

**MEETING MINUTES  
SANGAMON VALLEY PUBLIC WATER DISTRICT  
BUDGET MEETING  
NOVEMBER 8<sup>TH</sup>, 2021  
4:00 PM**

Held at the remotely via GoToMeeting

**MEMBERS PRESENT:** Bob Buchanan, Michelle Grindley, Meghan Hennesy, Mike Larson, Mike Melton, Colleen Schultz, Monte Cherry, Kerry Gifford, & Lindsey Wallen. A Quorum was present.

**MEMBERS ABSENT:** None

**GUESTS PRESENT:** None

**1. CALL TO ORDER:** Chairman Hennesy called the meeting to order at 4:00pm. Roll call attendance as follows:

**Roll Call Attendance:**

Hennesy: Present	Melton: Present	Schultz: Present	Grindley: Present
Buchanan: Present	Larson: Present	Cherry: Present	

**2. APPROVE AGENDA:** Chairman Hennesy asked if anyone had any suggested changes to make to agenda. There were none.

**MOTION** by Hennesy to approve the agenda as presented, 2<sup>nd</sup> by Schultz.

Roll call vote as follows:

**Roll Call Vote:**

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Larson: Yes	Cherry: Yes	

All present members voting yes, motion carries.

**3. PUBLIC COMMENT:** Chairman Hennesy asked for public comment. There was no public comment.

**4. OLD BUSINESS:**

**A. 2022 Rate Increase Approval – Presentation by Clark Cameron from IRWA –** Chairman Hennesy introduced Clark to the Board and Clark reviewed the Water Rate Study with the Board. He started on the 2021 Rate System Data Page. Clark reviewed the data with the Board and noted that our system water loss is actually under what is acceptable at 11%. He noted that we are covering ourselves as far as debt services goes with the base rate on water, but we are losing money with the consumption rate. Next he reviewed the 2022 rates with projected expenses. He noted that with that expense increase IRWA would recommend raising the consumption rate to

\$8.00/1,000, which is actually lower, but that doesn't account for the miscellaneous income or the base rate income. IRWA deals strictly with the rate. They also recommended \$8.65 for the outside water. With this increase, our projected gain would be about \$27,000 and that isn't too much of a gain. The cost of 10 fire hydrants would take that \$27,000 in no time. He noted that the auditors at IRWA were very gentle on us with these rates. Next he reviewed the sewer rates and the IRWA recommended a rate increase to \$10.00/1,000 on the consumption side as the cost would be about \$8.91/1,000. This would only produce a gain of about \$21,000. He also recommended considering a 3% annual increase and then if the board decides they don't need it, you just suspend that ordinance and do not enact that raise. Clark asked if anyone had any questions or if Gifford had anything he wanted to add to the presentation. Gifford noted you have to add about \$30,000 each to water and wastewater for additional revenues, so you are really looking at being in the \$50,000 range for projected gain. Clark noted that we are actually in better shape than most places that he deals with but you have to stay ahead of that, and it can change pretty quick if you don't. Larson asked about the document Clark shared about how IRWA suggests that the base rate typically cover about 30-70% of annual expenditures, and Larson asked if there were specific charges that Clark would recommend putting into that base rate. Larson noted that we are about to do some work on our Wastewater Treatment plant that is more Capital in nature, and wondered if those monies should be targeted more towards the base rate or the consumption rate, and asked if Clark had more specific guidelines other than just 30-75%. Clark said that really, no they don't because things can vary so greatly from community to community and how they want to go about addressing their debt. He stated that IRWA just puts the general guideline out there with those parameters that's where they think your target on the base rate needs to be. In Clark's personal option, if you are going to incur debt, it should be addressed in the base rate because anything else is fluctuating. Gifford agreed and stated that is exactly what we do. Gifford noted that we try really hard to make sure the folks with limited or fixed income are only covering the debt and those that use more water are covering the operating expenses. Clark completely agreed with Gifford on this and he himself rarely suggests to increase the base rate. Melton asked what the total profit was for last year. Gifford stated that he is ballparking about 8% total revenue, just under \$100,000. Gifford noted that he doesn't have the audit book right in front of him to know an exact number. Chairman Hennesy asked the board if they had any other questions specifically for Clark or regarding this study. No one had any other questions. Chairman Hennesy thanks him for his presentation and time. Clark left the meeting.

