would be added to the budget from reserve to cover capital expenses. Another $32,300 can be relied on from fines, photocopy charges, and misc. revenue. **This would mean a levy of $901,008, an increase in 3.1% from the previous year.** While this is higher than the 1.388% PTELL increase, a reasonable budget includes expenses that that increase would not cover.

The levy represents 96.5% of the library's annual operating revenue and is the only revenue source that the library can truly exercise control over. The library has only exceeded the PTELL rate once before, in dealing with a complete failure of the heating and cooling system for the building, and has with that exception been at or below the PTELL recommendation.

Regards,

Eric Scott Bailey

Agenda Item: IV3

VILLAGE OF LAKE BLUFF

Memorandum

To: Chair Steve Christensen and Finance Committee Members
Village Board of Trustees

From: Drew Irvin, Village Administrator
Jake Terlap, Public Works Superintendent

Date: October 27, 2015

Subject: Consideration of an Amendment and Restatement of the Landscape Waste Composting Agreement between the Village of Lake Bluff and DK Organics, LLC

Since 1994 the Village has contracted with DK Organics of Lake Bluff, Illinois ("DK") for the processing of all yard waste delivered to the Public Works Center by Village crews and residents ("Agreement"). In November of 2008 the Village reviewed and renewed the Agreement with DK and again extended the Agreement on November 25, 2013 for a period of 2 years. As has been the case for many years, the Village and DK's partnership continues to be mutually beneficial in that the Village reduces its fees for household waste collection, secures quality materials for Village and resident landscape needs, and furthers the Village's sustainability efforts (reducing carbon footprint, locally recycling yard waste, etc.), while DK secures an overflow location for their operations which are largely done off the Village property. Over the last several months Village Staff has researched alternative service providers and, largely due to logistics and value, is again recommending extending the Village's Agreement with DK. Specifically, Village staff recommends extending the contract with DK Organics for a period of 3 years maintaining the terms of the Agreement the same with the following suggested changes:

- Move to a flat fee of $29,500/year with one payment versus paying per cubic yard. The attached graphic shows that this modification should provide for a reduction in costs for the Village using current costs/trend analysis;
- DK will provide Village access to high quality compost materials ("super fines" screened compost) in addition to mulch;
- DK and the Village will share the installation fees (not to exceed $3,000) for a gate to provide added site security;
- DK has agreed to accept food scrap waste at their site in North Chicago for no additional charge to Village, should the Village initiate a food scrap collection program with Groot; and
- Add a 120-day escape clause for the Village.

Staff has made progress with our negotiations with DK and has reached tentative agreement on the rate/fees and term, and expects the other Village suggested Agreement changes will be achieved. Village Staff will be in attendance at the meeting to answer questions from the Committee.

Reports and Documents Attached:

1. Draft Amendment and Restatement of the Landscape Waste Composting Agreement between the Village of Lake Bluff and DK Organics, LLC; and
2. Graph of the Village Payments to DK Organics, LLC for the period FY1999 to FY2015.

ATTACHMENT 1

10/27/15 Revised Draft~~10/19/15 Proposed Revisions~~

AMENDED AND RESTATED

LANDSCAPE WASTE COMPOSTING AGREEMENT

WHEREAS, THIS AGREEMENT made this 25th day of November, 2015, by and between THE VILLAGE OF LAKE BLUFF, an Illinois home rule municipal corporation *(as the **"VILLAGE"**)*, and D.K. Organics, LLC~~–~~**,** an Illinois limited liability company located in Lake Bluff, Illinois, *("**CONTRACTOR**")* is entered into for the purpose of the **CONTRACTOR** operating the **VILLAGE** compost site; and,

WHEREAS, both parties have had an ongoing business relationship since September 26, 1994, to manage and process yard waste materials on Village owned property; and

WHEREAS, this public/private joint relationship was necessitated due to a State of Illinois Mandate which banned all yard waste materials from sanitary landfills on July 1, 1990; and,

WHEREAS, the 1994 agreement which has expired provided for the management and processing of Village yard waste materials on 5 acres of land located at the Route 176 Public Works Center while operating under Illinois Environmental Protection Agency Compost Permits 1990-028-DE/OP and 1995-182-DE/OP; and

WHEREAS, in 2008, the parties entered into that certain Landscape Waste Composting Agreement, as amended ("Agreement"), under which the **CONTRACTOR** managed and operated a portion of the Public Works Center owned by the **VILLAGE** on Route 176 in accordance with all applicable regulations, codes, and laws, including without limitation all applicable I.E.P.A. permits; and

