



PUBLIC MEETING NOTICE AND AGENDA
COMMITTEE OF THE WHOLE MEETING

JULY 23, 2019
7:30 P.M.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Audience Participation
The public is invited to make an issue-oriented comment on any matter of public concern not otherwise on the agenda. The public comment may be no longer than 3 minutes in duration.
4. Staff Presentations
 - A. Administration
 1. Request for Raffle License from Transitional Living Services d/b/a TLS Veterans
 2. Waiver of Sign Regulations Request from Lake in the Hills Property Owners Association
 3. Issuance of a Pyrotechnic Fireworks License to Five Alarm Fireworks for the Summer Sunset Festival
 4. Waive the Competitive Bidding Process and Award an Agreement with Granicus for the Redesign, Development, and Hosting of the Village Website
 - B. Finance
 1. Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2018
 2. Village of Lake in the Hills Police Pension Fund 2019 Property Tax Levy Request
 - C. Police Department
 1. PowerDMS Service Order & Terms and Conditions
 - D. Public Works
 1. Ordinance Amending Minimum Aviation Fuel Pricing
 - E. Community Services
 1. Informational Item concerning Survey for Changes to the Sign Ordinance
 2. Ordinance approving Variations to Section 15.3-1D, Front Yards, and Table 13.5, Permitted Accessory Structures for 1221 Crystal Lake Road

5. Board of Trustees
 - A. Trustee Harlfinger
 - B. Trustee Huckins
 - C. Trustee Bogdanowski
 - D. Trustee Dustin
 1. Planning and Zoning Commission Liaison Report
 - E. Trustee Bojarski
 - F. Trustee Murphy
 1. Parks and Recreation Board Liaison Report
6. Village President
7. Audience Participation
8. Adjournment

MEETING LOCATION
Lake in the Hills Village Hall
600 Harvest Gate
Lake in the Hills, IL 60156

The Village of Lake in the Hills is subject to the requirements of the Americans with Disabilities Act of 1990. Individuals with disabilities who plan to attend this meeting and who require certain accommodations so that they can observe and/or participate in this meeting, or who have questions regarding the accessibility of the meeting or the Village's facilities, should contact the Village's ADA Coordinator at (847) 960-7410 [TDD (847) 658-4511] promptly to allow the Village to make reasonable accommodations for those persons.

Posted by: _____ Date: _____ Time: _____



REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Administration

SUBJECT: Raffle License Request for Transitional Living Services d/b/a TLS Veterans

EXECUTIVE SUMMARY

The TLS Veterans is requesting a Raffle License for August 9, 2019. The raffle will consist of various bottles of wine. Section 31.02 of the Village Code regulates organizations that conduct raffles in the Village. Organizations desiring to conduct a raffle must apply to the Village for a raffle license.

All provisions of Section 31.02 of the Village Code have been met. TLS Veterans unanimously voted to request a waiver of the fidelity bond requirement associated with the Raffle Application form.

FINANCIAL IMPACT

None.

ATTACHMENTS

1. Raffle License Application

RECOMMENDED MOTION

Motion to approve the raffle license request and waive the fidelity bond requirement for Transitional Living Services d/b/a TLS Veterans.



Village of Lake in the Hills
Raffle Application Form

Date of Application 6/27/19

(The Village President, with the advice and consent of the Board of Trustees, shall have 30 days in which to approve or disapprove the license applied for.)

Application Information:

Name of Organization: Transitional Living Services dba TLS Veterans

Date of incorporation or formation of Organization (minimum of 5 years in existence is required to qualify for license): 10/17/1996

Does this organization fulfill the requirement of operating without profit to its members: Yes [X] No []

Purpose for which club/ organization was formed: To supply & support services to people who are either homeless or at risk of becoming homeless. With emphasis to provide services to veterans & their families

Presiding Officer's Name: Gary Elkins

Presiding Officer's Address: 12915 Big Horn Dr. Huntley, IL 60142

Secretary's Name: Mike Richberg

Secretary's Address: 16 Rose Hill Ct Algonquin, IL 60102

Raffle Manager's Name: Sean Merchant

Raffle Manager's Address: 10416 Horizon Ridge 60156

Raffle Manager's Phone #: 815-629-6667

Raffle Manager's Date of Birth: 2/19/76

Names & Addresses of any other individual directly involved with the administration of the raffle.

Mary Ott
246 Midlake Dr
Crystal Lake IL 60012

Raffle Information:

Dates raffle chances will be sold or issued: 8/9/19

Date/Time raffle is to take place: 8/9/19

Location or Description of Premises and Address of raffle: Boulder Ridge CC
350 Boulder Dr
LITH, IL 60156

Location or areas within the Village where the raffle chances will be sold or issued:
Method by which the winning chance will be determined:

Boulder Ridge CC

Draw

Total number of chances to be sold:

84

Maximum price of each raffle chance:

\$20

Item(s) to be raffled:

Wine

Wine

Wine

Maximum Retail Value of Each Prize:

\$ 44 x 12 = \$528

\$ 20 x 24 = \$480

\$ 10 x 48 = \$480

\$

\$

\$

Retail dollar value of all prizes:

\$

1,488

Assertions:

- Yes No Does the raffle manager reside in Lake in the Hills?
- Yes No Is the raffle manager a US Citizen?
- Yes No Has the raffle manager ever been convicted of a felony under any federal or state law?
- Yes No Has the raffle manager ever been convicted of pandering or other crimes or misdemeanor opposed to decency and morality?
- Yes No Has the organization ever had a raffle license previously revoked for cause?
- Yes No Is the presiding officer, secretary, raffle manager or other individuals directly involved in the administration of the raffle, a law enforcing public official, President, Trustee, or member of the Village Board or commission, or any president or member of a County Board?
- Yes No Is there interest in the raffle for any law enforcing public official, President, Trustee, or member of the Village Board or commission, or any president or member of a County Board?
- Yes No Has the organization or raffle manager ever been convicted of a gambling offense as proscribed by either local, state or federal law?
- Yes No Has the organization or raffle manager ever been issued a federal gambling device stamp or a federal wagering stamp for the current tax period?
- Yes No Has the premises of the raffle ever been issued a federal gambling device stamp or a federal wagering stamp for the current tax period?

Bond and Fee Requirements:

- Yes No Is a waiver of the fidelity bond provision being requested of the Board of Trustees?
- Yes No If yes, has the organization provided evidence of unanimous vote in favor of the fidelity bond waiver?
- Yes No If no, is the fidelity bond attached to this application?



Village of Lake in the Hills
Raffle Affirmation Page

I (we) swear (or affirm) that our organization/club is not-for-profit and that I (we) have never been convicted of any felony and are not disqualified to receive a license by reason of any matter or thing contained in this Section 31.02 of the Lake in the Hills Municipal Code or any other Ordinances of the Village, laws of the State of Illinois or of the United States of America. I also swear that no previous license issued by any state or subdivision of Federal Government has been revoked. I will not violate any of the laws of the State of Illinois or of the United States or any Ordinances of the Village of Lake in the Hills in the conduct of the raffle. I will not allow gambling devises or gambling on the premises where the drawing will be held.

I (we) understand that a fidelity bond in an amount not less than the anticipated gross receipts is needed from the manager unless notice is attached to the application that the club/organization voted, by unanimous vote, to waive such provision.

At the conclusion of the raffles, a report shall be made to the Village of Lake in the Hills as to the gross receipts, expenses and net proceeds from the raffles.

I swear that the statements contained in the application are true and correct to the best of my knowledge and belief.

[Signature]
Presiding Officer

and/or [Signature]
Secretary

Sworn to before me this 8th day
of July, 2019
[Signature]
Notary Public



MUNICIPAL CODE SECTION 31.02 TO BE REVIEWED BY APPLICANT

I have read and will comply with Section 31.02 of the Village of Lake in the Hills Municipal Code.

[Signature]
Signature

July 8, 2019
Date



**Village of Lake in the Hills
Bond Waiver Request Page**

The Village Code requires that the raffle manager shall give a fidelity bond in an amount not less than the anticipated gross receipts for each raffle. The bond shall be in favor of the organization and conditioned upon his/her honesty in the performance of his/her duties. The bond shall also provide that notice is given in writing to the Village of Lake in the Hills not less than thirty (30) days prior to its cancellation.

The Village president and Board of Trustees is authorized to waive the requirement for a bond by including a waiver provision the license issued, provided that by a unanimous vote of the members of the licensed organization, such a waiver is requested. Such a request does not guarantee that a waiver will be granted by the Village of Lake in the Hills; however, if your organization would like to request a waiver of the bonding requirement, please complete the following Bond Waiver Request. Please be sure to have both signatures notarized.

On the 8th day of July, 2019 the membership of TLS Veterans
(Name of Organization)

by unanimous vote requested that the Village of Lake in the Hills waive the fidelity bonding requirement for its raffle to be conducted on the attached raffle application.

Signed: [Signature]
Presiding Officer

Signed: [Signature]
Secretary

Gary

Subscribed and sworn to before me this
8th day of July, 2019

[Signature]
Notary Public



NOT FOR PROFIT STATEMENT

We, the undersigned Presiding Officer and secretary, do hereby attest that TLS Veterans (name of organization) is a bona fide religious, charitable, labor, fraternal, educational, or veteran organization that operates without profit to their members and which have been in existence continuously for a period of five (5) years immediately before making application for a license, and which have been during that entire five (5) year period, a bona fide membership engaged in carrying out their objectives as described on the attached raffle application.

Signed: [Signature]
Presiding Officer

Signed: [Signature]
Secretary

Subscribed and sworn to before me this
8th day of July, 2019

[Signature]
Notary Public





REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Administration

SUBJECT: Request for Waiver of Sign Regulations and Enforcement from Lake in the Hills Property Owners Association

EXECUTIVE SUMMARY

Attached please find a letter from Lake in the Hills Property Owners Association requesting enforcement activities be suspended to allow the erection of temporary signage in the right-of-way at the intersections listed below, within the Village boundaries, from August 3, 2019 until August 18, 2019 to advertise an Adult Kickball Tournament being held on August 17, 2019 at Ryder Park.

Intersections:

Pyott & Algonquin
Randall & Algonquin
Lakewood & Algonquin
Randall & Miller

FINANCIAL IMPACT

None

ATTACHMENTS

1. Letter

RECOMMENDED MOTION

Motion to suspend enforcement activities from August 3, 2019 until August 18, 2019 to allow the installation of temporary signage at the intersections referenced above for the Lake in the Hills Property Owners Association Adult Kickball Tournament.

July 17, 2019

Lake in the Hills Property Owners' Association

1212 Crystal Lake Rd.

Lake in the Hills, IL 60156

President Ruzanski and Board of Trustees,

On August 17, 2019, the POA is planning to conduct an Adult Kickball Tournament on Field One of Ryder Park, adjacent to our property. The purpose of this event is to raise money to support charitable organizations in Lake in the Hills and our own operations. To help us promote the event, we are requesting a temporary waiver of the Village's sign ordinance to allow us to place banner signs at four intersections in the Village. Those are:

Pyott Rd. and Algonquin Rd.

Randall Rd. and Algonquin Rd.

Lakewood Rd. and Algonquin Rd.

Randall Rd. and Miller Rd.

The signs will be placed on August 3, 2019 and removed on August 18, 2019.

Thank you for your consideration.

Respectfully,

A handwritten signature in cursive script, appearing to read "Paul Mulcahy".

Paul Mulcahy

President, LITH POA



REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Administration

SUBJECT: Issuance of a Pyrotechnic Fireworks License to Five Alarm Fireworks for the Summer Sunset Festival

EXECUTIVE SUMMARY

The Summer Sunset Fest Committee is requesting the Village Board issue a pyrotechnic fireworks license to Five Alarm Fireworks for the Summer Sunset Festival on Sunday, September 1, 2019. Staff contacted Mad Bomber, Five Alarm Fireworks, and Melrose Pyrotechnic requesting quotes in addition to posting the RFP on the Village website. Mad Bomber, Five Alarm Fireworks, American Fireworks, and ARC Pyrotechnics all responded with quotes totaling \$15,000.00. The Summer Sunset Festival Committee selected Five Alarm Fireworks based upon the proposed design components, special effects, types of shells, and references.

FINANCIAL IMPACT

The FY19 funds available for the fireworks display at Summer Sunset Festival is \$15,000.00. Proposed expenditure total is \$15,000.00.

ATTACHMENTS

1. Application for License for Public Displays of Fireworks, Pyrotechnics or Other Explosives
2. Requesting waiver of \$250.00 Application Fee

RECOMMENDED MOTION

Motion to issue a pyrotechnic fireworks license to Five Alarm Fireworks for the Summer Sunset Festival on Sunday, September 1, 2019 and waive the application fee.



**VILLAGE OF LAKE IN THE HILLS
APPLICATION FOR LICENSE FOR PUBLIC DISPLAYS OF FIREWORKS,
PYROTECHNICS OR OTHER EXPLOSIVES**

Attached to this Application is a full copy of Chapter 43, Section 43.06 of the Lake in the Hills Municipal Code. Please review this to ensure that your application meets all criteria.

Applicant: Submit this application and the following additional items to the Village Clerk's Office, Village of Lake in the Hills, 600 Harvest Gate, Lake in the Hills, Illinois 60156; Phone (847) 960-7410. Application must be submitted to the Village Clerk with supporting documentation at least fifteen (15) business days in advance of the proposed date of the display. Once the application has been approved, the Village will forward you a copy which will serve as evidence of your permit. This copy must be made available upon request during the Public Display.

