

Present: Chairperson MacDonald; Vice-Chair Hitz; Members: Jallad, Kleppert, Lanigan and Westerlund

Absent: None

Also Present: Village Manager, Wilson  
Finance Director, Wiszowaty  
Council liaison, Mooney  
Council member, Briggs

Chairperson MacDonald called the meeting to order at 7:30 p.m. in the Village municipal building at 18500 W. Thirteen Mile Road.

#### **APPROVE/AMEND AGENDA**

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

Motion passed.

#### **PUBLIC COMMENTS**

Mooney invited Finance Committee members to attend a Council budget session at 6:00 p.m. on Tuesday, March 24.

#### **REVIEW AND CONSIDER APPROVAL OF MINUTES OF THE FINANCE COMMITTEE MEETING HELD FEBRUARY 10, 2009**

Motion by Lanigan, second by Hitz, that the minutes of a Finance Committee meeting held on February 10, 2009 be approved as submitted.

Motion passed.

#### **PAT WESTERLUND'S 2009 POWERPOINT PRESENTATION**

Westerlund distributed copies of his updated PowerPoint presentation explaining the effect of a declining real estate market on the Village of Beverly Hills. The presentation is designed to educate the general public on key points with respect to Proposal A and the Headlee Amendment. It demonstrates the consequences of that legislation on property taxes as well as on the millage rate and revenue received by the Village.

The point will be made that Beverly Hills is at a crossroad. Market values are decreasing at an alarming rate and many homeowners will see a reduction in their Taxable Value. While the property owner is devastated by a lower market value they benefit from a lower Taxable Value that relates to lower property taxes. However, the Village now has less revenue to provide the same level of services from the previous year. The question will be what cuts should be made and what the Village will be like without certain services.

The report generated discussion from Committee members on the issues and how to convey the message clearly and concisely. Several suggestions from those present will be incorporated into the material before it is presented at a Council meeting.

### **RESEARCH UNFUNDED HEALTH INSURANCE FOR RETIREES**

Jallad reviewed that the objective of his report was to research unfunded health insurance for retirees. His presentation explains GASB 45 accounting standards and the resulting obligations and impact on Beverly Hills. The report addressed where the Village is now, presented the 2007 Finance Committee recommendations, and set forth current ideas and proposed action items. Jallad included some bench marking data in the report. He plans to discuss a few items with Wiszowaty before completing his presentation.

The bottom line is that health care costs are going up. The Village has an increasing unfunded liability in conjunction with new government accounting standards. The impact of not fully funding the required contribution will be an additional liability on the Village's balance sheet, which could effect its ability to borrow. The unfunded liability will continue to grow. There are significant counter measures, but the Village also has an obligation to its employees who came into this business with an expectation of what their job was worth on the market. The Village will have to balance its obligations against what it can actually fund. There was discussion on the information included in the presentation.

Wilson affirmed that the Village does not have \$1.2 million to set aside this year for retiree health care. It is not a realistic contribution for Beverly Hills or any community. Wilson related that all of the items recommended in the report will be on the table for contract negotiations at the end of this year. He encouraged the Committee to have a good concept of the GASB accounting standards without undue emphasis on valuation numbers. When all of the issues are confronted, the unfunded amount will change significantly.

Mooney suggested that the goal is for the Finance Committee to educate citizens about the retiree health care insurance liability and new accounting standards that require communities to recognize that liability.

MacDonald commented that this unfunded liability will impact the budget in current and future years. A strategy should be developed and communicated to inform residents that the Village has this liability, and it will have to be funded sooner or later. MacDonald asked that members review the material for a closer look and discussion at the next meeting.

### **UPDATE FROM SUBCOMMITTEE TO RESEARCH AND APPLY FOR ALL GRANTS AVAILABLE TO RELIEVE BUDGET PROBLEMS**

Lanigan searched the Internet for grants that Beverly Hills may be eligible to receive, noting that some of the opportunities require matching contributions. The Village may qualify for the following grants:

Department of Commerce grant for economic development assistance with construction rehabilitation and public works projects; Department of Homeland Security grants for local units of government including hazard mitigation assistance from flooding that might be considered for maintenance along the Rouge River; The Environmental Protection Agency (EPA) posted solid waste assistance grants. The American Recovery and Reinvestment Act was passed recently and is starting to filter down to the grant level. Housing and Urban Development (HUD) has a couple of grant opportunities that may be helpful for redevelopment of the Southfield Road Corridor.

Lanigan will prepare a written report for the next meeting. Wilson asked that he coordinate his efforts with Village administration.

**UPDATE FROM SUBCOMMITTEE TO EXPLORE ALL RELEVANT ACTIONS THAT COULD BE TAKEN BY THE VILLAGE TO INCREASE TAXABLE VALUE**

Kleppert distributed copies of a report he prepared listing multiple opportunities to generate revenue for the Village and/or avoid additional costs. He met with Chris Wilson to discuss the feasibility of these ideas. Kleppert outlined each of the prospects in his report and suggested an approach for how to proceed based on his conversation with the Village Manager. There followed a discussion on each of the suggestions.

Hitz offered to work with administration on some of the items that are designated to be followed up by the Manager. Wilson responded that he would appreciate the assistance of Finance Committee members to investigate these activities.

MacDonald suggested that the list be assessed and prioritized to indicate feasible ideas and action items. Jallad would like the report to address the probability of an item generating revenue and any liabilities involved with an action.

MacDonald thought that Village Administration and staff might be able to provide ideas relative to a volunteer program or internship. Retired residents as well as high school students may be able to accomplish some work that would normally be hired out. Hitz added that this would supplement current staff in order to accomplish more work than the salaried staff can do. Wilson concurred that there was merit to this idea.

Kleppert invited members to add their thoughts to the list. MacDonald thanked Kleppert for his initiative on this assignment.

**PREPARE AN UNDERSTANDABLE EXPLANATION OF MILLAGE RATES**

It was noted that Jim Calder, who has resigned from the Committee, had offered to prepare this information. Discussion of this item was postponed until the next meeting.

**PUBLIC COMMENTS**

Mooney thanked Jim Calder for his service to the Finance Committee. The first announcement of a vacancy on the Finance Committee was made at the last Council meeting.

Hitz suggested that Council review the candidates with the chairperson of the Finance Committee before making an appointment. Wilson commented that a subcommittee of Council will review the applications and submit a recommendation to Council prior to an upcoming Council meeting. He will ask the Village Clerk to inform MacDonald when that review process will occur. MacDonald asked to receive copies of the applications.

**COMMITTEE COMMENTS**

Westerlund informed the Board that he will be in charge of organizing the Memorial Day parade this year. He is looking for volunteers.

Hitz questioned whether the Village has been proactive in terms of reaching out to the retired community in Beverly Hills. He proposed asking retirees to provide information relative to their interests and skills with the idea of organizing volunteers who are interested in serving the community.

MacDonald stated that next month's agenda will include discussion of the presentation on retiree health care obligations, review report on available grants, updated report on opportunities for generating revenue and defraying costs, and address explanation of millage rates.

Motion by Westerlund, second by Kleppert, to adjourn the meeting at 9:30 p.m.

Motion passed.