WHEREAS, the Agreement will expire as of November 25, 2015, and the parties desire to continue their ongoing business relationship pursuant to this Amended and Restated Landscape Waste Composting Agreement;

Now, **THEREFORE,** in consideration of the foregoing and the mutual promises expressed herein, the sufficiency of which are hereby acknowledged, the **VILLAGE** and **CONTRACTOR** *(sometimes collectively referred to as the "Parties" and individually as a "Party")* agree as follows:

Section 1. VILLAGE Responsibilities

A. Prior to commencement of operation by the **CONTRACTOR**, the **VILLAGE** agrees to perform the following operations/activities:

1. Metered Water Source The **VILLAGE** will maintain a metered water source to the existing facility for the sole purpose of aiding yard waste decomposition;

2. On-site Telephone and Record Keeping. The **VILLAGE** will permit **CONTRACTOR** to maintain a small facility for a telephone and record-keeping on the site;

3. Roadway Entrance. The **VILLAGE** will provide general maintenance and repairs to the primary roadway entrance to the Public Works Center;

4. Storage of Excess Product. The **VILLAGE** will, at the discretion of the Director of Public Works **("DPW"),** allow storage of excess landscape product within the Public Works Center property in locations designated by the DPW.

5. Refueling of Equipment The **VILLAGE** will allow the **CONTRACTOR** to refuel off-road equipment only at **VILLAGE** per gallon cost. The **CONTRACTOR** will be billed on a monthly basis.

Section II. CONTRACTOR Responsibilities

A. The **CONTRACTOR** shall manage and operate the composting site so as to accommodate all landscape waste generated by the Village employees and Village residents including leaves, grass, brush, and tree limbs and trunks up to seven (7) feet in the length and no greater than forty-eight (48) DBH inches (the "Work"). The Work includes, and is subject to, the following requirements and provisions:

1. Site Operation.

a. The **CONTRACTOR** agrees to process all landscape waste collected by Village crews and residents, estimated at 6,500 cubic yards annually in accordance with all applicable I.E.P.A. permits and in compliance with all other applicable regulations, codes, and laws.

b. No outside sources/contractors will be permitted to dispose of landscape waste at the site unless first approved by the **DPW.**

c. The **CONTRACTOR** shall operate the site in a neat and professional manner, consistent with high standards, and will remove compost produced in a timely manner or at the request of the DPW. The site must be operated in accordance with all applicable I.E.P.A. permits and all other applicable regulations, codes, and laws, and **CONTRACTOR** shall at all times maintain the work boundaries as defined in any applicable permits. (Permits attached as Exhibit A)

d. The site will be available to the **CONTRACTOR** seven days a week, Monday through Friday, from 7:00 AM - 7:00 PM and from 10:00AM to 3:00 PM, Saturday and Sunday.

e. The **CONTRACTOR** will position the windrows of composted materials as far away from Public Works buildings as available space permits while complying within the permitted boundaries as set forth in the applicable I.E.P.A. Permits.

f. The **CONTRACTOR** shall operate the site in a manner which minimizes odors and maximizes the decomposition rate in accordance with I.E.P.A. Permits #1990-028-DE/OP and 1995-182-DE/OP.

g. The **CONTRACTOR** acknowledges that the **VILLAGE** will be given first priority to site capacity.

2. Fees and Records. The **VILLAGE** and the **CONTRACTOR** mutually agree to the following fee structure(s):

a. The **CONTRACTOR** will accept and process all landscape waste delivered to the site by Village crews and residents at a cost of ~~$29,000~~$29,500 per year for leaves, grass, brush, and tree limbs and trunks up to seven (7) feet in the length and no greater than forty-eight (48) DBH inches.

b. The **CONTRACTOR** shall ~~invoice~~ provide records to the **VILLAGE** ~~for~~ categorizing all material deposited at the site for process on a quarterly ~~[*monthly/quarterly/annual*]~~ basis and make every reasonable effort to cause statements to arrive at Village offices no later than the second business day of the invoice month with payment to be within 30 days of receipt.

c. The **CONTRACTOR** shall make available for inspection by the **VILLAGE** or any duly authorized representative, all financial documents, maintenance records, and operational records of the **CONTRACTOR** related to the operations contemplated by this Agreement.