1. A current BATFE license for distribution to display fireworks.
2. A copy of the Pyrotechnic license issued by the State of Illinois and a list of Pyrotechnic licenses issued to the Applicant by other states.
3. Proof of insurance coverage for General Liability of \$1,000,000 per occurrence with a \$2,000,000 aggregate and an additional \$1,000,000 excess umbrella policy, Worker's Compensation with statutory levels and employer's liability of \$500,000 per occurrence. All Certificates of Insurance must have the Village of Lake in the Hills listed as an additional insured.
4. Proof of a current United States Department of Transportation (USDOT) Identification Number and Hazardous Materials Registration Number.
5. Proof that the applicant is eighteen years of age.
6. Application fee in the amount of \$250.00.
7. Proof of approval of such proposed display by the Chief of the Fire Protection District that has jurisdiction where the display will be conducted.
8. Depiction of the site where the proposed pyrotechnic display will be conducted drawn to scale.

Applicant Name: Cesar Benitez
 Company Name: Five Alarm Fireworks FEIN: 73-1716150
 Address: 7230 174th Street, Tinley Park, IL 60477
 Phone Number: 708 429-0520 Date of Birth: 12/12/1969

Individual in charge of firing the display: *(licensed lead pyrotechnic operator)*
 Name: Cesar Benitez
 Address: 7230 174th Street, Tinley Park, IL 60477
 Phone Number: 708 429-0520 Date of Birth: 12/12/1969

Experience of Individual in charge of firing the display: 19 years

Date and Time of day at which display is to be held: 9/1/2019 approximately 9:30pm

Numbers and Kinds of Fireworks to be Discharged: See attached

Manner and Place of Storage of Fireworks Prior to the Display: No storage. Same day use.

In the past 24 months, has anyone listed above received a citation for, been convicted of, or entered a guilty plea to violation(s) of the State of Illinois Fireworks Act, Federal Fireworks Laws and Regulations, other States' Firework Laws, or any court order relating to the sale or offer to sell of wholesale or retail fireworks?

Yes No IF YES, PROVIDE DETAILS: _____

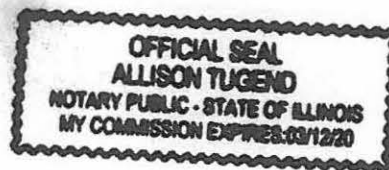
I swear that the statements made on this application are correct according to the best of my knowledge and belief. I further affirm that I am not currently in default of any financial obligation to the Village of Lake in the Hills. The Service Provider will hold the Village of Lake in the Hills harmless for any and all claims.

A. Benito
(Applicant's Signature)

7/11/19
(Date)

Subscribed and sworn to before me this

11 day of July 2019
Allison Tugend
Notary Public



By: _____
Village President Russ Ruzanski

Attest: _____
Village Clerk, Cecilia Carman



Copyright County of McHenry 2014.
All information is provided 'as-is' with no
guarantee of accuracy, completeness, or currency.



7/12/2019

To whom it may concern,

I am writing this letter to formally request that the \$250.00 permit fee be waved for the Lake in the Hills Sunset Festival which is to be held on September 1st, 2019. If you have any questions please feel free to contact me.

Thank you.

Cesar Benitez
President
709-429-0520
cb_5alarmfireworks@msn.com



REQUEST FOR BOARD ACTION

MEETING DATE: July 9, 2019

DEPARTMENT: Administration

SUBJECT: **Waive the Competitive Bidding Process and Award an Agreement with Granicus for the Redesign, Development, and Hosting of the Village Website**

EXECUTIVE SUMMARY

The Village website, lith.org, was last redesigned in 2013. A Content Management System was introduced at the time, along with a dedicated mobile website and select new features. These features, along with the site’s overall navigational architecture and design, have since become outdated and no longer follow best practices. Additionally, website performance for lith.org is a Key Performance Indicator as a part of the Village's Operational Excellence portion of the strategic plan. This KPI is measured by pageviews with a goal to increase by 2% annually. However, this KPI has underperformed in recent years.

In the FY 2019 Budget, a new Village website was approved in the Capital Improvement Fund for \$60,000. Village staff authored a Request for Proposal (RFP) and in April received proposals from 11 different vendors. Proposals ranged from \$16,000 to \$89,990 for the first year investment and from \$39,705.69 to \$176,180 over the course of 5 years. Staff conducted proposal evaluations and representatives from each operating department participated in demonstrations with vendor finalists. The proposal by Granicus was identified as best fit to meet the requirements of the RFP.

The RFP required proposals to include qualifications and experience, references, portfolios, and details of hosting, development, and system functionality and administration capabilities. Due to varied capabilities amongst vendors and opportunities for custom solutions, the RFP included minimum requirements and also optional features of interest to the Village. A waiver of the bidding process is requested, which would have required hardcopies to be submitted rather than digital proposals and portfolios.

The proposal received by Granicus offers a base price of \$16,000, which includes 12 of the 15 optional features requested at no added cost. An employee extranet would have a one-time development fee of \$3,700. Remote training was included in the base price, but staff has recommended the inclusion of a two-day, on-site training for a cost of \$4,540. The total cost of the proposal for approval by the Village is \$24,240. Pricing received from all vendors for their base packages over five years (not including optional features) are as follows:

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Granicus	\$16,000.00	\$5,500.00	\$5,775.00	\$6,063.75	\$6,366.94	\$39,705.69
Astute Web Group	\$42,700.00	\$1,200.00	\$1,200.00	\$1,200.00	\$1,200.00	\$47,500.00
eGov Strategies	\$28,850.00	\$6,100.00	\$6,100.00	\$6,100.00	\$6,100.00	\$53,250.00
CivicPlus	\$33,981.00	\$5,773.00	\$5,773.00	\$5,773.00	\$5,773.00	\$57,073.00

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
GovOffice	\$32,500.00	\$11,000.00	\$11,000.00	\$11,000.00	\$11,000.00	\$76,500.00
JJ Creative	\$68,600.00	\$4,800.00	\$4,800.00	\$4,500.00	\$4,500.00	\$87,200.00
Sasso Marketing	\$79,000.00	\$7,000.00	\$8,000.00	\$8,000.00	\$8,000.00	\$110,000.00
CivicLive	\$51,488.00	\$15,738.00	\$15,738.00	\$15,738.00	\$15,738.00	\$114,440.00
CMS Website Services	\$75,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$15,000.00	\$135,000.00
Analytical Intel	\$89,990.00	\$14,840.00	\$14,840.00	\$14,840.00	\$14,840.00	\$149,350.00
BNX Networks	\$57,600.00	\$46,800.00	\$31,200.00	\$21,860.00	\$18,720.00	\$176,180.00

Granicus was founded in 1999 and currently boasts over 4,200 government clients with offices in Denver, Washington D.C., St. Paul, and in the UK. They have over 250 award winning websites. The Village has not worked with Granicus before, however references have been very favorable. Local clients include McHenry County, Crystal Lake (recently refreshed website), Hoffman Estates, Evanston, Mount Prospect, Elk Grove Village, Bartlett, and Carol Stream. Mundelein and Schaumburg have also recently signed with Granicus.

The Granicus proposal introduces a variety of new features. Examples include a mobile-friendly, fully-responsive website capable of scaling to any device, translation tools, accessibility software, a citizen request tracker, webforms with conditional logic, an emergency home page, a service directory, and more. Internally, examples of new features include drag-and-drop page construction capabilities, custom dashboards, a template library, digital asset management, and a mobile-compatible Content Management System for staff to make changes to site content on the go. Additionally, a complimentary website refresh is included at 4 years to keep up with website trends and best practices.

If approved, the new website will be created in four phases: research, design, site development, and launch. During the research phase, Granicus will analyze the current site's analytical history, utilize heat maps, and conduct surveys with Village stakeholders and the community that include opportunities for input in order to inform their research-based design approach. The site would be expected to launch in January 2020.

FINANCIAL IMPACT

1. The Village's 2019 budget includes \$60,000 for a new website in the Capital Improvement Fund. Granicus' solution, including an employee extranet and on-site training, is priced at \$24,240, for an amount under budget of \$35,760.

ATTACHMENTS

1. Master Subscription Agreement with Granicus
2. FY 2019 Capital Asset Request Form

RECOMMENDED MOTION

Motion to waive the competitive bidding process and approve the service agreement with Granicus for the redesign, development, and hosting of the Village website.

Master Subscription Agreement

This Master Subscription Agreement ("**Agreement**") is entered into and effective _____, 2019 ("Effective Date") by and between [Lake in the Hills, Illinois] ("**Customer**") and Granicus, LLC, a Minnesota Limited Liability Company d/b/a Granicus ("**Granicus**"). Customer and Granicus may each be referred to herein as "Party" or collectively as "Parties".

By accessing the Granicus Products and Services, Customer accepts this Agreement. Due to the rapidly changing nature of digital communications, this Agreement may be updated from time to time upon mutual written agreement of both Parties.

- 1. Definitions.** In addition to terms defined elsewhere in this Agreement, the following terms shall have the meaning specified:

"Agreement Term" means the total time covered by the Initial Term and all Extension Terms for each Order or SOW under this Agreement, further specified in Section 7.1.

"Extension Term" any term that increases the length of the Initial Term of this Agreement or an Order Term of an Order or SOW.

"Granicus Products and Services" means the products and services made available to Customer pursuant to this Agreement, which may include Granicus products and services accessible for use by Customer on a subscription basis ("Software-as-a-Service" or "SaaS"), Granicus professional services, content from any professional services or other required equipment components or other required hardware, as specified in each Order or SOW.

"Initial Term" shall have the meaning specified in Exhibit A or Order or SOW between Granicus and Customer for the first duration of performance that Customer has access to Granicus Products and Services.

"Order" means a written order, proposal, or purchase document in which Granicus agrees to provide and Customer agrees to purchase specific Granicus Products and Services.

"Order Term" shall mean the then-current duration of performance identified on each Order or SOW, for which Granicus has committed to provide, and Customer has committed to pay for, Granicus Products and Services.

"Statement of Work" or "**SOW**" means a written order, proposal, or purchase document that is signed by both Parties and describes the Granicus Products and Services to be provided and/or performed by Granicus. Each Order or SOW shall describe the Parties' performance obligations and any assumptions or contingencies associated with the implementations of the Granicus Products and Services, as specified in each Order or SOW placed hereunder.

"Support" means the ongoing support and maintenance services performed by Granicus related to the Granicus Products and Services as specified in each Order or SOW placed between the Parties.

- 2. Ordering and Scope**

- 2.1. Ordering Granicus Products and Services.** The Parties may execute one or more Order or SOW related to the sale and purchase of Granicus Products and Services. Each Order or SOW will generally include an itemized list of the Granicus Products and Services as well as the Order Term for such Granicus Products and Services. Each Order or SOW must, generally, be signed by the Parties; although, when a validly-issued purchase order by Customer accompanies the Order or SOW, then the Order or SOW need not be executed by the Parties. Each Order or SOW shall be governed by this Agreement regardless of any pre-printed legal terms on each Order or SOW, and by this reference is incorporated herein.

- 2.2. Support.** Basic support related to standard Granicus Products and Services is included within the fees paid during the Order Term.
- 2.3. Future Functionality.** Customer acknowledges that any purchase hereunder is not contingent on the delivery of any future functionality or features.
- 2.4. Cooperative Purchasing.** To the extent permitted by law and approved by Customer, the terms of this Agreement and set forth in one or more Order or SOW may be extended for use by other municipalities, school districts and governmental agencies upon execution of an addendum or other duly signed writing setting forth all of the terms and conditions for such use. The applicable fees for additional municipalities, school districts or governmental agencies will be provided by Granicus to Customer and the applicable additional party upon written request.

3. Use of Granicus Products and Services and Proprietary Rights

- 3.1. Granicus Products and Services.** The Granicus Products and Services are purchased by Customer as subscriptions during an Order Term specified in each Order or SOW. Additional Granicus Products and Services may be added during an Order Term as described in Section 2.1.
- 3.2. Permitted Use.** Subject to the terms and conditions of this Agreement, Granicus hereby grants during each Order Term, and Customer hereby accepts, solely for its internal use, a worldwide, revocable, non-exclusive, non-transferrable right to use the Granicus Products and Services to the extent allowed in the relevant Order or SOW (collectively the “Permitted Use”). The Permitted Use shall also include the right, subject to the conditions and restrictions set forth herein, to use the Granicus Products and Services up to the levels limited in the applicable Order or SOW.
 - 3.2.1. Data Sources.** Data uploaded into Granicus Products and Services must be brought in from Customer sources (interactions with end users and opt-in contact lists). Customer cannot upload purchased contact information into Granicus Products and Services without Granicus’ written permission and professional services support for list cleansing.
 - 3.2.2. Passwords.** Passwords are not transferable to any third party. Customer is responsible for keeping all passwords secure and all use of the Granicus Products and Services accessed through Customer’s passwords.
 - 3.2.3. Content.** Customer can only use Granicus Products and Services to share content that is created by and owned by Customer and/or content for related organizations provided that it is in support of other organizations but not as a primary communication vehicle for other organizations that do not have a Granicus subscription. Any content deemed inappropriate for a public audience or in support of programs or topics that are unrelated to Customer, can be removed or limited by Granicus.
 - 3.2.3.1. Disclaimers.** Any text, data, graphics, or any other material displayed or published on Customer’s website must be free from violation of or infringement of copyright, trademark, service mark, patent, trade secret, statutory, common law or proprietary or intellectual property rights of others. Granicus is not responsible for content migrated by Client or any third party.
 - 3.2.4. Advertising.** Granicus Products and Services shall not be used to promote products or services available for sale through Customer or any third party unless approved in writing, in advance, by Granicus. Granicus reserves the right to request and review the details of any agreement between Customer and a third party that compensates Customer for the right to have information included in Content distributed or made available through Granicus Products and Services prior to approving the presence of Advertising within Granicus Products and Services.

