

**MINUTES OF THE REGULAR MEETING  
OF THE PRESIDENT AND BOARD OF TRUSTEES  
OF THE VILLAGE OF VERNON HILLS, LAKE COUNTY, ILLINOIS  
HELD OCTOBER 18, 2016**

- I. President Byrne called the meeting to order at 7:00p.m.
- II. Roll call indicated the following Board Members present: President Byrne, Trustees Hebda, Koch, Grieb, and Schultz. Trustees Marquardt and Williams were absent. A quorum was established.

Also present were: Village Manager Kalmar, Assistant Village Manager Carey, Building Commissioner Atkinson, Finance Director Larson, Assistant to the Finance Director Bourdeau, Chief Fleischhauer, Public Works Director Brown, Attorney Brankin, and Recording Secretary DeAnda

- III. The Pledge of Allegiance was given.  
IV. Citizens Wishing to Address the Board

District 103 School Board President Gary Gordon asked the Village Board to keep the impact to school space in mind when approving residential development projects.

- V. Officials Reports  
A. Village President

**1. Proclamation – Ernie’s Wrecker Service 60<sup>th</sup> Anniversary in Business**

President Byrne read and presented a proclamation congratulating Ernie Vole of Ernie’s Wrecker Service on 60 years in business.

**2. Special Committee of the Whole meeting – October 20, 2016 – 6PM**

President Byrne noted the Special COW meeting scheduled for October 20 at 6p.m.

- B. Village Manager  
C. Assistant Village Manager  
D. Finance Director/Treasurer

**1. Presentation of the Comprehensive Annual Financial Report**

Finance Director Larson introduced Dan Berg, a partner with Sikich LLP, who presented the Village’s annual audit findings. This is the Village’s first year working with a new audit firm after more than ten years of working with a prior audit firm. The transition to a new firm led to a very thorough audit of records with a new perspective that has led to some suggested changes on how certain items have been previously done. Included in the Auditor’s communication to management was a document called Communication of Deficiencies in Internal Control and Other Comments to Management. The Auditors have reviewed this list with staff, and staff has provided a response to these comments on the final page of the document. Based on the findings of this audit, a new monthly close procedure will be implemented in the Finance Department to increase oversight on operations, and new procedures will need to be implemented at the Golf Course to tighten internal controls over their collections processes. Staff believes that these changes will be an improvement to current processes and a continuation of compliance with best practices in Finance.

Among other things, Mr. Berg discussed the Management Letter and the FY 2015-16 Comprehensive Annual Financial Report. These items were included in the packet. The Village’s Comprehensive Annual Financial Report presents the Village’s position as an entity as well as the position of individual funds. The Village’s Statement of Net Position shows a Total Net Position of \$85,492,766. The Net Position declined by \$25,621,121 during FY 2015-16, which is largely due to the first year of the implementation of Governmental Accounting Standards Board (GASB) Statements 67 and 68, which now require municipalities to report their entire pension liability on the face of their financial statements. As previously discussed, this figure was reported in the notes to the financial statements in prior years and did not historically impact the Village’s overall Net Position. The Village’s outstanding Net Pension Liability for IMRF is \$5,664,187 and for Police Pension is \$25,941,064. More information on the changes in these figures can be located on pages 40 and 49 of the Comprehensive Annual Financial Report.

On an individual fund, modified accrual basis, the General Fund's revenues exceeded expenditures by \$3,439,717. After transfers and other minor debt issuance related adjustments, the General Fund balance declined by another \$1,315,383. Transfers from the General Fund included a statutorily required transfer of \$122,183 to the Tax Increment Fund and a \$1,293,200 transfer to the Dispatch Center Fund. Included among the General Fund revenues is the first full year of the Village's Home Rule Sales Tax, which will be offset in future years by a full year of economic incentive payments.

On an individual fund, modified accrual basis

- The VHTC Tax Increment Fund decreased by \$800,191 to a deficit balance of \$153,789
- The Dispatch Center Fund increased by \$196,782 to \$563,294.
- The Motor Fuel Tax Fund declined by \$590,657 to \$1,270,219

For individual funds measured on a full accrual basis:

- The Golf Course Fund decreased by \$89,531 to \$205,038
- The Equipment Replacement Fund increased by \$194,022 to \$2,743,370

Finally, please note that the performance of the Police Pension Fund will be discussed at a future meeting.

## **2. Health, Dental, and Vision Insurance Renewal for 2016-17 Plan Year**

Finance Director Larson stated staff met with the Village's insurance broker, Tom Juran of First Benefit Marketing, on Wednesday, September 28 to evaluate various health plan renewal options for the 2016-2017 plan year. The renewal of the current Cigna health plan was originally quoted at a 27.5% increase over the current year rates, which was based on the Village's 124.8% utilization of the plan in the current year. Alternate quotes were sought from the market, but comparable plans were not as competitive.