3. Equipment. The **CONTRACTOR** shall be solely responsible for providing, or arranging for the provision of, all equipment and labor for the operations, repair, and servicing of equipment, to include rental necessary to operate the site in compliance with all applicable I.E.P.A. requirements, including requirements for odor control equipment and material, as well as in compliance with all other applicable regulations, codes, and laws.

4. Final Products and Marketing.

a. All Compost ("end-product") produced shall be the property of the C**ONTRACTOR** except that 500 cubic yards of ~~-~~superfine grade horticultural product, or such other lesser grade horticultural product as the Village may request in its sole discretion, shall be made available to the Village and residents at no cost at a location designated by the **VILLAGE.** The **CONTRACTOR** agrees to reduce the price of any end-product in excess of 500 cubic yards required by the **VILLAGE**, which price shall be determined each year by the DPW on behalf of the **VILLAGE** and the **CONTRACTOR.**

b. The **CONTRACTOR** shall be responsible for marketing the end product. The name of the **VILLAGE** shall not be used in any advertising without prior written permission from the **VILLAGE**. The **CONTRACTOR** may show the site to prospective customers and may photograph and describe the site so long as the **VILLAGE'S** name is not included without the aforesaid written permission.

5. Fencing; Gate. The **VILLAGE** and the **CONTRACTOR** agree to share the cost, in an amount not to exceed $3,000 to purchase and install a gate at the facility in a location to be agreed to by the parties. ~~to be located at the [front entrance] of the facility.~~

6. Food Scrap Items. As part of the Village's food scrap collection pilot program, the **CONTRACTOR** shall accept and process at its North Chicago facility, at no additional cost to the **VILLAGE**, food scrap items included as part of the landscape waste collected from **VILLAGE** customers and delivered to the **CONTRACTOR**.

Section III. Indemnification; Insurance.

A. Indemnification. Throughout the term of this Agreement the **CONTRACTOR** will indemnify, save harmless, and defend the **VILLAGE** from any and all lawsuits, claims, demands, damages, liabilities, losses, and expenses, including attorneys' fees ,administrative expenses, and engineering fees, that arise, or may be alleged to have arisen, out of or in connection with, the Contractor's performance of, or failure to perform, the Work or any part of this **AGREEMENT**. The **VILLAGE** will indemnify, save harmless, and defend the **CONTRACTOR** harmless from and against any and all lawsuits, claims, demands, damages, liabilities, losses, and expenses, including attorneys' fees, administrative expenses, and engineering fees, brought by any person or entity against the **CONTRACTOR** that pertain to or arise in connection with the pre-existing conditions at the property and that do not result directly or indirectly from any act or failure to act of the **CONTRACTOR.**

B. Insurance. The **CONTRACTOR** shall secure and maintain throughout the term of this Agreement insurance from an insurance company having a Best rating of not less than A and authorized to write casualty insurance in the State of Illinois as will protect the **CONTRACTOR**, its subcontractors, the **VILLAGE**, including duly authorized representatives, from claims for bodily injury, death or property damage which may arise from operations under this Agreement. This insurance coverage shall include Worker's Compensation, General Liability, and Vehicle Liability, and shall be in amounts acceptable to the Village. Unless otherwise provided by law, such insurance shall not constitute a limitation on the **CONTRACTOR'S** indemnification responsibilities under this Agreement. General Liability insurance required to be carried by the **CONTRACTOR** shall name the **VILLAGE,** as an additional named insured, by an endorsement to the policy, specifically naming the **VILLAGE**, and affording the **VILLAGE** coverage for its liability arising, in whole or in part, out of the C**ONTRACTOR'S** obligations under the Agreement, including its indemnity obligations. Such insurance shall provide minimum liability limits of $2,000,000.00. Further, such insurance shall specifically state that, as respects the coverage of the **VILLAGE,** the insurance is primary as against any other insurance available to the **VILLAGE.**

Section IV. Term of Agreement; Regulatory Compliance; Cancellation; Remedies

A. Term. This Agreement shall be in full force and effect from and after the date of the execution for a period of ~~five~~ three years: provided, however that the parties may extend the term for an additional ~~five~~ three year period by agreement of both parties.