**MOTION** by Hennesy to adopt the 2022 Rate Increase as Proposed in Board Packet, 2<sup>nd</sup> by Gindley.

**Discussion:** Gifford wanted to point out that our Rate Study lists \$9.15/1,000 for Sewer, not the \$10.00/1,000 for Sewer as IRWA had presented. The Water is still proposed at \$8 & \$8.65/1,000 for inside and outside water respectively. Gifford also noted that we are requesting a change in connection fee costs from \$1,500 to \$2,000 for Water Access Charge and from \$650 to \$800 per P.E. (Population Equivalent) for Sewer Capacity Fee. Buchanan asked if this is something that we can justify to all of our customers. He noted that when we are making the kind of profits that we are making, can we justify those increases. Gifford noted that the increases will help to offset the cost you have seen in the construction industry and right now it is kind of insane and very unpredictable, and it puts us on the same competitive edge at the Village and they have the same justified cost as us. Chairman Hennesy noted that it is important to remember that our bill is still about \$15/month lower than the Village, so while we are making rate increases, we are still doing it

conservatively and were making increases towards water consumption not the base rate, which is important to keep in mind. She also noted that we have to stay up with this because there isn't a huge surplus based on IRWA standards. Gifford noted that for the fixed income folks that average about 3,000 gallons there bill will only go up about \$4.00/month. He stated were looking at a 27% increase since 2013. Larson asked if there was a reason we are not putting the Sewer Treatment Plant improvement Loan and/or Bond into this base rate for Sewer. Gifford noted that on the Master Budget he is asking for less money on the sewer projects, but that money will be covered by our current base rate due to paying off a loan last year, so that's why we don't have to increase the base rate. Larson also asked if there is any reason as we work through this budget, he thinks there is some potential savings that the District can reflect in the rates. Larson proposed that we review our rate calculations based on the budget we settle on, and he also agrees that we discuss a fixed percentage going forward in appropriate, and he thinks (he is going to call it a 5-year rate plan) we can come up with something that is not such a big shock out of the gate, and make sure we are covered appropriately. Gifford agree that he doesn't think the increase needs to be decided today and he agrees that we need to have those discussions. Chairman Hennesy stated that we need to pass the rates today so they can be published and put into effect in January. Gifford agreed that yes we have to publish for 30 days before the rate increase can occur. Chairman Hennesy stated that for her, this increase covers the budget that was proposed. Larson stated that the budget has changed since it was last sent out and that would in turn change the rate increase. Gifford stated that the budget adjustment doesn't effect the rate increase because the base rate isn't being changed. Larson stated that he isn't talking about the base rate, the budget that ws proposed originally was about \$1.9 million and the adjusted budget is \$1.828 million, so the budget has changed, it has been lowered and so the budget is a big input in the rate assessment and since we've got a different budget, we've got a different calculation. Gifford noted that we don't have a different O & M Budget though, and that is what the rate increase is covering. Gifford noted that the only thing that changed on the Master Budget is that we lowered the debt that we are going to try to do on the Bonds, and that is paid on a different rate (the base rate) that we are not even touching. Gifford clarified by stating he has not changed the expenditures for the universal rate adjustment. Larson asked a different way, when you calculate a rate, is that rate based on the total budget? Gifford said no, not really. The base rate is calculated based on debt service, the universal rate is based on the operating and maintenance budget. Larson said that bottom line our rates need to cover our expenses. Larson confirmed that the rate that is being proposed to change is the universal rate. Gifford confirmed this, which is our operation and maintenance budget. Larson stated that the operation and maintenance budget has changed from last year, it has gone up. Gifford confirmed that yes, from last year the O & M budget has gone up, but not from what he presented to the Board a week ago. It has adjusted from last week but only in the debt service category. Gifford stated that there is no reason to change the rate structure on the universal rate unless you are going to change the O & M budget, he stated that if you want to reduce the O&M budget for 2022 then you could look back at the universal rate increase. Larson stated that they are speaking a different language, and stated that the rates are calculated so we have an income that covers our expenses, and your projected expenses for the year, have decreased over the last week, so we could collect a lower rate because our income requirements aren't the same. Gifford stated that no they weren't speaking a different language and that he is right, that is what we have been doing for the last 9 years, we have been covering our operating and maintenance expenditures with the base rate income, and growth over the last 9 years. Larson stated that he gets what Gifford is saying but he said we're going to have to agree to disagree. Larson believes that we can recalculate the rates and come up with a slightly lower sewer rate and that is what he believes. Gifford states that we could by subsidizing the sewer with the water rate. Larson said then we can change between the base and the universal rate, he said if that's the problem then change that shift, he stated that it doesn't have to be broken down that way and the bottom line is that our rates bring in money that we decide where it gets spent. He said that he gets the theory, and the approach makes sense so if that's out of balance then we should rebalance it. Gifford said that would be fine but you'd have to lower the base rate and then when you lower that then you are going to turn around and raise it again in 3 years, even higher because you aren't going to have enough money to cover the debt for the capital projects at the sewer plant. Gifford stated the typically we don't lower rates once we raise them, we just wait