3.3. Restrictions. Customer shall not:

- 3.3.1.** Misuse any Granicus resources or cause any disruption, including but not limited to, the display of pornography or linking to pornographic material, advertisements, solicitations, or mass mailings to individuals who have not agreed to be contacted;
- 3.3.2.** Use any process, program, or tool for gaining unauthorized access to the systems, networks, or accounts of other parties, including but not limited to, other Granicus customers;
- 3.3.3.** Customer must not use the Granicus Products and Services in a manner in which system or network resources are unreasonably denied to other Granicus clients;
- 3.3.4.** Customer must not use the Services as a door or signpost to another server.
- 3.3.5.** Access or use any portion of Granicus Products and Services, except as expressly allowed by this Agreement or each Order or SOW placed hereunder;
- 3.3.6.** Disassemble, decompile, or otherwise reverse engineer all or any portion of the Granicus Products and Services;
- 3.3.7.** Use the Granicus Products and Services for any unlawful purposes;
- 3.3.8.** Export or allow access to the Granicus Products and Services in violation of U.S. laws or regulations;
- 3.3.9.** Except as expressly permitted in this Agreement, subcontract, disclose, rent, or lease the Granicus Products and Services, or any portion thereof, for third party use; or
- 3.3.10.** Modify, adapt, or use the Granicus Products and Services to develop any software application intended for resale which uses the Granicus Products and Services in whole or in part.

3.4. Customer Feedback. Customer assigns to Granicus any suggestion, enhancement, request, recommendation, correction or other feedback provided by Customer relating to the use of the Granicus Products and Services. Granicus may use such submissions as it deems appropriate in its sole discretion.

3.5. Reservation of Rights. Subject to the limited rights expressly granted hereunder, Granicus and/or its licensors reserve all right, title and interest in the Granicus Products and Services, the documentation and resulting product including all related intellectual property rights. Further, no implied licenses are granted to Customer. The Granicus name, the Granicus logo, and the product names associated with the services are trademarks of Granicus or its suppliers, and no right or license is granted to use them.

4. Payment

4.1. Fees. Customer agrees to pay all fees, costs and other amounts as specified in each Order or SOW. Annual fees are due upfront according to the billing frequency specified in each Order or SOW. Granicus reserves the right to suspend any Granicus Products and Services should there be a lapse in payment. A lapse in the term of each Order or SOW will require the payment of a setup fee to reinstate the subscription. All fees are exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is Customer's responsibility to provide applicable exemption certificate(s).

4.2. Disputed Invoiced Amounts. Customer shall provide Granicus with detailed written notice of any amount(s) Customer reasonably disputes within thirty (30) days of the date of invoice for said amount(s) at issue. Granicus will not exercise its rights under 4.1 above if Customer has, in good faith, disputed an invoice and is diligently trying to resolve the dispute. Customer's failure to provide Granicus with notice of any disputed invoiced amount(s) shall be deemed to be Customer's acceptance of the content of such invoice.

4.3. Price Increases. Any price increases not negotiated in advance shall be provided by Granicus to Customer at least thirty (30) days prior to the end of the Order Term. Upon each yearly anniversary during the term of this Agreement (including the Initial Term, all Extended Terms, and all Order Terms), the Granicus Product and Services fees shall increase from the previous term's fees by up to ten (10) percent per year.

5. Representations, Warranties and Disclaimers

5.1. Representations. Each Party represents that it has validly entered into this Agreement and has the legal power to do so.

5.2. Warranties. Granicus warrants that it takes all precautions that are standard in the industry to increase the likelihood of a successful performance for the Granicus Products and Services; however, the Granicus Products and Services are provided "AS IS" and as available.

5.3. Disclaimers. EXCEPT AS PROVIDED IN SECTIONS 5.2 ABOVE, EACH PARTY HEREBY DISCLAIMS ANY AND ALL OTHER WARRANTIES OF ANY NATURE WHATSOEVER WHETHER ORAL AND WRITTEN, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT, AND FITNESS FOR A PARTICULAR PURPOSE. GRANICUS DOES NOT WARRANT THAT GRANICUS PRODUCTS AND SERVICES WILL MEET CUSTOMER'S REQUIREMENTS OR THAT THE OPERATION THEREOF WILL BE UNINTERRUPTED OR ERROR FREE.

6. Confidential Information

6.1. Confidential Information. It is expected that one Party (Disclosing Party) may disclose to the other Party (Receiving Party) certain information which may be considered confidential and/or trade secret information ("Confidential Information"). Confidential Information shall include: (i) Granicus' Products and Services, (ii) non-public information if it is clearly and conspicuously marked as "confidential" or with a similar designation at the time of disclosure; (iii) non-public information of the Disclosing Party if it is identified as confidential and/or proprietary before, during, or promptly after presentation or communication and (iv) any information that should be reasonably understood to be confidential or proprietary to the Receiving Party, given the nature of the information and the context in which disclosed.

To the extent permitted by law, each Receiving Party agrees to receive and hold any Confidential Information in strict confidence. Without limiting the scope of the foregoing, to the extent permitted by law, each Receiving Party also agrees: (a) to protect and safeguard the Confidential Information against unauthorized use, publication or disclosure; (b) not to reveal, report, publish, disclose, transfer, copy or otherwise use any Confidential Information except as specifically authorized by the Disclosing Party; (c) not to use any Confidential Information for any purpose other than as stated above; (d) to restrict access to Confidential Information to those of its advisors, officers, directors, employees, agents, consultants, contractors and lobbyists who have a need to know, who have been advised of the confidential nature thereof, and who are under express written obligations of confidentiality or under obligations of confidentiality imposed by law or rule; and (e) to exercise at least the same standard of care and security to protect the confidentiality of the Confidential Information received by it as it protects its own confidential information.

If a Receiving Party is requested or required in a judicial, administrative, or governmental proceeding to disclose any Confidential Information, it will notify the Disclosing Party as promptly

as practicable so that the Disclosing Party may seek an appropriate protective order or waiver for that instance.

- 6.2. Exceptions.** Confidential Information shall not include information which: (i) is or becomes public knowledge through no fault of the Receiving Party; (ii) was in the Receiving Party's possession before receipt from the Disclosing Party; (iii) is rightfully received by the Receiving party from a third party without any duty of confidentiality; (iv) is disclosed by the Disclosing Party without any duty of confidentiality on the third party; (v) is independently developed by the Receiving Party without use or reference to the Disclosing Party's Confidential Information; or (vi) is disclosed with the prior written approval of the Disclosing Party.
- 6.3. Storage and Sending.** In the event that Granicus Products and Services will be used to store and/or send Confidential Information, Granicus must be notified in writing, in advance of the storage or sending. Should Customer provide such notice, Customer must ensure that Confidential Information or sensitive information is stored behind a secure interface and that Granicus Products and Services be used only to notify people of updates to the information that can be accessed after authentication against a secure interface managed by Customer. Customer is ultimately accountable for the security and privacy of data held by Granicus on its behalf.
- 6.4. Return of Confidential Information.** Each Receiving Party shall return or destroy the Confidential Information immediately, upon written request by the Disclosing Party, termination, or expiration of this Agreement; provided, however, that each Receiving Party may retain one copy of the Confidential Information in order to comply with applicable laws and the terms of this Agreement.

7. Term and Termination

- 7.1. Agreement Term.** The Agreement Term shall begin on the date of the initial Order or SOW and continue through the latest date of the Order Term of each Order or SOW under this Agreement, unless otherwise terminated as provided in this Section 7. Each Order or SOW will specify an Order Term for the Granicus Products and Services provided under the respective Order or SOW. Customer's right to access or use the Granicus Products and Services will cease at the end of the Order Term identified within each Order or SOW, unless either extended or earlier terminated as provided in this Section 7.
- 7.2. Effect of Termination.** If the Parties agree to terminate this Agreement and an Order or SOW is still in effect at the time of termination, then the terms and conditions contained in this Agreement shall continue to govern the outstanding Order or SOW until termination or expiration thereof. If the Agreement is terminated for breach, then unless otherwise agreed to in writing, all outstanding Orders or SOWs shall immediately terminate as of the Agreement termination date. Unless otherwise stated in this Agreement, in no event shall Customer be entitled to a refund of any prepaid fees upon termination.
- 7.3. Termination for Cause.** The non-breaching Party may terminate this Agreement upon written notice if the other Party is in material breach of this Agreement and fails to cure such breach within thirty (30) days after the non-breaching Party provides written notice of the breach. A Party may also terminate this Agreement immediately upon notice if the other Party: (a) is liquidated, dissolved, or adjudged to be in a state of bankruptcy or receivership; (b) is insolvent, unable to pay its debts as they become due, makes an assignment for the benefit of creditors or takes advantage or any law for the benefit of debtors; or (c) ceases to conduct business for any reason on an ongoing basis leaving no successor in interest. Granicus may, without liability, immediately suspend or terminate any or all Order or SOW issued hereunder if any Fees owed under this Agreement are past due pursuant to Section 4.1.

7.4. Rights and Obligations After Termination. In the event of expiration or termination of this Agreement, Customer shall immediately pay to Granicus all Fees due to Granicus through the date of expiration or termination.

7.5. Survival. All rights granted hereunder shall terminate the latter of the termination or expiration date of this Agreement, or each Order or SOW. The provisions of this Agreement with respect to warranties, liability, choice of law and jurisdiction, and confidentiality shall survive termination of this Agreement and continue in full force and effect.

8. Insurance

8.1 For the duration of this Agreement and for a minimum of three (3) years thereafter, Granicus will maintain insurance coverages that meet or exceed the following requirements and shall require any of its subcontractors to meet or exceed these same requirements. On behalf of itself and its insurers, Granicus waives all rights against Village, and its elected officials, agents, and employees for recovery of damages to the extent these damages are covered by Granicus's insurance regardless of deductibles, if any.

8.1.1 Worker's Compensation insurance as is required by local laws and regulations, and Employers' Liability insurance with a limit not less than US\$1,000,000 each accident for bodily injury, US\$1,000,000 each employee for bodily injury by disease, and US\$1,000,000 policy limit for disease.

8.1.2 General (Public) Liability insurance with a limit not less than US\$2,000,000 each occurrence covering liability arising from bodily injury, property damage, independent contractors, products-completed operations, advertising injury and liability assumed under an insured contract.

8.1.3 If the Services require or involve the use of an auto on Village or Village Affiliate property, Granicus will carry Third Party Motor Vehicle insurance with a limit not less than US\$1,000,000 each accident covering owned, scheduled, leased, hired or other autos.

8.1.4 Professional Liability Insurance with a limit of not less than US\$1,000,000 each claim covering claims arising out of each and every one of the following: (i) negligent and willful errors or omissions during the performance of the Services, (ii) unintentional intellectual property infringement (including patent infringement), (iii) breaches of data security, identity theft and violations of data privacy, (iv) defamation, (v) misleading and deceptive conduct, and (vii) losses sustained due to the failure of Granicus's products or services to prevent abuse of money transfer systems. Coverage will include that for claims arising anywhere in the world.

8.1.5 Cyber Liability Insurance Cover with a limit not less than US\$2,000,000 each claim covering liability arising from website media content and electronic activities, including but not limited to a data breach, data loss or destruction, computer fraud, funds transfer loss and cyber extortion.

8.2 The insurance required above may be satisfied by any combination of primary, umbrella and/or excess insurance policies.

8.3 Each of the foregoing insurance policies (except Workers' Compensation) will cover the Village and its officials, agents and employees as additional insureds and will by specific endorsement acknowledge the insuring of the contractual liabilities assumed by Granicus pursuant to any indemnification obligations of this Agreement.

- 8.4** Granicus's insurance will apply as primary to any other insurance or self-insurance available to Village. Granicus waives on behalf of itself and its insurers all rights of subrogation against Village and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by its insurance regardless of any deductibles.
- 8.5** Insurance companies affording the coverage required above will have an A.M. Best rating of not less than A /VII.
- 8.6** Failure to maintain the required insurance may result in termination of this Agreement at Village's option.
- 8.7** The requirements contained herein will not be construed in any manner to relieve or limit Granicus's indemnification obligations for any loss or claim arising out of this Agreement.
- 8.8** Granicus will provide thirty days' (30) written notice to Village prior to cancellation or material change in Granicus's insurance coverage. If the coverage is canceled or not renewed and it is not replaced with another policy with a retroactive date that precedes the Effective Date, Granicus must provide extended reporting coverage on the former policy for a minimum of three (3) years after the later of the date of substantial completion of the Services in accordance with the terms of this Agreement or the expiration or termination of this Agreement.
- 8.9** Prior to the commencement of any activity contemplated under this Agreement, Granicus will furnish Village with a certificate of insurance providing evidence of compliance with the above requirements. If appearing on the certificate of insurance, the phrases "endeavor to" and "but failure to mail such notice will impose no obligation or liability of any kind upon the company, its agents or representatives" will be deleted from the certificate's cancellation provision. Granicus will further provide certified copies of all insurance policies required above within ten (10) days of Village's written request for said copies.
- 8.10 Indemnity Hold Harmless Provision:** To the fullest extent permitted by law, Granicus hereby agrees to defend, indemnify and hold harmless the Village, its officials, agents and employees against all injuries, deaths, losses, damages, claims, patent claims, suits, liabilities, judgments (including deficiencies and interest), costs and expenses which may in any way accrue against the Village, its officials, agents and employees arising in whole or in part or in consequence of the performance of this work by Granicus, its employees or subcontractors, or which may in any way result therefrom, except that arising out of the sole legal cause of the Village, its officials, agents or employees, and shall pay for all charges of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith, and, if any judgment, including any deficiency and interest, shall be rendered against the Village, its officials, agents or employees, as a result of any such action, Granicus shall, at its own expense, satisfy and discharge same. This indemnity and hold harmless provision shall be applicable to any action or claim under this Agreement, and it shall also include any action of law or equity brought by any party against the Village under federal or state law in an effort to set aside the contract.

