



THE CITY COUNCIL MEETING MINUTES
OF THE MAYOR AND CITY COUNCIL OF THE CITY OF PROSPECT HEIGHTS
HELD ON MONDAY, DECEMBER 11, 2023 AT 6:30PM

CALL TO ORDER AND ROLL CALL- At 6:30 PM, Mayor Ludvigsen called to order the Regular City Council Meeting at City Hall, 8 N Elmhurst Road, Prospect Heights, IL 60070.

Deputy Clerk Schultheis read the preamble to the Meeting.

City Clerk Prisiajniouk called roll. A quorum was present.

ELECTED OFFICIALS PRESENT – Mayor Ludvigsen, Treasurer Tibbits, City Clerk Prisiajniouk Aldermen – Cameron, Anderson, Dash, Morgan-Adams, Dolick

OTHER OFFICIALS PRESENT – City Administrator Wade, Assistant City Administrator Falcone, Deputy Clerk Schultheis, Public Works Director Roscoe, Director of Building and Development Peterson, Police Chief Caponigro, Digital Communications Technician Colvin, Attorneys Hess and O’Driscoll, Assistant Finance Director Tannehill.

PLEDGE OF ALLEGIANCE – Led by Mayor Ludvigsen

APPROVAL OF MINUTES

A. November 27, 2023 City Council Regular Meeting Minutes

B. November 27, 2023 Truth in Taxation Hearing Minutes – **Alderman Morgan-Adams moved for omnibus approval of November 27, 2023 City Council Regular Meeting Minutes and the November 27, 2023 Truth in Taxation Hearing Minutes; seconded by Alderman Dash.**

ROLL CALL VOTE:

AYES -	Cameron, Dash, Anderson, Morgan-Adams
NAYS -	None
ABSENT -	None
ABSTAIN -	Dolick

Motion carried 4 – 0, one abstention

PRESENTATIONS

A. Prospect Heights Police Pension Board Presentation by Police Pension Board Trustee Tom Huitink – Pension Board Trustee Huitink said that he has been on the Board for three years. He noted that the contribution to the police pension each year is the second largest expense in the City Budget. He reminded the Council that the State of Illinois has consolidated all fund assets for the police departments and the fire departments. The Trustees do not manage the funds anymore. The Police Pension Board still administers benefits and approves members.

-Trustee Huitink noted that the City is funding has not made any progress in the percentage funded. AS of April, 2023, the Police Pension Fund is 62% funded.

-He said that as of 2020, benefits being paid to members has exceeded contributions.

-City contributions versus actuary recommendations has changed. In 2018, the City contributed 138% of the recommended contributions. He stated that the contribution levels have declined since then. Over the last year, the City contributed 50% of what the actuary recommended. The Police Pension plan needs to be funded to 90% or more by 2040. Right now, it is about 61% funded.

Robert Rietz, L&A Principal spoke – he said that there were two ways to calculate liability – Entry Age Normal Method or the Projected Unit Credit Method. Entry Age calculates liability according to the employee's whole career. Projected Unit Credit Method uses a more back loaded pattern – there is a ramp up pattern.

- The lower the rate of return goes down, the higher the contribution rate would be.

There are only three ways that the pension fund gets contributions: from employees (9.91% of pay), investment returns and City contributions. Investment returns have not been good. That means that there is much more reliance on the City contribution.

- The recommended contribution is \$1,63 million- a \$183,000 increase from the previous year. If rate of return low, then contribution requirement would spike.

- The fair value of assets - the pension board expects 6.5% growth each year. The actuary smooths those gains and losses over a five year period so it is a straight line amortization. The City has not gained 6.5% gains over the last few years. The City has an unfunded liability of \$11.67 million.

Mayor Ludvigsen asked if that only assumed benefits earned to that date or is the assumption that people are going out to their full 25-30 year career? Mr. Rietz answered that they calculate the present value of future assets. That means that the actuary does not know when any member might retire, but probabilities are assigned for each age.

- How the contribution changed for the year – has actual and demographic and financial experience including expected changes, the interest earned on existing unfunded liability and take out benefits paid through the year. He noted that salary increases were higher than expected. Mortality tables has shown that members are living longer than expected - that increases liability to fund.