for them to stabilize with growth long term and then if we have to go up, it looks better to go up \$4 than to have to go back up \$10 because you lowered them. Chairman Hennesy stated that she thinks this allows us a little bit of cushion and what she heard from Clark is that we have some cushion but we don't have an exorbitant amount of cushion and so if we made some adjustments that give us a little bit more cushion that puts us in a better spot for the upcoming year. She also stated if we move forward with deciding to do the 3% increase annually that just allows us one year before we would have to implement that and we still have taken care of our cost needs. Buchanan noted that he was on the Finance Committee meeting and he was convinced through Kerry's presentation and from Clark's presentation, he was convinced at that time that it was the proper thing to do but he is hearing some questions as to whether we should be that high of a rate, but he did recommend it, and noted that we could always use the extra cash with all the water expenses and the water going further north and sewer expansion coming up, so he isn't sure if we can explain it very well to our customers but noted that he did vote to approve the water rate, so he will stand by recommending that at the time. Cherry stated having been in the business as long as he has, the one thing that the board needs to recognize is that in the last year this whole utility management game has kind of changed and he noted it is being influenced by so many different things, a lot of it has to do with labor costs or the availability of labor, cost and availability of material, the bad news is that none of that is in a downward direction, he stated it is all going up. Cherry said that it really makes it difficult to decide what rate you want to land on. He thought the material made sense and it didn't look like we proposed increases that were out of line, and in his mind this is a great start but he doesn't want to see a number of raises in conservative years above and beyond the fixed rate. He also agreed that we need to establish an annual fixed rate increase that basically keeps up moving in a certain direction. In his experience, when you ask the public, they would rather see those small increases that are about the cost of living because that build right into their budget every year. They don't like having nothing and then getting a big increase. He thought this was a really good first step, but he believes we are going to be back at it again next year and he hopes it isn't above and beyond whatever is decided on the fix rate. Schultz agreed with what Cherry said, and in hearing the report from Clark she said that it seems to be pretty reasonable and no one loves to raise rates but it seems at this point we need to raise rates in order to provide quality water and sustainability for our District. Chairman Hennesy ask if anyone else had any to discuss on the motion brought forth. Melton stated that about half of our clients live in the Village of Mahomet and stated that they are paying taxes on the water district for Mahomet and they are also paying SVPWD. He said that we have to kind of watch how much we spend, but we have to watch what we spend to keep it in a positive figure, so that's something along with people that are older and on a fixed income, if they live in Village of Mahomet they get hit twice. Gifford noted that they only thing he is aware of that the Village charges our customers in regards to water is a tax on our hydrants, other than that, there is not double billing or charge occurring from the Village.

Roll call vote as follows:

**Roll Call Vote:**

Hennesy: Yes	Melton: No	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Larson: No	Cherry: Yes	

With a vote of 5-2, motion carries.

**B. 2022 Budget Approval – \$1,880,405.90**

**MOTION** by Hennesy to approve the 2022 Budget as presented in the amount of \$1,880,405.90, 2<sup>nd</sup> by Schultz.

**Discussion:** Melton noted that the budget that has been presented includes the salaries and he feels that is a separate topics to be discussed. Melton noted that there are some awful high raises that need to be discussed