Granicus expressly understands and agrees that any insurance policies required by this contract, or otherwise provided by Granicus shall in no way limit the responsibility to indemnify, keep, and save harmless and defend the Village, its officials, agents, and employees as herein provided.

9 Limitation of Liability

9.1 EXCLUSION OF CONSEQUENTIAL AND RELATED DAMAGES. UNDER NO CIRCUMSTANCES SHALL GRANICUS BE LIABLE FOR ANY SPECIAL, INDIRECT, PUNITIVE, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, WHETHER AN ACTION IS IN CONTRACT OR TORT AND REGARDLESS OF THE THEORY OF LIABILITY, EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. FURTHER, GRANICUS SHALL NOT BE LIABLE FOR: (A) ERROR OR INTERRUPTION OF USE OR FOR LOSS OR INACCURACY OR CORRUPTION OF CUSTOMER DATA; (B) COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY; (C) LOSS OF BUSINESS; (D) DAMAGES ARISING OUT OF ACCESS TO OR INABILITY TO ACCESS THE SERVICES, SOFTWARE, CONTENT, OR RELATED TECHNICAL SUPPORT; OR (E) FOR ANY MATTER BEYOND GRANICUS' REASONABLE CONTROL, EVEN IF GRANICUS HAS BEEN ADVISED OF THE POSSIBILITY OF ANY OF THE FOREGOING LOSSES OR DAMAGES.

9.2 LIMITATION OF LIABILITY. EXCEPT FOR CUSTOMER'S BREACH OF SECTION 3.3, IN NO INSTANCE SHALL EITHER PARTY'S LIABILITY TO THE OTHER PARTY FOR DIRECT DAMAGES UNDER THIS AGREEMENT (WHETHER IN CONTRACT OR TORT OR OTHERWISE) EXCEED THE FEES PAID BY CUSTOMER FOR THE GRANICUS PRODUCTS AND SERVICES DURING THE SIX (6) MONTHS IMMEDIATELY PRECEDING THE DATE THE DAMAGED PARTY NOTIFIES THE OTHER PARTY IN WRITING OF THE CLAIM FOR DIRECT DAMAGES. GRANICUS SHALL NOT BE RESPONSIBLE FOR ANY LOST PROFITS OR OTHER DAMAGES, INCLUDING DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR ANY OTHER DAMAGES, HOWEVER CAUSED. NEITHER PARTY MAY INSTITUTE AN ACTION IN ANY FORM ARISING OUT OF NOR IN CONNECTION WITH THIS AGREEMENT MORE THAN TWO (2) YEARS AFTER THE CAUSE OF ACTION HAS ARISEN. THE ABOVE LIMITATIONS WILL NOT LIMIT CUSTOMER'S PAYMENT OBLIGATIONS UNDER SECTION 4 ABOVE.

10 Indemnification

10.1 Indemnification by Granicus. Granicus will defend Customer from and against all losses, liabilities, damages and expenses arising from any claim or suit by a third party unaffiliated with either Party to this Agreement ("Claims") and shall pay all losses, damages, liabilities, settlements, judgments, awards, interest, civil penalties, and reasonable expenses (collectively, "Losses," and including reasonable attorneys' fees and court costs), to the extent arising out of any Claims by any third party that Granicus Products and Services infringe a valid U.S. copyright or U.S. patent issued as of the date of the applicable Order or SOW. In the event of such a Claim, if Granicus determines that an affected Order or SOW is likely, or if the solution is determined in a final, non-appealable judgment by a court of competent jurisdiction, to infringe a valid U.S. copyright or U.S. patent issued as of the date of the applicable Order or SOW, Granicus will, in its discretion: (a) replace the affected Granicus Products and Services; (b) modify the affected Granicus Products and Services to render it non-infringing; or (c) terminate this Agreement or the applicable Order or SOW with respect to the affected solution and refund to Customer any prepaid fees for the then-remaining or unexpired portion of the Order or SOW term. Notwithstanding the foregoing, Granicus shall have no obligation to indemnify, defend, or hold Customer harmless from any Claim to the extent it is based upon: (i) a modification to any solution by Customer (or by anyone under Customer's direction or control or using logins or passwords assigned to Customer); (ii) a modification made by Granicus pursuant to Customer's required instructions or specifications or in reliance on materials or information provided by Customer; or (iii) Customer's use (or use by anyone under Customer's direction or control or using logins or passwords assigned to Customer) of any Granicus Products and Services other than in accordance with this Agreement. This section 9.1 sets forth Customer's sole and exclusive remedy, and Granicus' entire liability, for any Claim

that the Granicus Products and Services or any other materials provided by Granicus violate or infringe upon the rights of any third party.

10.2 Indemnification by Customer. Customer shall defend, indemnify, and hold Granicus harmless from and against any Claims, and shall pay all Losses, to the extent arising out of or related to (a) Customer's (or that of anyone authorized by Customer or using logins or passwords assigned to Customer) use or modification of any Granicus Products and Services; (b) any Customer content; or (c) Customer's violation of applicable law.

10.3 Defense. With regard to any Claim subject to indemnification pursuant to this Section 10: (a) the Party seeking indemnification shall promptly notify the indemnifying Party upon becoming aware of the Claim; (b) the indemnifying Party shall promptly assume sole defense and control of such Claim upon becoming aware thereof; and (c) the indemnified Party shall reasonably cooperate with the indemnifying Party regarding such Claim. Nevertheless, the indemnified Party may reasonably participate in such defense, at its expense, with counsel of its choice, but shall not settle any such Claim without the indemnifying Party's prior written consent. The indemnifying Party shall not settle or compromise any Claim in any manner that imposes any obligations upon the indemnified Party without the prior written consent of the indemnified Party.

11 General

11.1 Relationship of the Parties. Granicus and Customer acknowledge that they operate independent of each other. Nothing in this Agreement shall be deemed or construed to create a joint venture, partnership, agency, or employee/employer relationship between the Parties for any purpose, including, but not limited to, taxes or employee benefits. Each Party will be solely responsible for the payment of all taxes and insurance for its employees and business operations.

11.2 Subcontractors. Granicus agrees that it shall be responsible for all acts and omissions of its subcontractors to the same extent Granicus would be responsible if committed directly by Granicus.

11.3 Headings. The various section headings of this Agreement are inserted only for convenience of reference and are not intended, nor shall they be construed to modify, define, limit, or expand the intent of the Parties.

11.4 Amendments. This Agreement may not be amended or modified except by a written instrument signed by authorized representatives of both Parties.

11.5 Severability. To the extent permitted by applicable law, the Parties hereby waive any provision of law that would render any clause of this Agreement invalid or otherwise unenforceable in any respect. In the event that a provision of this Agreement is held to be invalid or otherwise unenforceable, such provision will be interpreted to fulfill its intended purpose to the maximum extent permitted by applicable law, and the remaining provisions of this Agreement will continue in full force and effect.

11.6 Assignment. Neither Party may assign, delegate, or otherwise transfer this Agreement or any of its rights or obligations hereunder, either voluntarily or by operation of law, without the prior written consent of the other Party (such consent not to be unreasonably withheld); provided, however, that either Party may assign this Agreement without the other Party's consent in the event of any successor or assign that has acquired all, or substantially all, of the assigning Party's business by means of merger, stock purchase, asset purchase, or otherwise. Any assignment or attempted assignment in violation of this Agreement shall be null and void.

11.7 No Third-Party Beneficiaries. Subject to Section 11.6, this Agreement is binding upon, and inures solely to the benefit of the Parties hereto and their respective permitted successors and assigns; there are no third-party beneficiaries to this Agreement.

11.8 Notice. Other than routine administrative communications, which may be exchanged by the Parties via email or other means, all notices, consents, and approvals hereunder shall be in writing and shall be deemed to have been given upon: (a) personal delivery; (b) the day of receipt, as shown in the applicable carrier's systems, if sent via FedEx, UPS, DHL, or other nationally recognized express carrier; (c) the third business day after sending by U.S. Postal Service, First Class, postage prepaid, return receipt requested; or (d) sending by email, with confirmed receipt from the receiving party. Either Party may provide the other with notice of a change in mailing or email address in which case the mailing or email address, as applicable, for that Party will be deemed to have been amended. The mailing and email addresses of the Parties are as follows:

Granicus		Lake in the Hills, Illinois	
ATTN:	Contracts	ATTN:	Tricia O'Donnell
Address:	408 St. Peter Street Suite 600 Saint Paul, MN 55102	Address:	Village of Lake in the Hills 600 Harvest Gate Lake in the Hills, IL 60156
Phone:	(651) 757-4154	Phone:	847-960-7413
Email:	contracts@granicus.com	Email:	todonnell@lith.org

11.9 Force Majeure. Any delay in the performance by either Party hereto of its obligations hereunder shall be excused when such delay in performance is due to any cause or event of any nature whatsoever beyond the reasonable control of such Party, including, without limitation, any act of God; any fire, flood, or weather condition; any computer virus, worm, denial of service attack; any earthquake; any act of a public enemy, war, insurrection, riot, explosion or strike; provided, that written notice thereof must be given by such Party to the other Party within twenty (20) days after occurrence of such cause or event.

11.10 Choice of Law and Jurisdiction. This Agreement shall be governed by and interpreted under the laws of the State of Illinois, without reference to the State's principles of conflicts of law. The Parties expressly consent and submit to the exclusive jurisdiction of the state and federal courts of McHenry County, Illinois.


11.11 Entire Agreement. This Agreement, together with all Orders or SOWs referenced herein, sets forth the entire understanding of the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior oral and written understandings, quotations, communications, and agreements. Granicus and Customer agree that any and all Orders or SOWs are incorporated herein by this reference. In the event of possible conflict or inconsistency between such documents, the conflict or inconsistency shall be resolved by giving precedence in the following order: (1) the terms of this Agreement; (2) Orders; (3) all other SOWs or other purchase documents; (4) Granicus response to Customer's request for RFI, RFP, RFQ; and (5) Customer's RFI, RFP, RFQ.

11.12 Reference. Notwithstanding any other terms to the contrary contained herein, Customer grants Granicus the right to use Customer's name and logo in customer lists and marketing materials.

11.13 Injunctive Relief. Granicus is entitled to obtain injunctive relief if Customer's use of Granicus Products and Services is in violation of any restrictions set forth in this Agreement.

11.14 Regulatory Requirements: Granicus shall comply with all applicable laws, regulations, and rules promulgated by any Federal, State, County, Municipal and/or other governmental unit or regulatory body now in effect or which may be in effect during the performance of the work.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective duly-authorized representatives on the Effective Date as set forth above.

Granicus	Lake in the Hills, Illinois
By:  _____ (Authorized Signature)	By: _____ (Authorized Signature)
Name: Dawn Kubat _____ (Print or Type Name of Signatory)	Name: Russ Ruzanski _____ (Print or Type Name of Signatory)
Title: Vice President of Legal _____	Title: Village President _____
Date: 7/17/19 _____ (Execution Date)	Date: _____ (Execution Date)

Attachment(s): Exhibit A (Proposal)

Granicus Proposal for Lake in the Hills IL

Granicus Contact

Name: Steve Laner

Phone: +1 3035897969

Email: steve.laner@granicus.com

Proposal Details

Quote Number: Q-48756

Prepared On: 7/10/2019

Valid Through: 12/30/2019

Pricing

Payment Terms: Net 30 (Payments for subscriptions are due at the beginning of the period of performance.)

Currency: USD

Period of Performance: The term of the Agreement will commence on the date this document is signed and will continue for 60 months.