B.. Compliance with Applicable Laws. During the term of the Agreement, the **CONTRACTOR** shall ensure that the facility, any end-product compost, and all of the **CONTRACTOR'S** operations comply with all valid and applicable laws, ordinances, rules, regulations, permits and orders - issued by federal, state, or local authorities - governing such facility, compost, or operations, including without limitation the requirements of 35 Illinois Administrative Code Parts 830, 831, arid 832.

C. Cancellation by Village. In the event that the Compost Site cannot be operated as provided in this Agreement, as per the IEPA permit requirements at the Compost Site and, is determined by the **DPW** to be unsatisfactory, this Agreement may be canceled by the **VILLAGE** upon 45 days written notice. The Village may terminate this Agreement for any reason, in its sole discretion, after 120 days advance written notice to Contractor. This Agreement shall be subject to immediate termination without notice if the IEPA Permits, or any other license or permit required for the lawful operation of the Compost Site, is suspended, or revoked. In the event of termination under this paragraph, residual matter shall continue to be processed by the **CONTRACTOR** until the material is ready to be screened.

D. Cancellation by Contractor. In the event the **CONTRACTOR** is unable to suitably operate the facility, the **CONTRACTOR** may cancel this Agreement upon 45 days written notice to the **VILLAGE,** provided that the **CONTRACTOR** shall provide a satisfactory alternate site for the deposit of landscape waste as contemplated under this Agreement. A satisfactory site shall be one having sufficient tipping capacity for landscape waste generated by the **VILLAGE** for the remainder of the calendar year in which cancellation occurs, and charging no greater rate than the rate then charged by the **CONTRACTOR** under this Agreement.

E. Remedies. In the event of a breach of this Agreement by either party, the other party, at its option, may terminate this Agreement upon sixty (60) days notice, provided, however, that the party in breach may cure any default within the 60 period. If the **CONTRACTOR** is found to have violated IEPA regulations, the Village Board may at its discretion levy a fine of up to $100 for each day that the violation existed at the site.

Section V. CONTRACTOR Accountability Measures

A. Odor Level. The **DPW** will have the option to stop **CONTRACTOR** operations on any day when odor level is deemed unacceptable by the **DPW,** except if such a stoppage would put the site out of regulatory compliance.

B. Meetings to Address Operational Concerns. The **CONTRACTOR** and **DPW** shall continue to meet as needed to inspect the site and address any operational concerns.

C. Contractor Quarterly Reporting Requirement. The **CONTRACTOR** will submit written quarterly reports to the **VILLAGE** no later than the 15th of each month of August, November, February and May to include the volumes of incoming materials and outgoing finished product.

D. Attendance at Village Meetings. The **CONTRACTOR** will make itself available for all Village Board and/or Committee-of-the-Whole meetings to review operations upon request of the Village Administrator or his designee.

E. Participation in Health Studies. The **VILLAGE** and the **CONTRACTOR** agree to actively participate with the Illinois Department of Illinois Environmental Protection Agency, Lake County Health Department, and Solid Waste Agency of Lake County on any health related studies associated with the operation of said compost facility.

F. Consent to Review by Village Auditor. The **VILLAGE'S** independent auditor may review the **CONTRACTOR'S** yearly financial records to insure full compliance with this Agreement upon request of the Village Administrator. The Auditor's review shall be limited to those records which pertain to Lake Bluff operations covered by this agreement. These records will be kept in separate accounts for audit purposes.

G. Preparation of Informational Publications. The **VILLAGE** and **CONTRACTOR** will cooperate in the preparation of publications to provide information to reduce homeowners' overall yard waste quantities.

H. Performance Bond. The **CONTRACTOR** shall execute on a Performance Bond in a form approved by the Village Administrator and substantially in the form attached as Exhibit B

Section VII. General Provisions.

A. Interests Binding on Successors or Assigns The **VILLAGE** and **CONTRACTOR** hereby agree that the Contractor's obligations under the **AGREEMENT,** as amended, shall be binding upon its successors and assigns, and upon the successors and assigns of the Contractor's interests in said **AGREEMENT;** provided, however, that no transfer of the **CONTRACTOR** or the Contractor's interests in the **AGREEMENT** shall be valid unless the successor or assign is first approved by the **VILLAGE.**

B. Relationship of the Parties**.** The **CONTRACTOR** shall act as an independent contractor in providing and performing the Work. Nothing in, nor done pursuant to, this Agreement shall be construed (i) to create the relationship of principal and agent, employer and employee, partners, or joint venturers between the Village and Contractor; or (ii) to create any relationship between the Village and any subcontractor of the Contractor.