- Plan change with regard to interpretation of statutes by the Department of Insurance with COLA. The market value basis rate of return was .84% this year when the expected is 6.5%. This adds to the increase of the contribution requested.

Mayor Ludvigsen asked that if the amortization of the unfunded liability was over five years, asked if the amount recommended was based on the five years or the overall number? Mr. Rietz said that the smoothing related to recognizing gains and losses to the market value of assets, For the unfunded liability, there is a layered amortization method in place – ex, this year the City had an extra \$1.3 million of unfunded liability that was created that will be amortized over 15 years.

Alderman Morgan-Adams said the idea is to be 90% funded by 2040, but felt that the number was unrealistic. She said that there were many cities that were less funded than Prospect Heights. Mr. Rietz replied that the City is right in the middle.

Trustee Huitink said that if the City were funded based on the recommended contributions, the only cost to the City would be the current cost of \$300,000. Because the fund was not properly funded for many years, that the contributions that were recommended were not made, and the City fell behind in percentage funded. He said that it was similar to continuing to spend money on a credit card and only paying the minimum each month – the amount that needs to be paid off continues to increase.

Mayor Ludvigsen noted that as the pension becomes more funded, the market will have less impact on the contributions. He said that he believed that the message of the Pension Board is more consistency in the contribution at a level that makes sense. Mr. Rietz said that the City needed a funding policy.

Mayor Ludvigsen asked what the expectations would be at the end of the 15 years. Mr. Rietz said that if the City put in the 100% target the fund would get to 100% funded in 2038.

Mayor Ludvigsen asked if the projections were based on today's dollars? He asked if the numbers were adjusted for inflation. Mr. Rietz said that the amount is calculated against your asset growth. So not inflation-adjusted, but adjusted for buying power. Trustee Huitink noted that if the City only contributed the minimum, it would need to spend \$29 million to get to only 88% funded by 2040, but if the City takes the actuary recommendations it would only cost \$25 million to get to 100% funded by 2040.

Alderman Morgan-Adams said that she did not think it was possible for the City to contribute more than it has contributed. She asked if there was an alternative to the numbers that were being recommended. Mayor Ludvigsen replied that the Mr. Rietz was showing two different methods to get to the 90% funding by 2040.

Alderman Morgan-Adams asked what the alternatives would be to what was presented. Trustee Huitink said that the end game of the presentation was to have the Board come together collaboratively to identify funding sources and a funding policy.

Mayor Ludvigsen said that the presentation was to point out that there is a minimum threshold that the City will have to meet, and must determine how it will set up a strategy to meet that requirement. The goal of the presentation was not to tell the City the amount it must pay each year.

B. Chicago Executive Airport Update Presented by Director William Kearns – November is the mid-year for the fiscal year and the Airport was at 54% of revenue and 40% of expenses.

- 12 month operations are slightly down but still strong – just under 98,000
- Fuel flowage is just under 8 million gallons a year.
- the Sound insulation program has 619 applications. He noted that there were three homeowners that had been through the testing that backed out – when that happens the Airport is forced to incur un-reimbursable expenses. The Airport has asked the program coordinator, Penny Merritt, that residents who force the airport to incur the costs and then back out might be liable for some of those costs.
- Executive Director Miller will be presenting for grants the TIPS (Transportation Improvement Program) on Wednesday like runway 1634, sealing seams, fence construction between Milwaukee Avenue and Hintz Road right by the Korean Church, attempting to keep coyotes out as well as other wildlife. The Airport is requesting \$2 - \$2.5million to keep pace with inflation for sound proofing.
- there will be an RFP in February for a new auditing firm.
- Sky Harbour – they are looking for 15 hangars and a fuel farm that is in Prospect Heights.
- Runway 624 would close
- Stormwater master plan that needs to be one concurrently.
- airfield lighting – converting to LED. The beacon control tower is not LED
- Hawthorne Hangar – grand opening will be January, 2024.
- - there are two Rebuild Illinois projects. – the roadway in front of Atlantic Aviation along Wolf Road and one that will start in May to fill a gap in the ramp.
- He noted that funding from the FAA is guaranteed until the end of December.
- the Airport has two interns working during winter break. Both are from Southern Illinois University.