One-Time Fees

Solution	Billing Frequency	Quantity/Unit	One-Time Fee
govAccess - Web Design and Implementation - Branded Sub	Milestones - 40/ 20/20/20	1 Each	\$3,700.00
govAccess – Website Design and Implementation – Innovator	Milestones - 40/ 20/20/20	1 Each	\$16,000.00
Onsite CMS User Training - Two Days	Upon Delivery	1 Each	\$4,540.00
SUBTOTAL:			\$24,240.00

Annual Fees for New Subscriptions

Solution	Billing Frequency	Quantity/Unit	Annual Fee
govAccess - Maintenance, Hosting, & Licensing Fee - Core	Annual	1 Each	\$0.00 <i>(First year free)</i>
SUBTOTAL:			\$0.00

Remaining Period(s)				
Solution(s)	Year 2	Year 3	Year 4	Year 5
govAccess - Maintenance, Hosting, & Licensing Fee - Core	\$5,500.00	\$5,775.00	\$6,063.75	\$6,366.94
SUBTOTAL:	\$5,500.00	\$5,775.00	\$6,063.75	\$6,366.94

Name	Description
govAccess - Web Design and Implementation - Branded Sub	Branded Subsites allow a department to customize their pages with a unique color scheme and branding while still utilizing the framework of the main website. This package includes: <ul style="list-style-type: none"> • Wireframe based on the main website • Unique design theme, including color palette for landing page and interior pages • Customizable background image or slideshow • Customizable navigation, including graphics • Customizable header and footer
govAccess – Website Design and Implementation – Innovator	govAccess Website Design and Implementation - Innovator provides a citizen focused website and includes: <ul style="list-style-type: none"> • UX consultation, which may include one (1) or more of the following: <ol style="list-style-type: none"> 1. One (1) site analytics report 2. One (1) heatmap analysis 3. One (1) internal stakeholder survey 4. One (1) Community Survey • Semi-custom homepage wireframe • Fully responsive design • Custom mobile homepage or standard mobile responsive homepage • Video background or standard rotating image carousel (switchable at any time) • One (1) specialty alternate homepage - Choose from Granicus' library that includes emergencies, election night, special events • One (1) customer experience feature - Choose from Granicus' library that includes service finder or data visualization banner • Programming/CMS implementation • Migrate up to 200 webpages • Five (5) forms converted into the new CMS • One (1) day of web-based training

Name	Description
govAccess - Maintenance, Hosting, & Licensing Fee - Core	<p>The govAccess Maintenance, Hosting, and Licensing plan is designed to equip the client with the technology, expertise and training to keep the client's website relevant and effective over time.</p> <p>Services include the following:</p> <ul style="list-style-type: none"> • Ongoing software updates • Unlimited technical support (6:00 AM - 6:00 PM PT, Monday - Friday) • Access to training webinars and on-demand video library • Access to best practice webinars and resources • Annual health check with research-based recommendations for website optimization • DDoS mitigation • Disaster recovery with 90-minute failover (RTO) and 15-minute data replication (RPO)
Onsite CMS User Training - Two Days	<p>Includes (2) two days of on-site CMS User Training. Standard training program covers the key features and functions of govAccess, including:</p> <ul style="list-style-type: none"> • Creating and editing a page • Managing page approvals and permissions • Uploading and managing images • Uploading and managing documents • Creating and editing news items • Creating and editing calendar items • Reviewing advanced components <p>An individualized training plan will be developed based on the client's permission levels and the group's technical skills.</p>

Terms and Conditions

- At the conclusion of Year 4 of this Agreement, client will have the option to exercise a redesign of the website at no cost to the client.
- This quote is exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is the responsibility of Lake in the Hills IL to provide applicable exemption certificate(s).
- Any lapse in payment may result in suspension of service and will require the payment of a setup fee to reinstate the subscription.
- If submitting a Purchase Order, please include the following language: All pricing, terms and conditions of quote Q-48756 dated 7/10/2019 are incorporated into this Purchase Order by reference.
- Billing Frequency Notes (Milestones -40/20/20/20):
 - An initial payment equal to 40% of the total;
 - A payment equal to 20% of the total upon Granicus' delivery of the draft homepage design concepts to the client;
 - A payment equal to 20% of the total upon implementation of the main website into the VCMS on a Granicus-hosted development server; and
 - A payment equal to 20% of the total upon completion; provided, however that the client has completed training. If the client has not completed training, then Granicus shall invoice the client at the earlier of: completion of training or 21 days after completion.

CAPITAL ASSET REQUEST FORM

FUND:	General
DEPARTMENT:	Administration
DIVISION:	

NAME OF ASSET OR PROJECT TITLE:

Village Website

TOTAL EXPECTED COST:

\$60,000.00

DESCRIPTION:

Redesign and Hosting of the Village Website

CATEGORY:

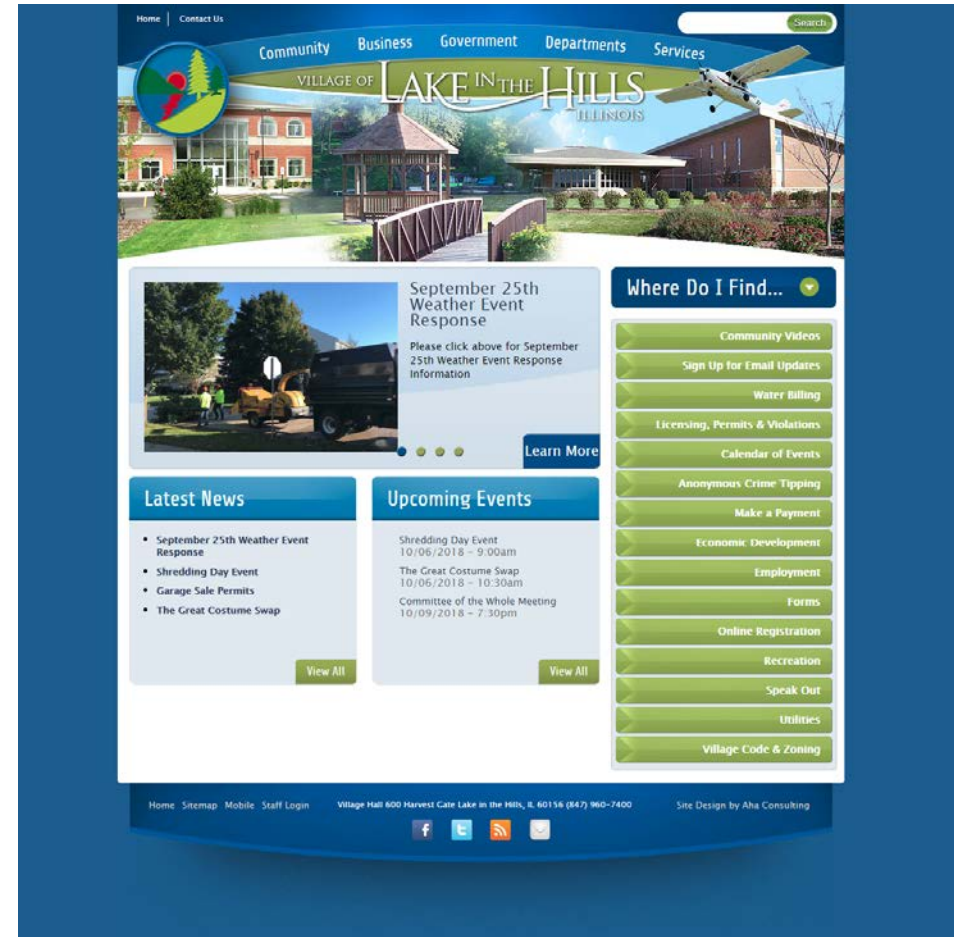
- Mandate
- Rehabilitation or Asset Management
- Operational Improvement
- New Initiative

CRITERIA:

- The Village Website was last redesigned in 2013. A Content Management System (CMS) was introduced at the time, along with a dedicated mobile website. New features were added, including a bid management system, a parks directory, webforms, a calendar, and more. These features have since become outdated and opportunities for improvement identified. Additionally, the Village's website has become visually outdated and the site's navigational architecture does not allow for information to be found quickly.
- The Village seeks to redesign the website with improved navigation, user experience, and responsiveness for all devices. Users on mobile devices and tablets now accounts for 50% of the website's traffic. The new website will improve upon existing features, as well as add new capabilities for both

staff and stakeholders in the pursuit of operational excellence and to allow for select services to be delivered digitally from beginning to end.

- The Village website project will include hosting services, redesign, and development. It is the intention of Village Staff to seek a 3-5 year contract with a complimentary redesign available at the end of the 5 year term. This will allow for the investment in the new Village website to extend beyond the initial contract for an additional 3-5 year period.





REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Finance

SUBJECT: Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2018

EXECUTIVE SUMMARY

Attached is the Lake in the Hills Police Pension Fund Municipal Compliance Report (MCR) for the Fiscal Year Ended December 31, 2018. This report is on the condition of the fund at the end of the most recently completed fiscal year and is required to be presented prior to the Village board levying taxes for the year on behalf of the police pension fund.

The MCR reports on nine items; **1.** total cash and investments, **2.** estimated receipts during the next fiscal year, **3.** estimated amount required during the next fiscal year to pay all pensions and obligations and to meet the annual requirements of the fund, **4.** total net income received from investment of assets and other investment information, **5.** total number of active employees, **6.** total amount disbursed in benefits during the fiscal year, **7.** the funded ratio of the fund, **8.** the unfunded liability of the fund, **9.** a copy of the investment policy. The Police Pension Board approved the MCR at its meeting on July 15, 2019.

FINANCIAL IMPACT

- Total cash and investments and net position of the fund decreased -3% or \$(733,000) from the prior year
- Investment earnings of the fund decreased -3% or \$(49,500) from the prior year
- The recommended Village contribution via the property tax levy increased 9.18% or \$125,913 from the prior year
- Actual investment returns of the fund decreased -16% from the prior year to -4.88% from 11.13%
- Funded ratio of the fund decreased -0.19% from the prior year to 75.45% from 75.64%
- The unfunded liability of the fund increased 7.35% or \$676,919 from the prior year to \$9.8 million from \$9.2 million

ATTACHMENTS

1. Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for Fiscal Year Ended December 31, 2018

RECOMMENDED MOTION

Motion to accept and place on file the Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2018.

THE VILLAGE OF LAKE IN THE HILLS,
ILLINOIS

POLICE PENSION FUND

PUBLIC ACT 95-0950

MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2018



July 11, 2019

Members of the Pension Board of Trustees
Lake in the Hills Police Pension Fund
Lake in the Hills, Illinois

Enclosed please find a copy of your Municipal Compliance Report for the Lake in the Hills Police Pension Fund for the fiscal year ended December 31, 2018. We have prepared the report with the most recent information available at our office. Should you have more current information, or notice any inaccuracies, we are prepared to make any necessary revisions and return them to you.

The President and Secretary of the Pension Fund are required to sign the report on page 3. If not already included with the enclosed report, please also include a copy of the Pension Fund's most recent investment policy.

The signed Public Act 95-0950 - Municipal Compliance Report must be provided to the Municipality before the tax levy is filed on the last Tuesday in December. We are sending the report via email to promote an environmentally-friendly work atmosphere.

□

If you have any questions regarding this report, please contact your Client Manager or PSA.

Respectfully submitted,

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

**THE VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

The Pension Board certifies to the Board of Trustees of the Village of Lake in the Hills, Illinois on the condition of the Pension Fund at the end of its most recently completed fiscal year the following information:

- 1) The total cash and investments, including accrued interest, of the fund at market value and the total net position of the Pension Fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Total Cash and Investments (including accrued interest)	<u>\$28,096,680</u>	<u>\$28,829,554</u>
Total Net Position	<u>\$28,011,169</u>	<u>\$28,741,820</u>

- 2) The estimated receipts during the next succeeding fiscal year from deductions from the salaries of police officers and from other sources:

Estimated Receipts - Employee Contributions	<u>\$369,900</u>
Estimated Receipts - All Other Sources	
Investment Earnings	<u>\$1,896,500</u>
Municipal Contributions	<u>\$1,498,027</u>

- 3) The estimated amount required during the next succeeding fiscal year to (a) pay all pensions and other obligations provided in Article 3 of the Illinois Pension Code, and (b) to meet the annual requirements of the fund as provided in Sections 3-125 and 3-127:

(a) Pay all Pensions and Other Obligations	<u>\$1,329,100</u>
(b) Annual Requirement of the Fund as Determined by:	
Illinois Department of Insurance	<u>\$1,172,697</u>
Private Actuary - Lauterbach & Amen, LLP	
Recommended Municipal Contribution	<u>\$1,498,027</u>
Statutory Municipal Contribution	<u>\$1,056,843</u>

**THE VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

- 4) The total net income received from investment of assets along with the assumed investment return and actual investment return received by the fund during its most recently completed fiscal year compared to the total net income, assumed investment return, and actual investment return received during the preceding fiscal year:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Net Income Received from Investment of Assets	<u>(\$1,388,420)</u>	<u>\$3,005,954</u>
Assumed Investment Return		
Illinois Department of Insurance	<u>6.50%</u>	<u>6.50%</u>
Private Actuary - Lauterbach & Amen, LLP	<u>6.75%</u>	<u>6.75%</u>
Actual Investment Return	<u>(4.88)%</u>	<u>11.13%</u>

- 5) The total number of active employees who are financially contributing to the fund:

Number of Active Members	<u>38</u>
--------------------------	-----------

- 6) The total amount that was disbursed in benefits during the fiscal year, including the number of and total amount disbursed to (i) annuitants in receipt of a regular retirement pension, (ii) recipients being paid a disability pension, and (iii) survivors and children in receipt of benefits:

	<u>Number of</u>	<u>Total Amount Disbursed</u>
(i) Regular Retirement Pension	<u>11</u>	<u>\$703,996</u>
(ii) Disability Pension	<u>7</u>	<u>\$315,059</u>
(iii) Survivors and Child Benefits	<u>0</u>	<u>\$0</u>
Totals	<u>18</u>	<u>\$1,019,055</u>

**THE VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

7) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Department of Insurance	<u>78.40%</u>	<u>79.26%</u>
Private Actuary - Lauterbach & Amen, LLP	<u>75.45%</u>	<u>75.64%</u>

8) The unfunded liability carried by the fund, along with an actuarial explanation of the unfunded liability:

Unfunded Liability:

Illinois Department of Insurance	<u>\$8,348,855</u>
Private Actuary - Lauterbach & Amen, LLP	<u>\$9,886,316</u>

The accrued liability is the actuarial present value of the portion of the projected benefits that has been accrued as of the valuation date based upon the actuarial valuation method and the actuarial assumptions employed in the valuation. The unfunded accrued liability is the excess of the accrued liability over the actuarial value of assets.