C. Conflict of Interest. The Contractor represents and certifies that, to the best of its knowledge, (i) no Village employee or agent is interested in the business of the Contractor or this Agreement; (ii) as of the date of this Agreement neither the Contractor nor any person employed or associated with the Contractor has any interest that would conflict in any manner or degree with the performance of the obligations under this Agreement; and (iii) neither the Contractor nor any person employed by or associated with the Contractor will at any time during the term of this Agreement obtain or acquire any interest that would conflict in any manner or degree with the performance of the obligations under this Agreement.

D. No Collusion. The Contractor represents and certifies that the Contractor is not barred from contracting with a unit of state or local government as a result of (i) a delinquency in the payment of any tax administered by the Illinois Department of Revenue unless the Contractor is contesting, in accordance with the procedures established by the appropriate revenue act, its liability for the tax or the amount of the tax, as set forth in Section 11-42.1-1 *et seq.* of the Illinois Municipal Code, 65 ILCS 5/11-42.1-1 *et seq.*; or (ii) a violation of either Section 33E-3 or Section 33E-4 of Article 33E of the Criminal Code of 1961, 720 ILCS 5/33E-1 *et seq.* The Contractor represents that the only persons, firms, or corporations interested in this Agreement as principals are those disclosed to the Village prior to the execution of this Agreement, and that this Agreement is made without collusion with any other person, firm, or corporation. If at any time it is found that the Contractor has, in procuring this Agreement, colluded with any other person, firm, or corporation, then the Contractor shall be liable to the Village for all loss or damage that the Village may suffer, and this Agreement will, at the Village 's option, be null and void.

E. Amendment. No amendment or modification to this Agreement shall be effective unless and until such amendment or modification is in writing, properly approved in accordance with applicable procedures, and executed.

F. Assignment. This Agreement may not be assigned by the Village or by the Contractor without the prior written consent of the other party.

G. Notice. Any notice or communication required or permitted to be given under this Agreement shall be in writing and shall be delivered (i) personally, (ii) by a reputable overnight courier, (iii) by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid, (iv) by facsimile, or (v) by electronic internet mail ("e-mail"). Facsimile notices shall be deemed valid only to the extent that they are (a) actually received by the individual to whom addressed and (b) followed by delivery of actual notice in the manner described in either (i), (ii), or (iii) above within three business days thereafter at the appropriate address set forth below. E-mail notices shall be deemed valid and received by the addressee thereof when delivered by e-mail and (a) opened by the recipient on a business day at the address set forth below, and (b) followed by delivery of actual notice in the manner described in either (i), (ii) or (iii) above within three business days thereafter at the appropriate address set forth below. Unless otherwise expressly provided in this Agreement, notices shall be deemed received upon the earlier of (a) actual receipt; (b) one business day after deposit with an overnight courier as evidenced by a receipt of deposit; or (c) three business days following deposit in the U.S. mail, as evidenced by a return receipt. By notice complying with the requirements of this Subsection, each party shall have the right to change the address or the addressee, or both, for all future notices and communications to such party, but no notice of a change of addressee or address shall be effective until actually received.

Notices and communications to the Village shall be addressed to, and delivered at, the following address:

Village of Lake Bluff
40 East Center Avenue
Lake Bluff, Illinois 60044
Attention: Jake Terlap, Director of Public Works
E-mail: jterlap@lakebluff.org

Notices and communications to the Contractor shall be addressed to, and delivered at, the following address:

____

Facsimile: ________________
Email: ____________________

H. Third Party Beneficiary. No claim as a third party beneficiary under this Agreement by any person, firm, or corporation other than the Contractor shall be made or be valid against the Village.

I. Provisions Severable. If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

J. Time. Time is of the essence in the performance of this Agreement.

K. Governing Laws. This Agreement shall be interpreted according to the internal laws, but not the conflict of laws rules, of the State of Illinois.

L. Entire Agreement. This Agreement constitutes the entire agreement between the parties and supersedes any and all previous or contemporaneous oral or written agreements and negotiations between the Village and the Contractor with respect to the Work and this Agreement.

M. Waiver. No waiver of any provision of this Agreement shall be deemed to or constitute a waiver of any other provision of this Agreement (whether or not similar) nor shall any such waiver be deemed to or constitute a continuing waiver unless otherwise expressly provided in this Agreement.