and also IMRF which is the next item on the agenda. Chairman Hennesy noted that we will deal with IMRF as a separate agenda item as planned, so we can cover that next. Melton stated that he was talking about salaries. Buchanan asked who was involved in proposing and discussing the salaries that are presented, as well as the job descriptions. As far as he knows there were only two trustees involved in that and the other five really had no input into it those and he thinks they should and in past years we have done it that way and then re-presented back to the General Manager. He was just wondering if that budget really is the General Manager's budget, or if that what prepared by others other than him and who would those people be. Chairman Hennesy noted that the process that we went through with the budget was the three committees that are doing work, Capital projects, personnel, and finance, those three committees each had two trustees and those committees all went and did their work. The personnel committee is the committee that has the wages under its umbrella, and that committee has been at work for 2 years now, last year at this time she noted they presented a whole host of wage information and at that point in time she thought people felt like it was information overload, and there was a request made that we take another look at that information and look at Monticello, LeRoy, Gibson City, and the Village. That is the information this committee took forth and is what you see presented in the budget. Based on the work of that committee, just like the work of the finance committee for the rate increase, and the capital projects committee for all of the capital projects, those recommendations from the committees were put into the budget based on the findings of those committees. She noted that all of the Board members played a role in putting together the budget that you see before you based on their work in the committees. She believes this budget was a collaborative effort by the board and the general manager. She also noted that the wages that you see are two years of work by the personnel committee to try and bring SVPWD up to market rate with respect to wages which the committee thinks is a vital component to ongoing success. She stated that while in years past we've talked about raises in incremental steps, this is actually a market adjustment across the board based on all of the research that committee has done and presented over the last two years, to the board. Melton stated that checking with Mahomet, LeRoy, Farmer City, whatever, they all have ten times more people than we have, so its important to know what they are paying, but we don't want to meet their requirements per person in raises, in salaries, and we've got some great people working for us and he's not talking against anyone but we do have some salaries recommended that are really, what he considers out of line. He thinks that's why he wanted to have an executive session and then present it after it is discussed. Grindley thanked Melton for his comment and she stated that part of the numbers is that if we are going to lose employees they are going to go to places like Mahomet, Monticello and LeRoy, and so that is part of where that came from, we need to look at what is around us to come up with a truly competitive wage. She stated that she would hate to call it a raise because it isn't necessarily merit based but more bringing everything in line with things around us. Chairman Hennesy noted that this really is more of market adjustment, which she stated the board has talked about in her tenure on the Board every year. She stated this is just a couple years of work and findings that just present what the market is. She stated that if we are not competitive, we won't keep or find people, or they will jump ship and go somewhere else, especially if we are so below market that they can go to one of these near cities and have such a significant increase. Buchanan noted that he was on the finance committee and he did approve the water rate increases but he stated he could not approve the rest of that budget as far as the wages and the benefits and all of those kind of things that were on that. He stated the Monticello and LeRoy and all of those other folks are not the Trustees of the SVPWD. They could be considered as far as what they are paying but they are not the ones that answer to the people with which we serve, so for the rest of the budget he couldn't go with the rest of the financial part of it. Larson asked a few questions about specific budget line items. He asked about #6 – IT for \$12,000, stating that is a new one, what is that. Gifford stated that is for MTK, Text-em-All. Gifford noted that text-em-all is \$1,350 per quarter, and MTK has gone up to \$490/month. Larson asked if in prior years this was just paid out of a different bucket. Gifford stated that we just started with Text-Em-All about a year ago and it costs about \$6,000 per year. Larson asked about the \$22,000 increase on insurance and what happened with that. Gifford noted that we are paying a 3-year pollution liability policy up front. If we don't pay it all at once, it costs about \$8,000 more. Larson asked about the Security line-item charge of \$10,000. Wallen stated that half of that cost is for maintenance and

labor to install the new system and the other half of the line-item cost is for the annual maintenance of the alarm panels and security cameras. Larson also asked about the approval of the budget that is proposed, if that is approved as proposed does that affirm the salaries as proposed, or can we continue to discuss. Chairman Hennesy stated it would affirm the salaries as proposed. Larson stated that he understands the analysis that was done there are a couple of the analysis's that he doesn't agree with and a couple of the salaries as proposed he doesn't agree with. He agrees that a development plan appropriate and he thinks there's a couple salaries that the board needs to discuss before they have final approval. Larson proposed going into executive session because that is how they have done it in the past. Buchanan agreed to that, and that it should be a meeting of the Trustees without the General Manager and Secretary at the meeting before he could approve. Melton agrees with Larson and Buchanan on the executive session to discuss some salaries. Chairman Hennesy stated that she is not inclined to do that. She thinks that in years past we have discussed what the appropriate role of the Board is and Kerry has presented us lots of information with his recommendations for the Budget and he's there to manger the day-to-day operations and he is the person who knows the best about the positions are the roles that are being filled. She has no reason to believe that hasn't put forth his best effort with a budget that is appropriate for the positions that he oversees and she can assure the board that the work of the personnel committee was done diligently with lots of time and lots of hours she believes the proposed wages are in line with market value and yet still conservative based on what we saw out there, so she has a different opinion on that. Schultz said that it is really difficult sometimes when you have gone so far below market to bring it up is like if you have a house and you sort of let things slide according to code and then when you need to get something fixed they come in and they tell you now you have to fix everything up to code and you feel real sticker shock on that but you need to just sort of keep everything up, so here she just feels like they are going from how they have been and up until being at market value seems like a shock but when she looks at the rates that are proposed its seems like we are still being conservative within the rate that we have information for. She likes the idea that we are coming up to market rate yet were still being conservative within those ranges for our District. Melton stated that he isn't talking about everybody, he's talking about 2 or 3 salaries out of the entire personnel. Larson made a proposal to go into executive session now to have a conversation about salaries before making a decision on the budget. Buchanan agreed and stated that he thinks our customer's get a rate increase on water and sewer, and they suddenly discover that two people got a \$25,000 increase in their salaries and the kind of fixed incomes that they are on, it would be pretty hard for them to accept that. He thinks that we should have a meeting of the trustees in executive session or at another meeting without the general manger and secretary.

