

Present: Chairperson Belaustegui; Members: Fassett, Piotrowicz, Westerlund

Absent: Hitz, Merritt and Mooney

Also Present: Council liaison, Pfeifer  
Council members, Berndt and Koss

Belaustegui called the meeting to order at 7:00 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

#### **APPROVAL OF AGENDA**

Motion by Westerlund, second by Fassett, to approve the agenda as published.

Motion passed.

#### **REVIEW AND CONSIDER MINUTES OF A FINANCE COMMITTEE MEETING HELD ON NOVEMBER 15, 2006**

On page 1, under “Open Assignments from Previous Meetings”, line 1, change ‘December 28, 2006’ to read ‘December 28, 2005’.

Motion by Fassett, second by Piotrowicz, that the minutes of the November 15, 2006 Finance Committee meeting be approved as amended.

Motion passed (4 – 0).

#### **REVIEW AND DISCUSS OPEN ISSUES/ASSIGNMENTS FROM PREVIOUS MEETINGS**

Belaustegui reviewed the status of open items and specified approximate timelines for their completion. He indicated which items were accomplished or are scheduled to be addressed by Finance Director Wiszowaty and Belaustegui and brought to the committee for consideration.

#### **REVIEW STATUS OF “RETIREE HEALTH CARE” PRESENTATION**

Belaustegui distributed a revised copy of the Retiree Health Care findings and recommendations presentation, noting that there is a significant change on the page addressing the 2003 Actuarial Study to correct a methodology error made in the calculations. The report now reads that an initial evaluation indicates that the Village’s recent contributions could be as much as \$250,000 below the notional ARC (Annual Required Contribution) determined by the 2003 Actuarial study. Belaustegui went through the report pointing out modifications made since the report was last reviewed. Questions from committee members and Council liaison Pfeifer were addressed.

The report concludes that the Village needs a current actuarial study of health care costs and an actionable ARC so that Council knows what the Village is facing and what the contribution should be to fund retiree health care properly. Alternatives for the Village’s contribution and funding policies are outlined in the report.

Belaustegui recommended that the Village continue with the present practice of using the straight line percentage of payroll, an actuarial approved approach, until a new actuarial study is

completed to establish the Village's ARC calculation. He reviewed the funding policy alternatives and proposed that the Finance Committee recommend that the Village continue the present practice for funding and contributions to Retiree Health Care for the 2006/07 budget. It is recommended that Council then adopt GASB reporting for 2007/08 budget and reconsider practices based on results of the new actuarial study.

Committee members suggested clarifying the report to indicate that the contribution goal is for pay-as-you-go plus amortization based on the ARC calculation. There was agreement to look at the possibility of budgeting an estimated amount for retiree health care in the 2007/08 budget and amend the amount if necessary when the actuarial report is available.

The Committee reviewed the specific recommendations and the additional suggestions that will be forwarded to Council for consideration. The Finance Committee emphasized the need to authorize an actuarial study to fully expose retiree health care costs and define the Village's obligations. It was understood that this should be undertaken after the PSO contract is settled. GASB rules require that an actuarial study be done every three years. Belaustegui suggested the possibility of the Village contracting for an actuarial report on health care to be done every year at the same time that the Public Safety Retirement System report is conducted.

The Finance Committee recommended that Council consider expanding the role of the Pension Board to incorporate financial oversight of Retiree Health Care Benefits. Belaustegui elaborated on another suggestion, which is to create a Pay and Benefits Board to assist with: 1) evaluating and recommending competitive and affordable employee pay and benefits; and 2) develop and recommend long-term pay and benefit goals and implementation strategies. He outlined the types of issues and programs that cannot be resolved in a short contract negotiation period.

In response to an inquiry from Pfeifer, Committee members concurred that it would be helpful if Council took action to authorize an actuarial study to be conducted at the earliest opportunity assuming resolution of the PSO contracts. Modifications to the Retiree Health Care study suggested by Committee members will be incorporated in a revised report to be presented to Council at its Tuesday, January 15, 2007 meeting.

#### **REVIEW AND DISCUSS ROLE OF FINANCE COMMITTEE AND AGENDA ITEMS FOR JOINT MEETING WITH COUNCIL IN MARCH**

Belaustegui asked that the Committee prepare its ideas for discussion topics for a joint meeting with Council in March. At a recent meeting with Council President Todd Stearn, Belaustegui provided background information on what the Finance Committee has been doing and why, based on its direction from the prior Council. Stearn was interested in hearing from Finance Committee members as to what they thought this group should undertake in the coming months. His view was that Council has two years to accomplish some substantive things, with one of the most important areas being the financial future of the Village.

Belaustegui questioned whether the seated Council wants the Finance Committee to deliver a long term financial strategy. Council will be meeting in a study session on January 13, 2006 to discuss its priorities for this year.

Members offered their thoughts on the role of the Finance Committee. The comment was made that the background research on the Village's financial operations has been valuable. There was a consensus that the Committee should engage in tactical issues and strategic planning that will assist Council. The Finance Committee should focus on areas of concern that emerge as a result of the financial forecast to include specific items as well as "big picture" strategies.

Belaustegui expressed the view that it would not be productive for the Finance Committee to become involved in the details of the budget. What this group could provide early in the process is an overview of the Village's finances including what the forces are, where the money is, and the balances so that Council members will have an understanding of the budget process. He will be collecting information on future needs that have been identified by administration. Belaustegui asserted that it is important that Council give clear direction to administration on delivering a budget that reflects Council's agreed upon policies before staff prepares the budget.

Koss concurred that it would be useful for Council to have a financial plan or forecast available for reference.

Berndt suggested that the Finance Committee explore ideas for revenue growth other than taxes including opportunities for redevelopment and growth. Discussion continued on topics related to Village finances and ideas on how to move forward.

Belaustegui summarized that it is the sense of the Finance Committee that it should be more strategically oriented. The Committee talked about becoming involved in identifying where the Village is now, what issues will arise in the future, and how they might be managed.

The meeting was adjourned at 9:26 p.m.