N. Exhibits. Exhibits A through B are attached hereto and, by this reference, incorporated in and made a part of this Agreement. In the event of a conflict between the Exhibit and the text of this Agreement, the text of this Agreement shall control.

O. Rights Cumulative. Unless expressly provided to the contrary in this Agreement, each and every one of the rights, remedies, and benefits provided by this Agreement shall be cumulative and shall not be exclusive of any other such rights, remedies, and benefits allowed by law.

P. Counterpart Execution. This Agreement may be executed in several counterparts, each of which, when executed, shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have entered into this Agreement the day and year first above written.

CONTRACTOR: **DK ORGANICS, INC.**

By:

____

Title

Attest: __________________________

VILLAGE: **THE VILLAGE OF LAKE BLUFF**

By: ____________________________

Title

Attest: ______________________________

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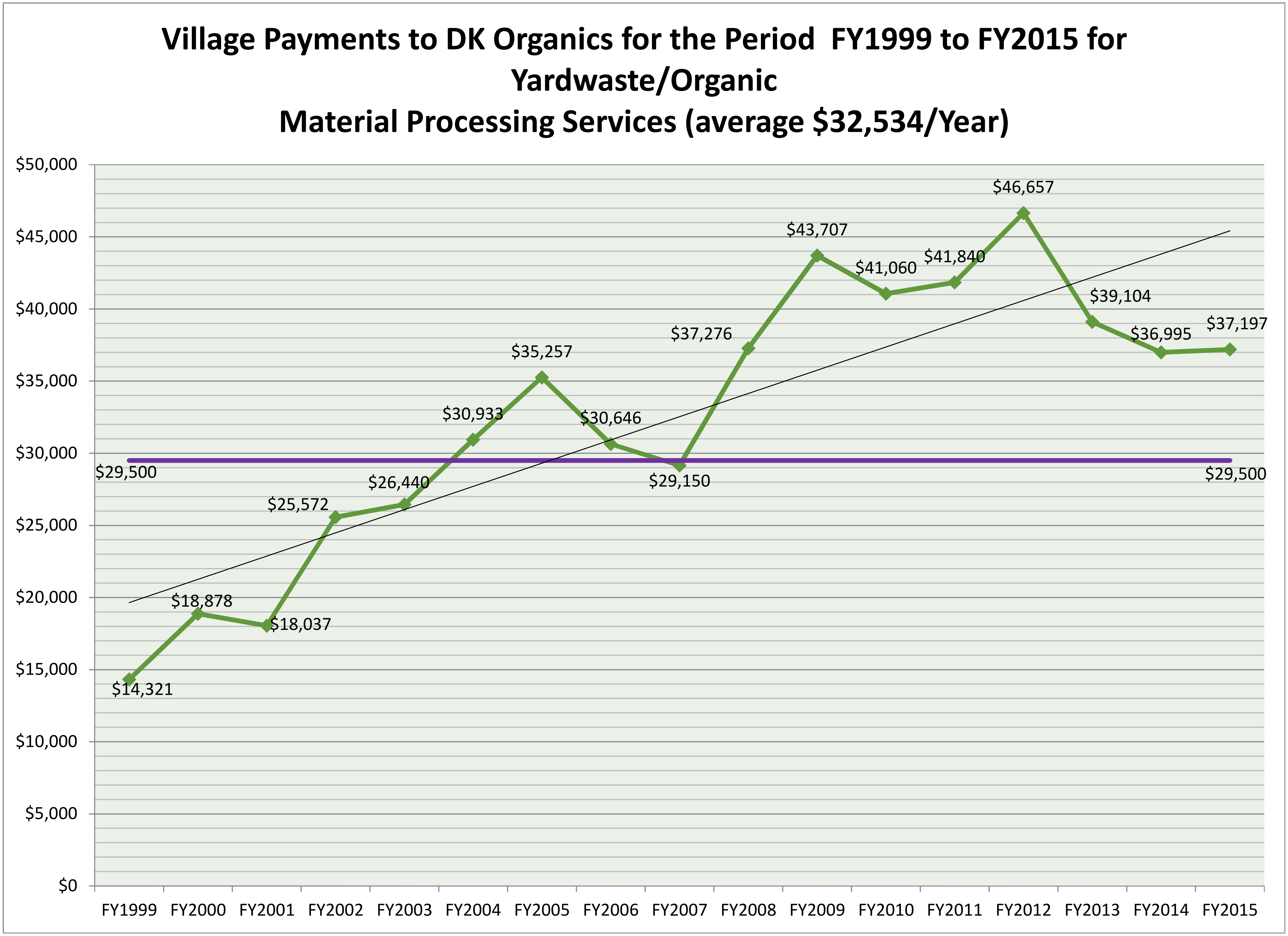
ATTACHMENT 2