**MOTION** by Larson and 2<sup>nd</sup> by Buchanan to go into Executive Session for the discussion of employee wages before voting on the budget.

**Discussion:** Chairman Hennesy asked if this means that if this motion passes would we be asking Gifford and Wallen to leave the meeting. Larson said yes because he feels this needs to be discussed prior to voting on the budget. Chairman Hennesy stated that she is not inclined to do that.

Roll call vote as follows for going into Executive Session:

**Roll Call Vote:**

Hennesy: No	Melton: Yes	Schultz: No	Grindley: No
Buchanan: Yes	Larson: Yes	Cherry: No	

With a vote of 3-4 against, motion failed.

Chairman Hennesy asked if there was any further discussion on the 2022 Budget before a roll call vote is taken. Melton stated that for the Executive session vote that was for salary discussion but did not include IMRF. Chairman Hennesy stated that was correct, this was not a vote to approve IMRF, simply to go into Executive Session to discuss wages. She stated that IMRF were going to do a separate line item as the next agenda item.

Roll call vote as follows for original Motion to approve the 2022 Budget as presented:

**Roll Call Vote:**

Hennessy: Yes	Melton: No	Schultz: Yes	Grindley: Yes
Buchanan: No	Larson: No	Cherry: Yes	

With a vote of 4-3 for, motion carries.

**C. IMRF Approval**

**MOTION** by Hennessy to adopt IMRF as part of its benefits package and, 2<sup>nd</sup> by Cherry.

**Discussion:** Schultz stated that before she came on the board she attended some board meetings and she heard a discussion before with someone from IMRF and in that discussion Mike Larson made a speech about IMRF vs. the other plan that we have and as Mike was speaking, she remembered thinking, that yea, Mike is right, Mike is right. The things he was saying was totally right about comparing IMRF with another plan that he had access to and so she thinks that if you are just looking at expected returns another plan might give a higher outcome but that doesn't seem to her to be the questions were looking at. She said that we are looking now at whether or not we should offer IMRF for the long-term success of the district, to attract and keep our employees. She said that even though there might be a plan that is superior to IMRF for these employees that is not where we are in the market and we are not going to be able to retain or attract employees unless we have the plan that they are already in. She said while she really appreciates and agrees with Mike's analysis of the two plans she feels as though going to IMRF is what's going to help us to get the highest quality employees, to keep those employees, and make sure that we can provide quality water for our customers. Larson asked a question about the catch-up calculation and how IMRF calculates that. His assumption is that it's a function of your salary and your years of service that you weren't covered by IMRF. He asked if the entirety of the catch up is going to be borne by the district. He stated that if his assumption is correct, the way that IMRF is funded it's roughly 25% the employee pays and 75% the employer pays, so if that's the case it would seem to him that this catch-up amount should be paid in a similar fashion. He stated that he was making a whole bunch of speculations and he is guessing that, and thinks we should look at that before we decide how to cover that catch up cost. Gifford stated that the actuaries at IMRF are the ones who calculate the catch-up costs, so he stated that he would be assuming too, but he stated that Mike was probably assuming correct that it has to do with years of service and wages. Buchanan stated that the IMRF is not a guarantee that everybody you get from there is going to be perfect, as he recalls a few years ago we hired an IMRF individual who worked for the Village of Mahomet and we thought he was a savior for Sangamon Valley to help Kerry because he had all the testing ability and approval and sign-offs and all of that, he couldn't think of his last name but it was [REDACTED] and as it turns out he was falsifying some of his pay, he was not coming in on the weekends and charging Sangamon Valley for and he was also not conducting the tests that were required, he was just writing down numbers, so consequently he was fired and he doesn't know where he went from here. He stated we had another individual that was here, worked for us, he had several charges breaking the law and that sort of thing, and a matter of what they were going to have to get rid of him because when he was in one of our company trucks, he gave one of our customer's the finger and so he went to work for American Water and now he's in IMRF member and receiving their benefit. He stated that IMRF does not guarantee that we going to get wonderful employees. Gifford stated that he would like to refute that comment. He stated that the person who was causing problems was not from the Village of Mahomet, he was from the little town of Colfax, IL and they were not an IMRF participant and then other person with the finger gesture, he went to American Water and they are a private water company that does not offer IMRF. He stated they are probably the only ones that are not in IMRF in the industry, as they are private, and publicly traded on the stock market. Buchanan stated that it's amazing to him that they can manage to have good workers then. Gifford stated that because they pay their employee \$35 an hour. Buchanan stated that he would think all those people would really be wanting to move away from there,