APPOINTMENTS, CONFIRMATIONS, AND PROCLAMATIONS - None

PUBLIC COMMENT ON AGENDA MATTERS - None

CONSENT AGENDA -

A.O-23-36 Ordinance Regarding the Illinois Paid Leave for All Workers Act for the City of Prospect Heights (2nd Reading)

B.O-23-37 Staff Memo and Ordinance Amending the City Code, Title 1 Chapter 8 of the City Code Regarding Personnel Regulations **(2nd Reading)**

C.R-23-32 Staff Memo and Resolution Approving Local Funding Commitment for Motor Fuel Tax Rebuild Illinois Funded Willow/Owen Flood Control Project

D.R-23-33 Staff Memo and Resolution Approving Fund Transfer of \$240,000 from the General Fund to the Police Pension Fund – Alderman Morgan-Adams asked what the \$240,000 was for, if the Pension was funded at \$700,000. Assistant Finance Director Tannehill said that the City had budgeted for \$1,050,000 and this was the money that needed to be transferred to help get to that level. City Administrator Wade added that it corrected a miscalculation. He noted that because of favorable interest rates, the \$240,000 correction did not have an impact on the City reserves.

Alderman Dolick moved for omnibus approval of O-23-36 Ordinance Regarding the Illinois Paid Leave for All Workers Act for the City of Prospect Heights (2nd Reading), O-23-37 Staff Memo and Ordinance Amending the City Code, Title 1 Chapter 8 of the City Code Regarding Personnel Regulations (2nd Reading), R-23-32 Staff Memo and Resolution Approving Local Funding Commitment for Motor Fuel Tax Rebuild Illinois Funded Willow/Owen Flood Control Project, R-23-33 Staff Memo and Resolution Approving Fund Transfer of \$240,000 from the General Fund to the Police Pension Fund; seconded by Alderman Anderson. There was unanimous approval.

ROLL CALL VOTE: AYES - Dolick, Cameron, Dash, Anderson, Morgan-Adams
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

OLD BUSINESS

A. Approval of the 2024 City Council Regular Meeting Calendar – City Administrator Wade said that there was meeting date issues with Passover and Memorial Day, but that the calendar could be approved as presented, and the dates of meetings that might have conflicts be changed closer to the meeting dates. - **Alderman Cameron moved to approve the 2024 City Council as presented; seconded by Alderman Morgan-Adams. There was unanimous approval.**

ROLL CALL VOTE: AYES - Dash, Anderson, Morgan-Adams, Cameron, Dolick
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

B.O-23-29 Staff Memo and Ordinance Police Pension Levy **(2nd Reading)** – **Alderman Dolick moved to approve O-23-29 Staff Memo and Ordinance Police Pension Levy (2nd Reading); seconded by Alderman Cameron. There was unanimous approval.**

ROLL CALL VOTE: AYES - Anderson, Morgan-Adams, Cameron, Dolick, Dash
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

C.O-23-30 Staff Memo and Ordinance SSA 1 Levy **(2nd Reading)** – **Alderman Dolick moved to approve O-23-30 Staff Memo and Ordinance SSA 1 Levy (2nd Reading); seconded by Alderman Anderson. There was unanimous approval.**

ROLL CALL VOTE: AYES - Morgan-Adams, Cameron, Dolick, Dash, Anderson
 NAYS - None

ABSENT - None

Motion carried 5 - 0

D.O-23-31 Staff Memo and Ordinance SSA 2 Levy (2nd Reading) – Alderman Morgan-Adams moved to approve O-23-31 Staff Memo and Ordinance SSA 2 Levy (2nd Reading); seconded by Alderman Cameron. There was unanimous approval.

ROLL CALL VOTE: AYES - Cameron, Dolick, Dash, Anderson, Morgan-Adams
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

E.O-23-32 Staff Memo and Ordinance SSA 3 Levy (2nd Reading) – Alderman Dolick moved to approve O-23-32 Staff Memo and Ordinance SSA 3 Levy (2nd Reading); seconded by Alderman Anderson. There was unanimous approval.