Cigna offered the Village a renewal with an overall 15% rate increase (instead of 27.5%) if the Village agreed to cease seeking alternative quotes. Based on this modified proposal and the result of alternative quote results, Mr. Juran recommended the Village maintain coverage with Cigna with its existing level-funded plan. A level funded plan requires monthly premium payments similar to a fully insured plan, but offers the option of a year-end rebate if the Village's claim experience comes in lower than projected. Based on utilization, it is not anticipated that the Village will benefit from a rebate for the 2015-2016 plan year. However, a level funded plan is considered under the category of a self-funded plan, which allows the Village to save approximately \$100,000 in costs due to an elimination of an Affordable Care Act Tax that is not charged on self-funded plans.

After further discussions, Cigna agreed to offer a \$5,000 Surplus Guarantee for the 2016-2017 Plan year (which would be received after renewal in 2017, in March 2018). Also, Cigna has agreed that fixed costs will not exceed an increase of 10% in 2017 with the following caveats:

- Enrollment cannot increase or decrease by 10% or more from time of quote release,
- There can be no ongoing large claims above \$160,000 for the upcoming renewal year (2017), and
- The individual stop loss will increase from \$75,000 to \$80,000 at time of renewal in 2017

If approved, the total annual cost of the Cigna plan is currently projected to be \$2,252,516 or proportionately greater, dependent upon any incremental increase due to the addition of new employees or changes of coverage for the period of December 1, 2016 through November 30, 2017. Employees will pay 20% of the premium, while retirees continue to pay 100% of the premium.

Cigna also provides dental and vision insurance coverage for the Village. The Village is entering its second year of a two-year rate guarantee, thus no increase is expected for that coverage. Vision coverage is proposed at a 2% increase over current rates.

### **E. Chief of Police**

#### **Trick or Treat Hours**

Chief Fleischhauer noted that Trick or Treat hours were 4-8p.m. on October 31.

F. Public Works Director/Village Engineer

G. Building Commissioner

VI. Omnibus Vote Agenda

President Byrne called for a motion to approve the Omnibus Vote Agenda Items A-N.

Motion by Trustee Schultz, second by Trustee Hebda, approving the Omnibus Vote Agenda Items A-N.

Roll call vote:

AYES: 4 – Hebda, Schultz, Koch, Grieb

NAYS: 0 - None

ABSENT AND NOT VOTING: 2 - Marquardt, Williams

Motion carried.

**A. DEPARTMENT REPORTS:**

- 1. POLICE DEPARTMENT REPORT – SEPTEMBER 2016**
- B. APPROVAL OF VOUCHER LIST OF BILLS DATED OCTOBER 18, 2016 IN THE AMOUNT OF \$289,469.24**
- C. APPROVAL OF VOUCHER LIST OF BILLS FOR THE VERNON HILLS GOLF COURSE DATED OCTOBER 18, 2016 IN THE AMOUNT OF \$12,025.63**
- D. APPROVAL OF PUBLIC IMPROVEMENTS FOR THE AAA CAR CARE CENTER**
- E. APPROVAL OF PUBLIC IMPROVEMENTS FOR RUSTOLEUM DATA CENTER AND PARKING LOT**
- F. APPROVAL OF PUBLIC IMPROVEMENTS FOR THE HAWTHORN SURGERY CENTER**
- G. APPROVAL AND PASSAGE OF RESOLUTION 2016-132 - A RESOLUTION AMENDING AND DEFINING MEETING AND ADOPTING PROCEDURES FOR ELECTRONIC ATTENDANCE AT MEETINGS**
- H. APPROVAL AND PASSAGE OF RESOLUTION 2016-133 - A RESOLUTION AUTHORIZING AN AGREEMENT WITH CIGNA AS A PROVIDER FOR THE LEVEL FUNDED HEALTH INSURANCE, DENTAL AND VISION PLANS**
- I. APPROVAL AND PASSAGE OF RESOLUTION 2016-134 - A RESOLUTION AUTHORIZING THE EXECUTION OF AN AGREEMENT BETWEEN THE VILLAGE OF VERNON HILLS AND THE POPCORN FACTORY INC TO ALLOW FOR TEMPORARY EMPLOYEE PARKING AT 730 LAKEVIEW PARKWAY IN VERNON HILLS**
- J. APPROVAL AND PASSAGE OF RESOLUTION 2016-135 - A RESOLUTION AUTHORIZING AN AGREEMENT WITH DEARBORN NATIONAL TO PROVIDE LIFE INSURANCE FOR THE VILLAGE OF VERNON HILLS EMPLOYEE GROUP TERM LIFE INSURANCE PLAN**
- K. APPROVAL AND PASSAGE OF RESOLUTION 2016-136 - A RESOLUTION WAIVING THE COMPETITIVE BIDDING PROCESS, AND AUTHORIZING THE VILLAGE BOARD TO ACCEPT PROPOSALS FOR SNOW AND ICE CONTROL SERVICES FROM ACRES GROUP, APEX LANDSCAPING, ARROW SHOP, BRIGHTVIEW, SCHROEDER & SCHROEDER, JAMES MARTIN AND ASSOCIATES, AND VERNON TOWNSHIP FOR THE 2016-17 WINTER SEASON; NOT TO EXCEED \$114,240**