where they can go some place that has IMRF. Gifford stated that maybe we should pay \$35 an hour. Larson asked Gifford since the catch-up would impact him the most, how he feels about Larson's suggestion. Chairman Hennesy stated that she didn't feel like it was a good idea to put Gifford on the spot like that in this meeting and have him answer that question. Larson stated that he made the budget, and you (chairman Hennesy) stated that he made the salaries, why, then stated that Gifford did not have to answer if he didn't want to answer. He stated that we can discuss everything else but not that, that seems a little ridiculous. Chairman Hennesy stated that Larson has gone into personal employee compensation discussion and put him on the spot in front of the entire board, and she doesn't think this is the time or place to have that discussion. Larson asked, then when is it? It would be with the Board, wouldn't it? He stated that he wants Gifford's input so they can make an informed decision. How else does he do that? If Gifford tells him that is a bad idea and why, then that is input he needs. Larson stated again that if Gifford isn't comfortable then by all means don't say it. Gifford stated that he's afraid its going to create conflict so he'd prefer not to address it at this time. Larson thanked him for answering his question. Cherry stated that his understanding of the IMRF situation for SVPWD is that again were back to looking at the utility being a place that can attract competitive people to work for us. Obviously, salary is important, but so is your benefit package. IMRF for the most part, water/sewer districts and utilities, it is pretty much the standard in the state and it is a very well-run program. He stated that it doesn't have a lot of the burdens that the State retirement system has, so everything is calculate and is very transparent. He doesn't know about Larson's questions regarding the catch-up portion because he's never had to face that question, as he was always in it or worked in company that was already in IMRF. Larson asked Cherry to share the catch-up language as he wasn't able to find it. He believes that the catch-up clause is kind of like if you had an annexation fee for your district where if somebody joins the district they actually pay a certain percentage of what's already there, so the catch-up clause is to assure that our employees start off kind of on an equal basis than if they were already in IMRF, and then it comes down to the 4.5% of employees salary goes in and the employer portion is assessed every year based on the actuarial data for your group and how the invests are doing within IMRF and that determines your rate. The organizations he's been in he has seen rates anywhere from 6-7% all the way up to 14% of the salary of each employee. Larson asked again, if his understanding is clear, and he stated that he has talked to Gifford already and understands that it is clear that there is no question that we need to move to IMRF, what his thought is, is that the cost of the catch-up should be borne by both the employees and the district. That is his belief based on how it is funded, so he thinks that is fair to both parties. He stated that he gets it, he has a different investment strategy, so he wouldn't choose it for himself, but that's not what is important, what's important is what do our employees want and what do our potential hires want, they want IMRF, and that's great. He asked how do we fairly fund it, is that nature of his question. Buchanan often wondered why IMRF went from 17% down to 15% or something and what caused them to do that, was that just to get us to sign on like a lot of other places they will low ball it to get you as a customer and then immediately they start going up and he thinks that's what's going to happen, were going to go back to 17% or higher. Cherry stated that for everybody's understanding the employers portion goes up and down, it doesn't stay the same generally. There's formulas and actuarial science that's applied to your group and then they look at how well their investments have done and he believes in the last year the investments have done well and he believes that is probably the reason the rate came down, because they set the rate based on that at some point in the year and then that's the rate going forward, but he stated that you will see that employer portion fluctuate up and down depending on those facts. Larson asked to make a proposal that we evaluate the catch-up portion and asked that if we approve this is the district funding that portion, where do we stand and he wants to know what they are voting on exactly. Chairman Hennesy said she thinks if they want to have a discussion as a board about how they fund and they approach to the catch up she stated that she thinks they should understand from IMRF what other organizations do and what their approach is for this type of situation. She stated that what they have before them right now is the approval of IMRF and then if they want to have that discussion then they can have that discussion in another meeting and perhaps get some more information and understand on what that looks like. She is hesitant to bring on IMRF if it is going to penalize employees who have been with us the longest and been the most loyal to us, so she would like to

understand exactly what it is that we would be asking of employees and then she thought it would be helpful to understand from IMRF what other organizations how they handle taking care of that catch up. Larson suggested getting that information before they affirm this either way, or affirm it with a caveat or something. He asked if it was critical that they affirm this right now. Chairman Hennesy stated that she thinks they have employees watching so, she said maybe not, but she does think that this is something that they don't want to put off much longer, as they have put this off for a year already and she stated its important that they decide if it is really just the mechanics of how they address the catch up then she thinks they can go ahead and approve this and work out the logistics, so she thinks that the idea of "is IMRF going to be the way that we move forward" is the motion on the table and then some of those details would have to be worked out after the fact. Larson stated that if you sign up for IMRF you are signing up for the catch-up fees, so he stated they are basically saying the District is going to cover everything. He proposed that he thinks in a month's time we could have that information and then be done. He recommended waiting a month to get the information and get the questions answered and then they can approve it or if they need to get a special meeting just to vote on that sooner, he is sure they can do that.