LAKE BLUFF

FY 2017-18 BIENNIAL BUDGET TIMETABLE

10/28/2015

November 9, 2015	Budget Worksheets available on the P: drive
December 14, 2015	Finance Director prepares personnel expenditures and Special Revenue, & Pension Fund budgets.
December 14, 2015	Departmental budget requests, goals and objectives, and personnel & capital projections returned to Finance
December 15-22, 2015	Finance Director assembles preliminary budget
January 4-11, 2016	Departmental Budget Discussions
January 11, 2016 Monday 6:00 PM	**Finance Committee Meeting** Review Comprehensive Fee Schedule Review Financial & Budgetary Policies Review Strategic Plan Initiatives Review External Organization Funding Requests
February 10, 2016	*Preliminary* Budget Delivered to Board Members
February 13, 2016 Saturday, 8:30 AM	**Finance Committee Meeting** Review Capital Improvement Projects Review Multi-Year Capital Plan – All Funds
February 20, 2016 Saturday, 8:30 AM	**Finance Committee Meeting** Review General Fund Operating Budget Review Non-Major Governmental Funds & Police Pension Review Water Operating Budget & Rate Schedules
March 2, 2016	*Tentative* budget delivered to Board members
March 3, 2016	Publication of public hearing notice (must be published <14 days >1 week before hearing)
March 14, 2016	Tentative budget available for public inspection (10 days prior to passage)
March 14, 2016	Public Hearing on Proposed Tentative Budget First Reading of Tentative Biennial Budget
March 28, 2016	**Final approval and adoption of Budget Ordinance**

By law the Budget must be approved before May 1, 2016.

VILLAGE OF LAKE BLUFF

MEMORANDUM

TO: Chairman and Finance Committee Members
Kathleen O'Hara, Village President
R. Drew Irvin, Village Administrator

CC: Marlene Scheibl, Assistant Finance Director

FROM: Susan Griffin, Finance Director

DATE: October 28, 2015

SUBJECT: <u>Special Vehicle Sticker Program Request – Lake Bluff Garden Club</u>

In February 2012 the Village Board approved a resolution establishing a Vehicle Sticker Design and Fundraising Program pursuant to a request from the Alliance for Excellence Foundation. Attached is the policy which allows for recognition of significant organizational milestones for non-profit organizations. Since the approval of this program the Alliance for Excellence, the Lake Bluff History Museum, and the Lake Bluff-Lake Forest Kiwanis Club have all been approved to issue special stickers at a cost of $15 above the price of the regular vehicle sticker fee.

In March 2015 the Lake Bluff Garden Club requested the opportunity to issue the special vehicle sticker for residents for the fiscal year beginning May 1, 2016 to acknowledge the 100th anniversary of the Club. Ms. Daun Roth has been provided the information regarding this program. At this time the Village has not received any additional requests to participate in the vehicle sticker fundraising program for the upcoming fiscal year.

The program has been a benefit to the selected organizations with total donations ranging from $5,997 to $3,595 and administration has required minimal staff effort.

As always, please feel free to contact me with any questions or comments.

RESOLUTION NO. 2012-R-5

A RESOLUTION AUTHORIZING THE APPROVAL OF A POLICY CONCERNING THE VILLAGE'S VEHICLE STICKER DESIGN AND FUNDRAISING PROGRAM

WHEREAS, the President and Board of Trustees desire to implement a policy governing the terms and conditions for the Village's vehicle sticker design and fundraising program, which allows government or non-profit organizations providing services to Village residents ("***Public Service Organizations***") to design a version of the Village's annual vehicle sticker for purchase by residents wishing to provide an additional contribution to the Public Service Organization in addition to the applicable Village fee for the vehicle license ("***Program***"); and,

WHEREAS, the President and Board of Trustees have determined that it is in the best interests of the Village to adopt a policy to govern the Program, a copy of which policy is attached to and incorporated into this resolution as Exhibit A (***"Vehicle Sticker Fundraising Policy"***).

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LAKE BLUFF, LAKE COUNTY, ILLINOIS, as follows:

Section 1. Recitals.