9) The investment policy of the Pension Board under the statutory investment restrictions imposed on the fund.

Investment Policy - See Attached.

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL POLICE
PENSION FUND COMPLIANCE REPORT

The Board of Trustees of the Pension Fund, based upon information and belief, and to the best of our knowledge, hereby certify pursuant to §3-143 of the Illinois Pension Code 40 ILCS 5/3-143, that the preceding report is true and accurate.

Adopted this 15TH day of JULY, 2019

President Lawrence E. Howell Date 07-15-19

Secretary [Signature] Date 7/15/19

**THE VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

INDEX OF ASSUMPTIONS

- 1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended December 31, 2018 plus 5.07% Increase (Actuarial Salary Increase Assumption) Rounded to the Nearest \$100.

Estimated Receipts - All Other Sources:

Investment Earnings - Cash and Investments as Reported in the Audited Financial Statements for the Year Ended December 31, 2018, times 6.75% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

- 3) (a) Pay all Pensions and Other Obligations - Total Non-Investment Deductions as Reported in the Audited Financial Statements for the Year Ended December 31, 2018, plus a 25% Increase, Rounded to the Nearest \$100.

(b) Annual Requirement of the Fund as Determined by:

Illinois Department of Insurance - Suggested Amount of Tax Levy as Reported in the December 31, 2018 Actuarial Valuation.

Private Actuary - Lauterbach & Amen, LLP:

Recommended Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the December 31, 2018 Actuarial Valuation.

Statutorily Required Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the December 31, 2018 Actuarial Valuation.

**THE VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

INDEX OF ASSUMPTIONS - Continued

- 4) Net Income Received from Investment of Assets - Investment Income (Loss) net of Investment Expense, as Reported in the Audited Financial Statements for the Years Ended December 31, 2018 and 2017.

Assumed Investment Return:

Illinois Department of Insurance - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the December 31, 2018 and 2017 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Lauterbach & Amen, LLP, December 31, 2018 and 2017 Actuarial Valuations.

Actual Investment Return -Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning and Ending Balances of the Fiscal Year Cash Investments, Excluding Net Investment Income, Gains, and Losses for the Fiscal Year Return Being calculated, as Reported in the Audited Financial Statements for the Fiscal Years Ended December 31, 2018 and 2017.

- 5) Number of Active Members - Illinois Department of Insurance Annual Statement for December 31, 2018 - Schedule P.
- 6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for December 31, 2018 - Schedule P for Number of Participants and Expense page 1 for Total Amount Disbursed.
- (ii) Disability Pension - Same as above.
- (iii) Survivors and Child Benefits - Same as above.

**THE VILLAGE OF LAKE IN THE HILLS, ILLINOIS
POLICE PENSION FUND**

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2018**

INDEX OF ASSUMPTIONS - Continued

7) The funded ratio of the fund:

Illinois Department of Insurance - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the December 31, 2018 and 2017 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the Lauterbach & Amen, LLP, December 31, 2018 and December 31, 2017 Actuarial Valuations.

8) Unfunded Liability:

Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) as Reported in the December 31, 2018 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Lauterbach & Amen, LLP in the December 31, 2018 Actuarial Valuation.

POLICE PENSION FUND INVESTMENT POLICY

1.0 **Policy:**

The fundamental goal of the Lake in the Hills Police Pension Fund is to provide retirement and other benefits to fund participants. As such, the Pension Fund Board of Trustees (Board) will invest fund assets solely in the interests of fund participants and beneficiaries for the exclusive purpose of providing retirement and other benefits to fund participants and beneficiaries. This criterion applies to specific investments and to the entire investment policy established by the Fund.

2.0 **Scope:**

This investment policy applies to the assets of the Police Pension Fund of the Village of Lake In The Hills.

3.0 **Prudence:**

Investments shall be made with care, skill, prudence and diligence that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of like character with like aims. (Prudent Expert Rule)

3.1 The standard of prudence to be used shall be the “**prudent investment expert**” standard and shall be applied in the context of managing an overall portfolio. Pension Fund Trustees acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 **Investment Philosophy:**

The Board believes that fund assets should be managed in a fashion that reflects the fund’s unique liabilities and funding resources, incorporating accepted investment theory and related, empirical evidence. Specifically, the Board has adopted the following principles:

- A. That Asset allocation is the key determinant of return and, therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.
- B. That diversification, both by and within asset classes, is the primary control element.
- C. That passive fund portfolios are suitable investment strategies, especially in highly efficient markets.
- D. That “market timing” (defined as bringing an asset class below policy minimums) is precluded as an acceptable investment strategy.

5.0 **Goals and Objectives:**

For total fund assets, the goals are as follows:

- A. To preserve the actuarial soundness of the fund in order to meet benefit obligations.
- B. A long-term (one to two market cycles) rate of return, net of fees, in excess of the policy benchmarks.

- C. The assets of the Fund shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a prudent expert will be observed. All transactions undertaken on behalf of the Fund will be for the sole benefit of the participants and beneficiaries of the Fund.
- D. The investment portfolio shall remain sufficiently liquid to meet all cash flow requirements that may be reasonably anticipated.
- E. The investment program shall be operated in conformance with federal, state and other legal requirements.

6.0 Delegation of Authority:

Authority to manage the Village of Lake In The Hills Police Pension Fund’s investment program is derived from the following:

The establishment of investment policies is the responsibility of the Police Pension Board (Board). Management and administrative responsibility for the investment program is the responsibility of the Board who has established written procedures for the operation of the investment program as defined in this policy. Included procedures are: safekeeping, delivery vs. payment, investment accounting, wire transfer agreements and collateral/depository agreements. Such procedures include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board. The Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Board may from time to time amend the written procedures in

a manner not inconsistent with this policy or with state statutes.

7.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Officers shall refrain from undertaking personal investment transaction with the same individual with whom business is conducted on behalf of their entity.

8.0 Authorized Financial Dealers and Institutions:

The Village Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness. All authorized firms must be “primary” dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except on a qualified public depository as established by state statutes.

Unless transacted by the Investment Manager, all financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following:

- audited financial statements
- proof of Financial Industry Regulatory Authority (FINRA) certification
- proof of state registration
- completed broker/dealer questionnaire

- certification of having read the Pension Fund’s investment policy
- depository contracts

A periodic review of the financial condition and registration of qualified bidders will be conducted by the Treasurer.

9.0 **Authorized and Suitable Investments:**

The Fund may invest in any type of security allowed for in Illinois Compiled Statutes (40 ILCS 5/1-113.1-113.4a) as it may be amended from time to time. Approved investments include:

- 1) Interest bearing direct obligations of the United States of America.
- 2) Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.
- 3) Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, “agencies of the United States of America” includes: (i) the Federal National Mortgage Association; (ii) federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Acts of 1971 or amendments to that Act; (iii) federal home loan banks and the Federal Home Loan Mortgage Corporation; and (iv) any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.
- 4) Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
- 5) Interest bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
- 6) Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.
- 7) Interest bearing bonds of the State of Illinois.
- 8) Pooled interest bearing accounts managed by the Illinois Public Treasurer’s Investment Pool (Illinois Funds) in accordance with the Deposit of State Moneys Act and interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Fund, or funds managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.
- 9) Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.
- 10) Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.
- 11) Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to the following: (i) bonds, notes certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of

America as to principal and interest; (ii) bonds, notes debentures, or other similar obligations of the United States of America or its agencies; and (iii) short term obligations of corporations organized in the United States with assets exceeding \$400,000,000, provided that (A) the obligations mature no later than 180 days from the date of purchase, (B) at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest classifications, and (C) the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.

12) General accounts of life insurance companies authorized to transact business in Illinois.

13) (1) separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments; (2) separate accounts that are managed by insurance companies authorized to transact business in Illinois, and are comprised of real estate or loans upon real estate secured by first or second mortgages; (3) Mutual Funds that meet the following requirements: (i) the mutual fund is managed by an investment company and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953; (ii) the mutual fund has been in operation for at least 5 years; (iii) the mutual fund has total net assets of \$250 million or more, and; (iv) the mutual fund is comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments; and (4) through an investment adviser, invest a portion of the assets in common and preferred stocks authorized for

investments of trust funds under the laws of the state of Illinois. The stocks must meet all of the following requirements: (a) the common stocks are listed on a national securities exchange or board of trade (as defined in the federal Securities Exchange Act of 1934 and set forth in Section 3.G of the Illinois Securities Law of 1953) or quoted in the national Association of Securities Dealers Automated Quotation System National Market System (NASDAQN MS), (b) the securities are of a corporation created or existing under the laws of the United States or any state, district, or territory thereof and the corporation has been in existence at least 5 years, (c) the corporation has not been in arrears on payment of dividends on its preferred stock during the preceding 5 years, (d) the market value of stock in any one corporation does not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation do not exceed 5% of the total outstanding stock of that corporation, (e) the straight preferred stocks or convertible preferred stocks are issued or guaranteed by a corporation whose common stock qualifies for investment by the board, (f) the issuer of the stocks has been subject to the requirements of Section 12 of the federal Securities Exchange Act of 1934 and has been current with the filing requirements of Sections 13 and 14 of that Act during the preceding 3 years.

14) Corporate Bonds managed through an investment advisor must meet all of the following requirements:

(1) The bonds must be rated as investment grade by one of the two largest rating services at the time of purchase.

(2) If subsequently downgraded below investment grade, the

bonds must be liquidated by the manager from the portfolio within 90 days after being downgraded.

Company Act of 1940 and registered under the Illinois Securities Law of 1953.

15) In addition to the items in Section 13 above, the pension fund may invest an additional portion of its assets in common and preferred stocks and mutual funds.

(a) The stocks must meet all of the following requirements:

- (1) The common stocks must be listed on a national securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in paragraph G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System.
- (2) The securities must be of a corporation in existence for at least 5 years.
- (3) The market value of stock in any one corporation may not exceed 5% of the total outstanding stock of that corporation.
- (4) The straight preferred stocks or convertible preferred stocks must be issued or guaranteed by a corporation whose common stock qualifies for investment by the board.

(b) The mutual funds must meet the following requirements:

- (1) The mutual fund must be managed by an investment company registered under the Federal Investment

The fund's total investment in separate accounts and mutual funds shall not exceed 65% of the market value of the pension fund's net present assets stated in its most recent annual report on file with the Division of Insurance of the Illinois Department of Financial and Professional Regulation.

Except for pecuniary interests permitted under subsection (f) of Section 3-14-4 of the Illinois Municipal Code or under Section 3.2 of the Public Officer Prohibited Practices Act, no person acting as treasurer or financial officer or who is employed in any similar capacity by or for a public agency may do any of the following:

- have any interest, directly or indirectly, in any investments in which the agency is authorized to invest.
- have any interest, directly or indirectly, in the sellers, sponsors, or managers of those investments.
- receive, in any manner, compensation of any kind from any investments in which the agency is authorized to invest.

Any public agency may also invest any public funds in a Public Treasurers' Investment Pool (Illinois Funds) created under Section 17 of the State Treasurer Act. Any public agency may also invest any public funds in a fund managed, operated, and administered by a bank, subsidiary of a bank, or subsidiary of a bank holding company or use the services of such an entity to hold and invest or advise regarding the investment of any public funds.

To the extent a public agency has custody of funds not owned by it or another public agency and does not otherwise have authority to invest such funds, the public agency may invest such funds as if they were its own. Such funds must be

released to the appropriate person at the earliest reasonable time, but in no case exceeding 31 days, after the private person becomes entitled to the receipt of them. All earnings accruing on any investments or deposits made pursuant to the provisions of this Act shall be credited to the public agency by or for which such investments or deposits were made, except as provided otherwise in Section 4.1 of the State Finance Act or the Local Governmental Tax Collection Act, and except where by specific statutory provisions such earnings are directed to be credited to and paid to a particular fund.

10.0 **Collateralization:**

It is the policy of the Fund and in accordance with the GFOA's Recommended Practices on the Collateralization of Public Deposits (attachment 1), the Fund requires that funds on deposit in excess of FDIC limits be secured by some form of collateral. The Fund will accept any of the following assets as collateral:

- Government Securities
- Obligations of Federal Agencies
- Obligations of Federal Instrumentalities

(The Fund reserves the right to accept/reject any form of the above named securities.)

The Fund also requires that all depositories that hold the Fund's deposits in excess of the FDIC limit must provide and sign a Collateralization Agreement (attachment 2).

The amount of collateral provided will not be less than 110% of the fair market value of the net amount of public funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed monthly, and additional collateral will be required when the ratio declines below the level required and collateral will be released if the fair market value exceeds the required level. Pledged collateral will be held in

safekeeping, by an independent third party depository, or the Federal Reserve Bank of Boston designated by the Fund and evidenced by a safekeeping agreement. Collateral agreements will preclude the release of the pledged assets without an authorized signature from the Fund.

11.0 **Safekeeping and Custody:**

All fixed income security transactions entered into by the Fund shall be conducted on a delivery-verses-payment (DVP) basis. Securities will be held by one third party custodian designated by the Treasurer and Board, and evidenced by safekeeping receipts plus any tri-party arrangements utilized by mutual funds and/or repurchase agreements. If an independent third party custodian is not used, an excess SIPC policy is required naming the Fund as the insured.