ROLL CALL VOTE: AYES - Dolick, Dash, Anderson, Morgan-Adams, Cameron
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

F.O-23-33 Staff Memo and Ordinance SSA 4 Levy (2nd Reading) – Alderman Morgan-Adams moved to approve O-23-33 Staff Memo and Ordinance SSA 4 Levy (2nd Reading); seconded by Alderman Cameron. There was unanimous approval.

ROLL CALL VOTE: AYES - Dash, Anderson, Morgan-Adams, Cameron, Dolick
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

G.O-23-34 Staff Memo and Ordinance SSA 5 Levy (2nd Reading) – Alderman Anderson moved to approve O-23-34 Staff Memo and Ordinance SSA 5 Levy (2nd Reading); seconded by Alderman Dolick. There was unanimous approval.

ROLL CALL VOTE: AYES - Anderson, Morgan-Adams, Cameron, Dolick, Dash
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

H.O-23-35 Staff Memo and Ordinance SSA 8 Levy (2nd Reading) – Alderman Morgan-Adams moved to approve O-23-35 Staff Memo and Ordinance SSA 8 Levy (2nd Reading); seconded by Alderman Anderson. There was unanimous approval.

ROLL CALL VOTE: AYES - Morgan-Adams, Cameron, Dolick, Dash, Anderson
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

NEW BUSINESS – None

STAFF, ELECTED OFFICIALS, AND COMMISSION REPORTS

Director of Building and Development Peterson – noted that the January 24th PZBA meeting will have discussion regarding chickens in Prospect Heights and is open to the public.

Public Works Director Roscoe – said that the Police Department will be hosting the Santa Express on Friday, December 22 at 6 PM. Please check City and Police Facebook pages and City social media for more information

City Hall Staff and Elected Officials wished each other and the residents of the City a happy holiday and New Year.

APPROVAL OF WARRANTS

A. Approval of Expenditures

General Fund	\$271,813.07
Motor Fuel Tax Fund	\$0.00
Tourism District	\$34,506.68
Solid Waste Fund	\$33,731.77
Drug Enforcement Agency Fund	\$945.18
Palatine Road Tax Increment Financing	\$0.00
Special Service Area #1	\$0.00
Special Service Area #2	\$0.00
Special Service Area #3	\$0.00
Special Service Area #4	\$0.00
Special Service Area #5	\$0.00
Special Service Area - Constr #6 (Water Main)	\$196,366.25
Special Service Area - #8 Levee Wall #37	\$6,295.00
Capital Improvements	\$19,907.38
Special Service Area - Debt #6	\$0.00
Road Construction Debt	\$1,177,491.25
Water Fund	\$110,521.65
Parking Fund	\$228.55
Sanitary Sewer Fund	\$87,711.00
Road/Building Bond Escrow	\$5,000.00
TOTAL	\$1,944,517.78
<u>Wire Payments</u>	
12/01/2023 PAYROLL	\$176,156.09
TOTAL WARRANT	\$2,120,673.87

City Clerk Prisiajniouk read the warrants.

Alderman Morgan-Adams moved to approve the warrants as read; seconded by Alderman Anderson to include a TOTAL of \$1,944,517.78; 12/01/2023 Payroll of \$176,156.09; and a TOTAL WARRANT of \$2,120,673.87. There was unanimous approval.

ROLL CALL VOTE: AYES - Cameron, Dolick, Dash, Anderson, Morgan-Adams
 NAYS - None
 ABSENT - None

Motion carried 5 - 0

PUBLIC COMMENT ON NON-AGENDA MATTERS (Five Minute Time Limit) - None

EXECUTIVE SESSION – (No Items)

ADJOURNMENT – At 7:37 PM, Alderman Morgan-Adams moved to Adjourn; seconded by Alderman Anderson. There was unanimous approval.

VOICE VOTE: All Ayes, No Nays.

Motion carried 5 – 0

Approved by the Prospect Heights City Council on this the 8th day of January, 2024.


City Clerk Prisiajnikouk


Mayor Patrick Ludvigsen