**MOTION** by Larson to amend the original motion to delay the vote on IMRF for one month. 2<sup>nd</sup> by Buchanan.

**Discussion:** Chairman Hennesy asked for clarification on what it is they are asking for as she would prefer not to wait an entire month and she would also like to prose scheduling a meeting to bring this back up as they are getting into the holiday season and she wasn't sure if they were going to have a regular December meeting because of the holidays, so she'd like to understand how they want to move forward with this and she'd like to do it before the 1<sup>st</sup> of next year if possible. Larson stated that he would be happy to get ahold of IMRF and get his questions answered and check in with folks, if someone would give him a name and a number, he stated that he can do that by the end of the week, since he is the one posing the questions unless someone else has got something else. Schultz stated that she wanted to be sure that she understands Larson's questions. She asked for clarification that Larson's question is – If we passed IMRF, is the District going to pay the entire amount of the catch-up or is the catch-up going to be split between the District and the employee? Larson stated that if we pass IMRF, then he views it as the District has agreed to pay for everything, but he's saying that before they do that he would like clarification on what the catch-up constitutes and with that knowledge how best to do it. He stated that again, we have had a retirement plan and were looking at a new one. Both of those plans have included an employee contribution and an employer contribution, and as he looks at it he believes that the catch-up should fall under that same thing, and if it doesn't and the District is going to bear the entirety of it he wants everybody to be aware of that so they are making a fully informed decision. Gifford said that you're talking about \$13,000 a year pay back over 10 years and that's almost on a \$1.8 million budget, it's not even 1% of the budget, he just wanted to put that out there. Schultz asked if there is anything we can say to pass IMRF to say we are going to have it and then say that the Board is going to have a discussion about how it gets funded when Larson gets the information, so that once we get the information about it we can have that discussion as a board but yet they can have IMRF. Melton stated that he understands that if they pass the IMRF then the District is in it for life. Chairman Hennesy said that is correct. Melton stated that they don't know what its going to be, partial or full, and that's the reason why they would be having that meeting. Melton stated that if we had the meeting in December, the salaries don't come in until January anyway on the increases and they could make that decision in December, therefore the IMRF would take place on the first paycheck. Schultz stated that the question to her is – Mike (Larson) are you willing to vote for IMRF if it's split and not vote for IMRF if it is not split, or are you saying we need to go to IMRF, but you would prefer a different way for it to be paid for, so the decision for IMRF for you is different than the decision for how it is paid? Larson stated that he agreed we need to move to IMRF, the only question he has is how the catch-up is paid for. Schultz stated that it seems like maybe we could split those two into two separate votes so we can work with the timing, because if you want to have that discussion, we should have that discussion about how its being paid for, but