**L. APPROVAL AND PASSAGE OF RESOLUTION 2016-137 - A RESOLUTION AUTHORIZING AMENDMENT OF THE LEASE AGREEMENT BETWEEN THE VILLAGE OF VERNON HILLS AND CHICAGO SMSA LIMITED PARTNERSHIP, d/b/a, VERIZON WIRELESS, AMENDING THE UTILITY EASEMENT AT THE POLICE TELECOMMUNICATION FACILITY, 740 NORTH LAKEVIEW PARKWAY**

**M. APPROVAL AND PASSAGE OF ORDINANCE NO. 2016-036 - AN ORDINANCE AMENDING THE VILLAGE OF VERNON HILLS, CODE OF ORDINANCES, CHAPTER 3, ALCOHOLIC LIQUOR CONTROL; SECTION 3-12, LICENSE CLASSIFICATION AND FEES; PARAGRAPH: (1) CLASS "A" AND PARAGRAPH: (5) CLASS "E" AND PARAGRAPH: (12)(7) CLASS "L"**

**N. APPROVAL AND PASSAGE OF ORDINANCE 2016-039 - AN ORDINANCE DECLARING CERTAIN VILLAGE EQUIPMENT AS SURPLUS AND HAVING LITTLE OR NO VALUE TO DISPOSE OF IN AN APPROPRIATE MANNER**

VII. Unfinished/Additional Business

**A. APPROVAL OF VILLAGE BOARD MINUTES OF OCTOBER 4, 2016**

Motion by Trustee Schultz, second by Trustee Koch, to approve the Village Board meeting minutes of October 4, 2016.

Roll call vote:

AYES: 4 – Hebda, Schultz, Koch, Grieb

NAYS: 0 - None

ABSENT AND NOT VOTING: 2 - Marquardt, Williams

Motion carried.

**ITEMS B AND C WERE PULLED AND NOT VOTED ON**

**B. APPROVAL AND PASSAGE OF ORDINANCE NO. 2016-034 - AN ORDINANCE TO AMEND THE ZONING CLASSIFICATION FROM B-1, GENERAL BUSINESS TO R-7 MULTI-FAMILY RESIDENTIAL AT 634 SOUTH MILWAUKEE AVENUE, IN THE VILLAGE OF VERNON HILLS, LAKE COUNTY**

**C. APPROVAL AND PASSAGE OF ORDINANCE NO. 2016-035 - AN ORDINANCE GRANTING CERTAIN APPROVALS FOR PROPERTY COMMONLY KNOWN AS THE FORGE, A PLANNED UNITED DEVELOPMENT AT 634 SOUTH MILWAUKEE AVENUE, IN THE VILLAGE OF VERNON HILLS, LAKE COUNTY**

VIII. New Business/Communications

**A. OTHER ITEMS**

Trustee Grieb thanked Public Works Director Brown for working with IDOT to get stripping on turn lanes on Route 60 at Fairway and Lakeview Parkways. Trustee Koch would like to compliment the Police Department on its handling of the creepy clowns situation.

IX. Recess/Adjournment

Motion by Trustee Schultz, second by Trustee Koch, the Board meeting was adjourned. An Executive Session to discuss personnel pursuant to Section 2-c-1, collective bargaining pursuant to Section 2-c-2, and pending litigation pursuant to Section 2-c-11 of the Open Meetings Act was scheduled.

Roll call vote:

AYES: 4 – Schultz, Koch, Grieb, Hebda

NAYS: 0 - None

ABSENT AND NOT VOTING: 2 – Marquardt, Williams

Motion carried.

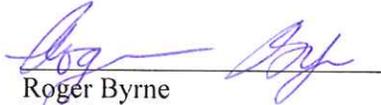
The Village Board meeting was adjourned at 7:32p.m.

Approved this 1st day of November 2016



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John Kalmar  
Village Manager/Clerk



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Roger Byrne  
President