

MINUTES  
VILLAGE OF LA GRANGE  
SPECIAL MEETING OF THE  
VILLAGE BOARD OF TRUSTEES

Village Hall Auditorium  
53 South La Grange Road  
La Grange, IL 60525

Monday, September 13, 2010  
(immediately following the regular Village Board meeting)

1. CALL TO ORDER AND ROLL CALL

The Board of Trustees of the Village of La Grange special meeting was called to order at 8:55 p.m. by President Asperger. On roll call, as read by Administrative Secretary Ellie Elder, the following were:

PRESENT: Trustees Holder, Horvath, Kuchler, Langan, Livingston and Palermo with President Asperger presiding.

ABSENT: Clerk Milne

OTHERS: Village Manager Robert Pilipiszyn  
Village Attorney Mark Burkland  
Assistant Village Manager Andrianna Peterson  
Police Chief Mike Holub  
Finance Director Lou Cipparrone  
Assistant Finance Director Joe Munizza  
Actuary Timothy Sharpe

2. PENSION FUND WORKSHOP

President Asperger provided background information on the two previous workshop discussions concerning the funding status of the Village's Police and Fire Pension Funds noting that the Village continues to fund the required contributions. As preliminary police and fire pension levies will impact the budget process, President Asperger added that staff has made recommendations for this evening's discussion and invited Actuary Timothy Sharpe to provide further insight.

Mr. Sharpe indicated that this year the investment returns were greater than last year. Providing the Village with the preliminary actuarial results; the investment performance summary; and the salary history for both pension funds, Mr. Sharpe reported that the percent funded has increased and the tax levy decreased for the Police Pension and increased slightly for the Fire Pension. Mr. Sharpe added that management of pension funds is a long term strategy and that current actuarial assumptions are reasonable.

Trustee Horvath expressed concerns with the mortality table and believes a more current version should be utilized. Finance Director Lou Cipparrone indicated that staff relies on the information provided by the actuarial. Mr. Sharpe noted that investment rate assumptions are of greater importance than mortality tables. Trustee Palermo stated that while all tables may be reasonable, he felt that the Village should utilize ones which are most accurate. Trustee Kuchler noted a previous comment by the actuary that approximately 90% of the local pension funds in Illinois which includes La Grange, use either the 1971 or 1984 mortality tables.

Trustee Livingston noted the importance of this evening's discussions as it prepares for next year's budget and offered to provide feedback by focusing on the recommendations. Trustee Livingston concurred with the proposal to change from the 1971 mortality table to the 1984 table. He also would like to reduce the average retirement age assumption from 70 to 62. He would like to keep an active file on the other assumption adjustments for the future. Trustee Livingston indicated he does not feel that TIF reserves should be utilized to fund pensions. Expressing concern that pension reform will not be undertaken by Springfield, Trustee Livingston is willing to consider budget contraction to provide adequate funding for contributions to the pension funds.

President Asperger requested information on the benefits of lowering the maximum retirement age from 70 to 62. Mr. Sharpe advised that making that adjustment would have little impact on improving the position of the two local pension funds. Mr. Sharpe reiterated that interest rates are the driving factor.

After much discussion by Board members, President Asperger noted the importance of relying on the actuary's professional opinion in the context of the Village's financial abilities and limitations.

Trustee Holder inquired about legality in funding and Village Attorney Burkland responded.

Trustee Palermo believes it is important to determine the best assumptions and then determine the best possible way to adjust the budget to fund the pensions.

Finance Director Lou Cipparrone noted the Village has met its statutory and fiduciary obligations, and explained the importance of looking at pension funding in the long term.

Much discussion ensued over the mortality tables and it was noted that numerous other municipalities utilize the tables currently used by the Village's actuary.

Trustee Langan prefers not using TIF reserves and believes in making minimum contributions and increasing those contributions when interest rates and investment returns improve.

At this point in the meeting, President Asperger suggested that the Village Board review and express opinions on the recommendations.

Trustee Kuchler is in agreement with the mortality table proposal and the preliminary pension levies, but encourages further adjusts to the assumptions. Trustee Kuchler does not support increased taxes to fund pension funding gaps and noted possible reduction in personnel may be necessary as an offset.

Trustee Palermo does not believe funding is adequate and seeks putting more money in the pension funds. Trustee Palermo would like to see a more current mortality table used.

Trustee Langan indicated his support for the recommendations, and suggested that the Village continue to monitor and improve certain assumptions over time.

Finance Director Cipparrone noted that the Police Pension Board and Fire Pension Board would meet in November to review Mr. Sharpe's assumptions and the Board's discussions this evening would be incorporated in that review.

President Asperger summarized the comments and opinions expressed by individual Trustees as follows:

1. Support the recommendations, but see the need to adjust assumptions over time; do so within the Village's ability to pay and other budgetary constraints. (Trustees Langan and Holder, with President Asperger joining at the end of her summary)
2. Support the recommendations, but also desire to act sooner on adjusting the assumptions; funding the added expense to move these adjustments forward would be through budget contraction, not increased taxes. (Trustees Livingston and Kuchler)
3. Support significant plan contribution increases indicated by stronger mortality tables such as the 2000 Commissioners' Mortality Table, the 1983 GAM, 1994 GAM or RP-2000, all of which reflect mortality improvement over the last 40 years, rather than the 1971 GAM currently used or the 1984 UP proposed as an alternative to the 1971 GAM table. (Trustees Horvath and Palermo)

President Asperger expressed her support for the actuary's recommendations; this approach is consistent with the Village's practice to fund the annual required pension contributions. President Asperger noted that this topic is a strategic priority for the Village Board, having been discussed at the planning session and several times since then. In conclusion, President Asperger complimented the Village Board for acting as appropriate stewards of taxpayer dollars.

3. ADJOURNMENT

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At 10:25 p.m. it was moved by Trustee Langan to adjourn, seconded by Trustee Palermo.  
Motion approved by voice vote.

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Elizabeth M. Asperger, Village President

ATTEST:

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Robert N. Milne, Village Clerk

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Approved Date 09/27/10 As Amended