12.0 **Diversification and Risk:**

In order to reduce the risk of default, the investment portfolio of the Fund shall not exceed the following diversification limits unless specifically authorized by the Board:

- No nonbank financial institution shall hold more than 40% of the Fund's investment portfolio, exclusive of U.S. Treasury securities in safekeeping, unless an excess SIPC policy is in place naming the fund as insured.
- Monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution.
- Deposits in the Illinois Public Treasurer's Investment Pool (Illinois Funds) shall not exceed 50% of the Fund's investment portfolio.
- Brokered certificates of deposit shall not exceed 25% of the Fund's investment portfolio.
- Equities:

- International – minimum of 3%.
- Large Cap – minimum of 50%.
- Mid Cap – minimum of 3%.
- Small Cap – minimum of 3%.
- Other – minimum of 0%
- Growth to Value split – 50%/50% plus or minus 10%.
- Bonds: The fund shall seek to minimize credit risk by investing in investment grade corporate bonds as well as US Government securities.
- Positive Risk Adjusted Return: The fund will demonstrate a five-year positive risk adjusted return.
- Competitive Fees: Annual expenses, consulting fees, front load, transaction costs and all other fees associated with the purchase and maintenance of the investment will be competitive as compared to like investments. All fees will be fully disclosed.

13.0 **Equity Selection Criteria:**

The following criteria will be used in selecting an Equity Fund for investment consideration. Criteria may be added to, deleted from, or modified as agreed by the Board provided at a minimum all statutory requirements are met.

Equity selection criteria include style, manager longevity, fund longevity, MorningStar rating, net asset size, performance over comparable index, consistency of style, positive risk adjusted return and competitive fees.

- Style: The style will be consistent with the asset allocation mix as previously identified.
- Manager Longevity: The lead manager must have a minimum of five years managing the fund. Consistency of the underlying team should be documented.
- Fund Longevity: The fund must have been in existence for at least five years.
- Net Asset Size: The net asset size of the individual equity fund must be at least \$500,000,000.
- Consistency of Style: The fund must demonstrate a five-year consistency of style. Minimal “style drifting” will be accepted.

14.0 **Rebalancing Policy:**

The primary purpose of rebalancing is to ensure that the Fund adheres to its strategic asset allocation, which is the Fund’s explicit statement of its investment approach. Secondly, historical analysis of portfolio returns when rebalancing is used, indicates that rebalancing reduces volatility and may add modest value, in comparison to a similar portfolio that is not rebalanced.

To rebalance its portfolio cost-effectively, the Fund will carry out rebalancing in a hierarchical fashion. First, employee and employer contributions and withdrawals of cash will be used to maintain target allocations. Second, when capital distributions are required, income from dividends and interest payments will be used to re-establish target allocations. Third, manager securities will be liquidated from the over-funded manager(s) until the target allocations are met.

The Fund will review the portfolio annually for rebalancing and no more frequently than quarterly. Rebalancing shall be within the ranges as outlined in Section 12: Diversification.

15.0 **Internal Controls:**

The Board is responsible for establishing and maintaining an internal control structure designed to insure that the assets of the Fund are protected from loss, theft or misuse. The internal control

structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgments by management.

Accordingly, the Board shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of telephone transactions for investments and wire transfers
- Development of a procedure for making wire transfers

16.0 **Performance Standards:**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. Portfolio performance should be compared to appropriate benchmarks on a regular basis. Over the investment horizon established in this statement, it is the goal to meet or exceed: The return of 35% Barclay's Intermediate Government Credit Index and 65% Russell 3000.

16.1 **Performance Benchmarks- Fixed:**

The fixed income assets shall be invested in one of two distinct strategies; (1) actively managed utilizing a professional money manager, and (2) internally, utilizing a passive strategy that is managed per the policies and procedures established by the Board. The goal of the Board, over a market cycle, shall be to meet or exceed the returns of the Barclay's Intermediate Government Credit Index.

16.2 **Performance Benchmarks - Equities:**

The goal of each investment manager of a mutual fund/separate account, over the investment horizon, shall be to:

- 1) Meet or exceed the market index, or blended market index, that most closely correspond to the style of investment management
- 2) Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

17.0 **Investment Manager Performance Review and Evaluation:**

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Trustees for review. The investment performance of total portfolios as well as asset class components will be measured against commonly accepted performance benchmarks. Consideration shall be given to the investment objectives, goals and guidelines as set forth in this statement. The Trustees intend to evaluate the portfolio(s) over at least a three year period, but reserve the right to terminate a manager for any reason including the following:

- Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
- Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

18.0 **Reporting:**

The Treasurer shall prepare an investment report at least quarterly. The report should be provided to the Police Pension Board. The report will include the following:

- A listing of individual securities held at the end of the reporting period.
- Average weighted yield to maturity of portfolio on Fund investments as compared to applicable benchmarks.
- Listing of investments by maturity date.
- The percentage of the total portfolio which each type of investment represents.
- The percentage of the total portfolio which each institution is holding.
- The percentage of the total portfolio broken down by defined maturity periods.
- Principal and type of investment by fund.

18.1 **Marking to Market:**

A statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that the minimal amount of

review has been performed on the investment portfolio in terms of value and subsequent price volatility. Review should be consistent with the GFOA Recommended Practice on Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools (attachment 3).

19.0 **Investment Policy Adoption:**

The Fund's investment policy shall be adopted by resolution of the Lake in the Hills Police Pension Fund. This policy shall be reviewed on an annual basis and any modifications made thereto must be approved by the Police Pension Board and refiled with the Division of Insurance of the Illinois Department of Financial and Professional Regulation.



REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Finance

SUBJECT: Village of Lake in the Hills Police Pension Fund 2019 Property Tax Levy Request

EXECUTIVE SUMMARY

The Village of Lake in the Hills Police Pension Fund Board is requesting the Village Board to levy an amount sufficient to produce the sum of \$1,498,027. This represents an increase of \$125,913 or 9.17% from the prior year levy on behalf of the Police Pension Fund. A significant portion of this increase (74,120 or 59%) is due to investments returning less than expected during the 2018 fiscal year.

The Village and Police Pension Fund jointly hire an Actuary, Lauterbach & Amen LLP, to perform an annual valuation of the Police Pension Fund. In accordance with the actuarial valuation results the Actuary has determined the above amount to levy. This can be found on page 4 of the attached report titled Actuarial Valuation as of January 1, 2019.

Since the Police Pension Fund cannot legally levy a property tax, the Village incorporates the funds requirements into its levy in order to support the retirement benefits of the Police Pension Fund and Police Department personnel.

The entire property tax levy for the Village will be presented to the Village Board for approval later this year.

FINANCIAL IMPACT

The recommended actuarial contribution of \$1,498,027 from the Village to the Police Pension Fund through levying property taxes increased \$125,913 from the prior year amount of \$1,372,114.

ATTACHMENTS

1. 2019 Tax Levy Request Memorandum from the Police Pension Fund
2. Historical Graph of the Total Property Tax Levy for Tax Years 2010 - 2019
3. Proposed 2019 Property Tax Budget Accounts
4. Actuarial Valuation Report as of January 1, 2019 prepared by Lauterbach & Amen, LLP

RECOMMENDED MOTION

Motion to accept the Village of Lake in the Hills Police Pension Fund's request to levy \$1,498,027 for property tax levy year 2019.

MEMORANDUM

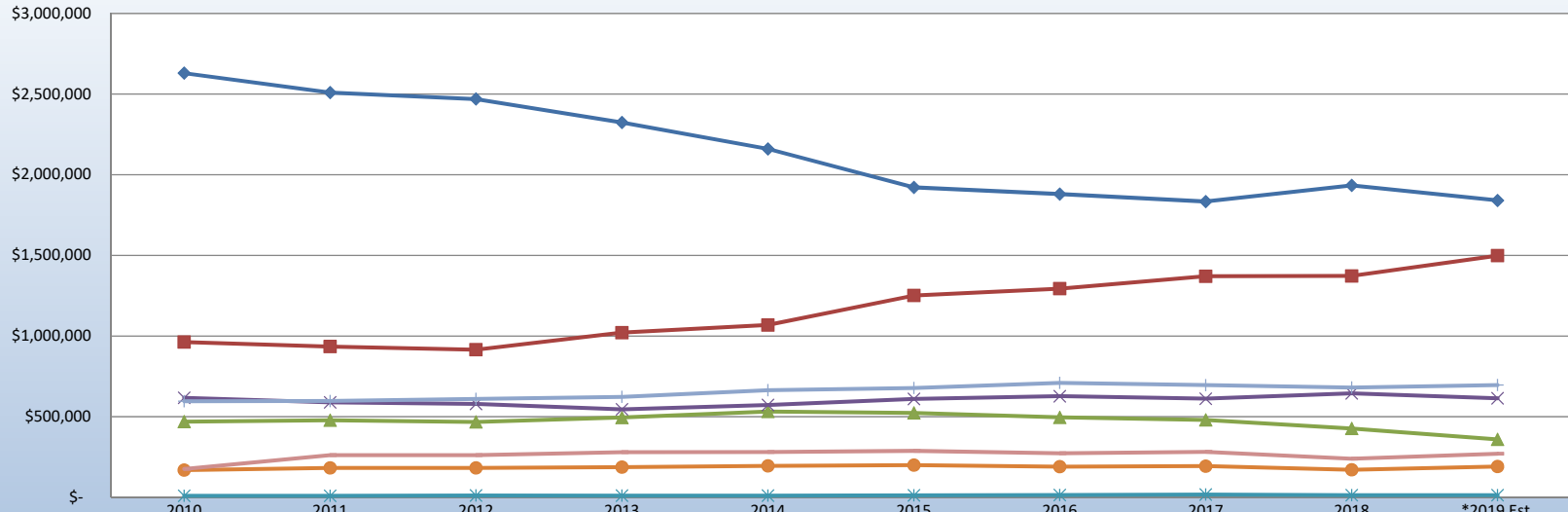
TO: Village President and Board of Trustees
FROM: Stan W. Helgerson, Vice President Lake In The Hills Police Pension Fund
DATE: April 15, 2019
RE: 2019 Tax Levy Request

The Police Pension Fund Board is hereby requesting that the Village Board levy \$1,498,027 for the Police Pension Fund. The amount was determined by an actuary that was jointly hired by the Village and the Pension Board.

Thank you for your consideration.

cc: Lake In The Hills Pension Board

Property Tax Levy History



	2010	2011	2012	2013	2014	2015	2016	2017	2018	*2019 Est.
Corporate	\$2,629,560	\$2,509,310	\$2,469,410	\$2,323,904	\$2,159,665	\$1,921,395	\$1,880,168	\$1,833,865	\$1,934,214	\$1,840,604
Police Pension	\$962,256	\$934,231	\$914,685	\$1,020,782	\$1,067,870	\$1,250,913	\$1,293,482	\$1,370,184	\$1,372,120	\$1,498,027
IMRF	\$469,256	\$477,906	\$466,652	\$494,472	\$531,545	\$522,656	\$495,474	\$479,723	\$426,769	\$359,083
Police Protection	\$616,784	\$588,570	\$579,214	\$545,124	\$572,380	\$609,588	\$626,722	\$611,282	\$644,742	\$613,535
Audit	\$9,682	\$9,723	\$10,864	\$10,114	\$10,384	\$12,453	\$13,850	\$16,626	\$13,000	\$13,260
Liability Insurance	\$168,706	\$182,104	\$181,772	\$187,210	\$194,872	\$199,470	\$189,718	\$193,228	\$170,814	\$191,250
Social Security	\$595,820	\$596,745	\$609,742	\$622,662	\$664,065	\$677,413	\$709,094	\$695,310	\$680,672	\$695,988
Workers Comp	\$175,763	\$261,691	\$261,211	\$279,360	\$280,914	\$287,804	\$273,180	\$281,506	\$239,416	\$270,000

Tax Year	Fiscal Year	Corporate	IMRF	Police Protection	Police Pension	Audit	Liability Insurance	Social Security	Workers Comp	Total Levy	% Increase/Decrease
2010	2011	\$ 2,629,560	\$ 469,256	\$ 616,784	\$ 962,256	\$ 9,682	\$ 168,706	\$ 595,820	\$ 175,763	\$ 5,627,827	0.0%
2011	2012	\$ 2,509,310	\$ 477,906	\$ 588,570	\$ 934,231	\$ 9,723	\$ 182,104	\$ 596,745	\$ 261,691	\$ 5,560,280	-1.2%
2012	2013	\$ 2,469,410	\$ 466,652	\$ 579,214	\$ 914,685	\$ 10,864	\$ 181,772	\$ 609,742	\$ 261,211	\$ 5,493,550	-1.2%
2013	2014	\$ 2,323,904	\$ 494,472	\$ 545,124	\$ 1,020,782	\$ 10,114	\$ 187,210	\$ 622,662	\$ 279,360	\$ 5,483,629	-0.2%
2014	2015	\$ 2,159,665	\$ 531,545	\$ 572,380	\$ 1,067,870	\$ 10,384	\$ 194,872	\$ 664,065	\$ 280,914	\$ 5,481,695	0.0%
2015	2016	\$ 1,921,395	\$ 522,656	\$ 609,588	\$ 1,250,913	\$ 12,453	\$ 199,470	\$ 677,413	\$ 287,804	\$ 5,481,691	0.0%
2016	2017	\$ 1,880,168	\$ 495,474	\$ 626,722	\$ 1,293,482	\$ 13,850	\$ 189,718	\$ 709,094	\$ 273,180	\$ 5,481,688	0.0%
2017	2018	\$ 1,833,865	\$ 479,723	\$ 611,282	\$ 1,370,184	\$ 16,626	\$ 193,228	\$ 695,310	\$ 281,506	\$ 5,481,723	0.0%
2018	2019	\$ 1,934,214	\$ 426,769	\$ 644,742	\$ 1,372,120	\$ 13,000	\$ 170,814	\$ 680,672	\$ 239,416	\$ 5,481,747	0.0%
*2019 Est. *2020		\$ 1,840,604	\$ 359,083	\$ 613,535	\$ 1,498,027	\$ 13,260	\$ 191,250	\$ 695,988	\$ 270,000	\$ 5,481,747	0.0%