if were willing to do IMRF anyway we might as well start hat and continue with the discussion. Larson stated that here is the reality, if the majority of the board doesn't care either way the he stated they can certainly go ahead and pass it, he doesn't mean to hold up progress if this is only an issue for him and more than half of the board is fine either way then take the vote and we'll be done, we don't have to review. Schultz stated that we should review it if you want to talk about it. Larson said that we should and he also realizes that he wanted to talk about raises and they chose not to talk about that, he actually had some raises that he thought should go a little higher and some that should maybe go lower but they chose not to talk about it and the majority of the board felt that way and that's okay, he understands that that's how a board functions. Buchanan said that he thinks if they vote for IMRF he doesn't think they are going to have any choice on how the money is paid, if they say that the District pays it then that's the way it will be. He doesn't think they are going to have a choice, so there's not much use even talking to them. If they vote for it, they are going to be in control. Larson stated that its not a matter of that, IMRF is going to get the money, really this is an internal question of – Should a portion of the catch-up, and it would have to come out of wages or something, if an employee is going to pay a portion of it, somehow that would have to be the case. He said again, if this isn't an issue for the majority of the board then they can vote and they don't need to talk about it anymore. He said that he would like his question answered but if the majority of the board doesn't need it then we are okay, we can proceed. Chairman Hennesy stated that right now we have a motion to amend on the table so she asked Larson if he wants to withdraw the motion to amend because her question was the same as Schultz, if it is fundamentally we would not pass IMRF depending on that answer then she thinks we take a different approach, if they are going to pass IMRF and then have an internal discussion then she thinks they would have the internal discussion and they are free to pass IMRF so she is okay, she believes that in order to be competitive and in order to attract and keep people IMRF is the way that we have to go and catch-up is a part of that and if they want to have a discussion about how they catch-up they can certainly do that but for her it is does not change her belief that they have to move forward with IMRF in order to set the District up for long term success. Larson said that we are putting the cart ahead of the horse and we don't need to, but that is okay, he said that he would pull his amendment. Melton asked what if the cost is \$200,000 for the District. Larson stated that it is \$130,000 and they already know that. Gifford stated that you get ten years to pay that back, so its \$13,000 a year. Chairman Hennesy stated that that cost was in the budget and they do it's a fixed cost of \$130,000, the IMRF allows you to pay that back over ten years so there is a budget line item for IMRF that would cover that \$13,000 a year for the next ten years for catch up. She stated that we did have IMRF budgeted for last year and they just kept it in there, so the budget for IMRF has been in the budget for last two years they just haven't executed on the program. She stated that they will be able to fund IMRF with the budget that they have proposed. Melton asked - So that the budget would be \$120,000 this year, \$60,000 last year and \$60,000 this year? Chairman Hennesy said no, the catch-up cost for joining IMRF is \$130,000 to the District and IMRF allows you to pay that back, which is just the catch-up cost, over the course of ten years, and then they would have ongoing cost of contributions from the District and the employees just like they would any other plan. She said the catch-up cost if the outlier, so to speak, so the catchup cost is a fixed cost based on today's employees and today's numbers. Gifford stated that the total IMRF cost for this year is \$61,000, with the catch up included. Melton asked where that \$130,000 come in, he asked if they were still paying that but just over the course of 13 years. Chairman Hennesy said correct, ten years. Buchanan stated that was to catch up for Kerry and [REDACTED]. Gifford stated, if you want, I'll pay part of it, if that is what is holding this up. He said he feels like he is being pinpointed here and that's fine. Chairman Hennesy stated that if they are going to pass IMRF they need to make a motion to pass IMRF and if they want to have a further discussion about how they do that, that needs to be a separate discussion with the board if the majority of the board feels like they need that information. She said she personally does not, but she said that she doesn't want to put Gifford on the spot and she doesn't like backing employees into corners.

**MOTION** by Hennesy to approve IMRF and adopt it moving forward, 2<sup>nd</sup> by Cherry.

Chairman Hennesy asked if there was any further discussion surrounding this. Hearing none, she asked for the vote to be called.

Roll call vote as follows:

**Roll Call Vote:**

Hennesy: Yes	Melton: No	Schultz: Yes	Grindley: Yes
Buchanan: No	Larson: No	Cherry: Yes	

With a vote of 3-4 against, motion fails. IMRF adoption requires a 2/3 vote.

Chairman Hennesy noted that motion did not pass, so she believes they are going to have to bring this back around and have further discussion on it. She asked Larson if he has further questions if she and he can get together and understand what his timeline is so they can have those discussions and bring this back up. Larson said if somebody can give him a name and phone number, he's happy to get ahold of IMRF directly if that's the best route to go. Chairman Hennesy said they can follow up with that.

### **D. Personnel Policy Handbook Updates Approval**

**MOTION** by Hennesy to table the Personnel Policy Handbook until next meeting, 2<sup>nd</sup> by Grindley.

Roll call vote as follows:

**Roll Call Vote:**

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Larson: Yes	Cherry: Yes	

All present members voting yes, motion carries.

### **5. NEW BUSINESS:**

#### **A. Approval of the 2010 Bond Abatement for \$1,085,000 Ordinance No. 2021-11-08-1:**

**MOTION** by Hennesy to approve the 2010 Bond Abatement for \$1,085,000 Ordinance No. 2021-11-08-1, 2<sup>nd</sup> by Grindley.

Roll call vote as follows:

**Roll Call Vote:**

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Larson: Yes	Cherry: Yes	

All present members voting yes, motion carries.

#### **B. Approval of the 2013 Bond Abatement for \$460,000 Ordinance No. 2021-11-08-2:**

**MOTION** by Hennesy to approve the 2013 Bond Abatement for \$460,000 Ordinance No. 2021-11-08-2, 2<sup>nd</sup> by Grindley.

Roll call vote as follows:

**Roll Call Vote:**

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Larson: Yes	Cherry: Yes	

All present members voting yes, motion carries.

**6. ADJOURNMENT:**

**MOTION** by Cherry, and 2<sup>nd</sup> by Hennesy to adjourn at 5:38pm.

Roll call vote as follows:

**Roll Call Vote:**

Hennesy: Yes	Melton: Yes	Schultz: Yes	Grindley: Yes
Buchanan: Yes	Larson: Yes	Cherry: Absent	

All present members voting yes, motion carries.

Respectfully submitted,

Lindsey Wallen  
Secretary, Board of Trustees