The foregoing recitals are hereby incorporated into, and made a part of, this Resolution as the findings of the President and Board of Trustees of the Village of Lake Bluff.

Section 2. Adoption of Vehicle Sticker Fundraising Policy.

The Vehicle Sticker Fundraising Policy attached to this Resolution as Exhibit A is hereby approved.

Section 3. Effective Date.

This Resolution and the Website Policies shall be in full force and effect upon passage and approval in the manner provided by law.

PASSED this 27th day of February, 2012, by vote of the Board of Trustees of the Village of Lake Bluff as follows:

AYES: (5) Carney, Christensen, Dewart, Josephitis and O'Hara

NAYS: (0)

ABSENT: (1) Rener

APPROVED this 27th day of February, 2012.

Village President

ATTEST:

Village Clerk

EXHIBIT A

VEHICLE STICKER FUNDRAISING POLICY

Village of Lake Bluff, Illinois
Vehicle Sticker Program Policy

The Village of Lake Bluff issues annual vehicle stickers as established in Title 6 Chapter 2 of the Lake Bluff Municipal Code. This written policy establishes additional guidelines to be followed by Village Staff in issuing annual vehicle stickers.

Vehicle Sticker Design & Fundraising Program

The Village shall accept requests from organizations who desire (1) recognition in the form of the design of the annual vehicle sticker and (2) to assist in its fundraising efforts. Under the program, Residents purchase these distinctively designed stickers by adding a specified dollar amount (e.g. $15) to the Village's vehicle sticker fees, which is remitted by the Village to the selected governmental agency or non-for profit. Such requests shall be submitted in writing to the Village Administrator by December of each year. A mockup of the proposed design shall be included with the request in the format specified by the Finance Department. The Village Administrator will review all requests and make a recommendation to the Village Board for approval of the final design. The following general guidelines will be used in making the recommendation:

1. Requests shall be accepted only from government or non-profit organizations providing services or conducting business in Lake Bluff.
2. Design shall commemorate a significant anniversary of the organization or event.
3. The vehicle sticker design may be awarded to a specific entity/organization only once in a 5-year period.
4. Proposed design shall meet printing requirements as established by the Director of Finance.
5. The organization making the request shall agree to reimburse the Village for any incremental costs incurred associated with the proposed design and sticker production.
6. The organization awarded the design for the vehicle sticker year shall bear all costs associated with providing the final design in the format required by the Village's printer.
7. The requesting organization must agree to hold harmless and indemnify the Village for any claims arising from the Village's consideration or approval of the organization's design.
8. In the event the Village receives multiple requests in a particular year, the Village Administrator reserves the right to seek a recommendation from the Finance Committee prior to a recommendation being made to the Village Board.
9. The Village reserves the right to refuse any and all requests.

17.11. Safe Harbor Provision Regarding Employees Who Begin Service Before January 1, 2012

In addition to any other categories under which an employee of the Village may be classified pursuant to the Village's employee handbook, there shall be a class of employees who began service with the Village prior to January 1, 2012 (a "Pre-2012 Employee"). To the maximum extent authorized by law, for all Pre-2012 Employees, it is the policy of the Village not to include as part of such employee's reported earnings for any of the 12-month periods that may be used to determine such employee's final rate of earnings, any of the earnings, adjustments, payments, benefits, or compensation that are provided for or otherwise allowed pursuant to the terms of this employee handbook for purposes of making accelerated contributions or payments to the Illinois Municipal Retirement Fund in accordance with 40 ILCS 5/7-172(k), including without limitation:

a) Increases in vacation time earned as a result of seniority or continued service;

b) Increases in authorized accrual of vacation time as a result of seniority or continued service;

c) Increases in sick leave time earned as a result of seniority or continued service;

d) Increases in authorized accrual of vacation time as a result of seniority or continued service;

e) Payments made from selling back to the Village any accrued vacation or sick leave time;

f) Changes to insurance benefits that are generally applicable to all Pre-2012 Employees;

g) Increases in annual compensation based on seniority or continued service, including "step" increases;

h) Adjustments in annual salary based on increases to the Consumers Price Index or another generally accepted index of inflation;

i) Merit bonuses; and

j) Payments made as reimbursement of amounts paid to an employee for use of a personal vehicle or other equipment or property.

The provisions of this Section are intended to be severable in the event that any part of this Section is found not to be enforceable under applicable law.