% Inc/(Dec)	-30%	-23%	-1%	56%	37%	13%	17%	54%	-3%
\$ Inc/(Dec)	\$ (788,956)	\$ (110,173)	\$ (3,249)	\$ 535,771	\$ 3,578	\$ 22,544	\$ 100,168	\$ 94,237	\$ (146,080)

*Estimated Tax Levy amounts that will be considered by the Board of Trustees in November 2019 and Approved in December 2019 to fund Fiscal Year 2020

Village of Lake in the Hills Budget Worksheet Report

Budget Year 2019

Account	Account Description	2019 Board Approved Budget	2019 Tax Levy	Key
Fund 100 - General Fund				
Department 10 - Executive				
51.04	Taxes & Benefits FICA	4,223.00	4,223.00	B
Department 12 - Village Administration				
51.04	Taxes & Benefits FICA	34,248.00	34,248.00	B
51.08	Taxes & Benefits IMRF	34,256.00	34,256.00	C
Department 16 - Finance				
51.04	Taxes & Benefits FICA	42,088.00	42,088.00	B
51.08	Taxes & Benefits IMRF	44,399.00	44,399.00	C
60.04	Professional Accounting	13,260.00	13,260.00	A
Department 18 - Community Services				
Division 50 - Parks & Recreation				
51.04	Taxes & Benefits FICA	49,914.00	49,914.00	B
51.08	Taxes & Benefits IMRF	28,991.00	28,991.00	C
Division 52 - Community Development				
51.04	Taxes & Benefits FICA	27,301.00	27,301.00	B
51.08	Taxes & Benefits IMRF	26,605.00	26,605.00	C
Department 20 - Police				
Division 10 - Administration				
50.04	Salaries & Wages Full Time	480,762.00	480,762.00	GG
51.04	Taxes & Benefits FICA	36,398.00	36,398.00	B
51.08	Taxes & Benefits IMRF	5,775.00	5,775.00	C
51.12	Taxes & Benefits Police Pension	137,211.00	159,652.00	D
Division 20 - Patrol				
50.04	Salaries & Wages Full Time	3,211,709.00	1,154,831.00	GG
51.04	Taxes & Benefits FICA	265,571.00	265,571.00	B
51.08	Taxes & Benefits IMRF	9,254.00	9,254.00	C
51.12	Taxes & Benefits Police Pension	1,070,249.00	1,066,551.00	D
Division 22 - Support Services				
50.04	Salaries & Wages Full Time	818,546.00	818,546.00	GG
51.04	Taxes & Benefits FICA	67,583.00	67,583.00	B
51.08	Taxes & Benefits IMRF	34,779.00	34,779.00	C
51.12	Taxes & Benefits Police Pension	164,654.00	271,824.00	D
Department 30 - Public Works				
Division 10 - Administration				
51.04	Taxes & Benefits FICA	19,816.00	19,816.00	B
51.08	Taxes & Benefits IMRF	20,904.00	20,904.00	C
Division 30 - Streets				
51.04	Taxes & Benefits FICA	87,235.00	87,235.00	B
51.08	Taxes & Benefits IMRF	89,533.00	89,533.00	C
Division 32 - Public Properties				
51.04	Taxes & Benefits FICA	55,343.00	55,343.00	B
51.08	Taxes & Benefits IMRF	57,975.00	57,975.00	C
Department 60 - Management Information Systems				
51.04	Taxes & Benefits FICA	6,268.00	6,268.00	B
51.08	Taxes & Benefits IMRF	6,612.00	6,612.00	C
Department 70 - Insurance & Tort				
64.08	Insurance Workers Comp - Premium	270,000.00	270,000.00	F
64.24	Insurance General Liability	191,250.00	191,250.00	E
Fund 100 - General Fund Totals		\$7,412,712	\$5,481,747	

Summary	Amount	Sum of Above
Audit	\$ 13,260	A
Social Security	\$ 695,988	B
IMRF	\$ 359,083	C
Police Pension	\$ 1,498,027	D
Liability Insurance	\$ 191,250	E
Workers Compensation	\$ 270,000	F
Police Protection	\$ 613,535	GG
Corporate	\$ 1,840,604	GG
Total 2019 Tax Levy	\$ 5,481,747	

Actuarial Funding Report



LAKE IN THE HILLS POLICE
PENSION FUND

Actuarial Valuation
as of January 1, 2019

For the Contribution Year January 1, 2019 to December 31, 2019

LAUTERBACH & AMEN, LLP

Actuarial Valuation – Funding Recommendation



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

LAKE IN THE HILLS POLICE PENSION FUND

Contribution Year Ending: December 31, 2019

Actuarial Valuation Date: January 1, 2019

Utilizing Data as of December 31, 2018

Submitted by:

Lauterbach & Amen, LLP
668 N. River Road
Naperville, IL 60563
Phone: 630.393.1483
www.lauterbachamen.com

Contact:

Todd A. Schroeder
Director
May 29, 2019

LAUTERBACH & AMEN, LLP



TABLE OF CONTENTS

ACTUARIAL CERTIFICATION	1
MANAGEMENT SUMMARY	3
Recommended Contribution	4
Funded Status	4
Management Summary – Comments and Analysis	5
Actuarial Recommended Contribution - Reconciliation	10
VALUATION OF FUND ASSETS.....	11
Market Value of Assets.....	12
Market Value of Assets (Gain)/Loss.....	13
Development of the Actuarial Value of Assets.....	14
Actuarial Value of Assets (Gain)/Loss	14
Historical Asset Performance	15
RECOMMENDED CONTRIBUTION DETAIL.....	17
Actuarial Accrued Liability	18
Funded Status	18
Development of the Employer Normal Cost.....	19
Normal Cost as a Percentage of Expected Payroll.....	19
Recommended Contribution	19
Schedule of Amortization – Unfunded Actuarial Accrued Liability	20
Actuarial Methods – Recommended Contribution	21
ILLINOIS STATUTORY MINIMUM CONTRIBUTION.....	22
Statutory Minimum Contribution	23
Funded Status – Statutory Minimum	23
Actuarial Methods – Illinois Statutory Minimum Contribution.....	25
ACTUARIAL VALUATION DATA.....	26
Active Employees.....	27
Inactive Employees.....	27
Summary Of Benefit Payments	27
ACTUARIAL FUNDING POLICIES	28
Actuarial Cost Method.....	29
Financing Unfunded Actuarial Accrued Liability.....	29
Actuarial Value of Assets	30
ACTUARIAL ASSUMPTIONS.....	31
Nature of Actuarial Calculations	32
Actuarial Assumptions in the Valuation Process.....	32
Assessment of Risk Exposures	33
Limitations of Risk Analysis	33
Actuarial Assumptions Utilized.....	34



TABLE OF CONTENTS

SUMMARY OF PRINCIPAL PLAN PROVISIONS	36
Establishment of the Fund	37
Administration	37
Employee Contributions	37
Regular Retirement Pension Benefit.....	37
Regular Retirement Pension Benefit - Continued.....	38
Early Retirement Pension Benefit.....	38
Surviving Spouse Benefit	39
Termination Benefit – Vested.....	40
Disability Benefit.....	41
GLOSSARY OF TERMS	42
Glossary of Terms.....	43



ACTUARIAL CERTIFICATION

This report documents the results of the Actuarial Valuation for the Lake in the Hills Police Pension Fund. The information was prepared for use by the Lake in the Hills Police Pension Fund and the Village of Lake in the Hills, Illinois for determining the Recommended Contributions, under the selected Funding Policy and Statutory Minimum guidelines, for the Contribution Year January 1, 2019 to December 31, 2019. It is not intended or suitable for other purposes. Determinations for purposes other than the Employer's Actuarial Recommended Contribution may be significantly different from the results herein.

The results in this report are based on the census data and financial information submitted by the Village of Lake in the Hills, Illinois, and may include results from the prior Actuary. We did not prepare the Actuarial Valuations for the years prior to January 1, 2016. Those valuations were prepared by the prior Actuary whose reports have been furnished to us, and our disclosures are based on those reports. An audit of the prior Actuary's results was not performed, but high-level reviews were completed for general reasonableness, as appropriate, based on the purpose of this valuation. The accuracy of the results is dependent on the precision and completeness of the underlying information.

In addition, the results of the Actuarial Valuation involve certain risks and uncertainty as they are based on future assumptions, market conditions, and events that may never materialize as assumed. For this reason, certain assumptions and future results may be materially different than those presented in this report. See the *Management Summary* section of this report for a more detailed discussion of the Defined Benefit Plan Risks, as well as the limitations of this Actuarial Valuation on assessing those risks. We are not aware of any known events subsequent to the Actuarial Valuation Date, which are not reflected in this report but should be valued, that may materially impact the results.

The valuation results summarized in this report involve actuarial calculations that require assumptions about future events. The Village of Lake in the Hills, Illinois selected certain assumptions, while others were the result of guidance and/or judgment from the Plan's Actuary or Advisors. We believe that the assumptions used in this valuation are reasonable and appropriate for the purposes for which they have been used. The selected assumptions represent our best estimate of the anticipated long-term experience of the Plan, and meet the guidelines set forth in the Actuarial Standards of Practice.





To the best of our knowledge, all calculations are in accordance with the applicable funding requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices as prescribed by the Actuarial Standards Board. The undersigned of Lauterbach & Amen, LLP is an Associate of the Society of Actuaries and an Enrolled Actuary, and meets the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between the Village of Lake in the Hills, Illinois and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,
LAUTERBACH & AMEN, LLP

A handwritten signature in cursive script that reads "Todd A. Schroeder".

Todd A. Schroeder, ASA, FCA, EA, MAAA





MANAGEMENT SUMMARY

Recommended Contribution
Funded Status
Management Summary – Comments and Analysis
Actuarial Recommended Contribution – Reconciliation

MANAGEMENT SUMMARY

RECOMMENDED CONTRIBUTION

	Prior Valuation	Current Valuation
Contribution Requirement	\$1,372,114	\$1,498,027
Expected Payroll	\$3,591,488	\$3,758,320
Contribution Requirement as a Percent of Expected Payroll	38.20%	39.86%

*Recommended
Contribution
has Increased
\$125,913 from
Prior Year.*

FUNDED STATUS

	Prior Valuation	Current Valuation
Normal Cost	\$911,582	\$952,845
Market Value of Assets	\$28,741,820	\$28,011,169
Actuarial Value of Assets	\$28,603,344	\$30,390,516
Actuarial Accrued Liability	\$37,812,741	\$40,276,832
Unfunded Actuarial Accrued Liability	\$9,209,397	\$9,886,316
Percent Funded		
Actuarial Value of Assets	75.64%	75.45%
Market Value of Assets	76.01%	69.55%

*Funded
Percentage has
Decreased by
0.19% on an
Actuarial
Value of Assets
Basis.*



MANAGEMENT SUMMARY

MANAGEMENT SUMMARY – COMMENTS AND ANALYSIS

Contribution Results

The Recommended Contribution is based on the selected Funding Policy and methods that are outlined in the *Actuarial Funding Policies* section of this report.

The Illinois State Statutes for Pension Funds contain parameters that are used to determine the Statutory Minimum Contribution to a public Pension Fund. Those parameters and the resulting Statutory Minimum Contribution are found in the *Illinois Statutory Minimum Contribution* section of this report.

“Contribution Risk” is defined by the Actuarial Standards of Practice as the potential for actual future contributions to deviate from expected future contributions. For example, when actual contributions are not made in accordance to the Plan’s Funding Policy, or when future experience deviates materially from assumed. While it is essential for the Actuary and Plan Sponsor to collaborate on implementing a sound and financially feasible Funding Policy, it is important to note that the Actuary is not required, and is not in the position to, evaluate the ability or willingness of the Plan Sponsor to make the Recommended Contribution under the selected Funding Policy.

As a result, while Contribution Risk may be a significant source of risk for the Plan, this Actuarial Valuation makes no attempt to assess the impact of future contributions falling short of those recommended under the selected Funding Policy. Notwithstanding the above, see later in this section for the impact on the current Recommended Contribution of any contribution shortfalls or excesses from the prior year.

Defined Benefit Plan Risks

Asset Growth:

Pension funding involves preparing Plan assets to pay for benefits when Members retire. During their working careers, assets grow with contributions and investment earnings; and then, the Pension Fund distributes assets in retirement. Based on the Plan’s current mix of Employees and funded status, the Plan should experience positive asset growth, on average, if the Recommended Contributions are made and expected investment earnings come in. In the current year, the Plan’s asset growth was negative by approximately \$730,000.

Asset growth is important in the long-term. Long-term cash flow out of the Pension Fund is primarily benefit payments, and expenses are a smaller portion. The Plan should monitor the impact of expected benefit payments on future asset growth. In the next 5 years, benefit payments are anticipated to increase 70-75%, or approximately \$710,000. In the next 10 years, the expected increase in benefit payments is 165-170%, or approximately \$1,700,000.

Furthermore, Plans’ with a large number of retirees have an increased “Longevity Risk”. Longevity Risk is the possibility that retirees may live longer than projected by the Plan’s mortality assumption. As shown above, benefit payments are expected to increase over the next 5-year and 10-year horizons. The projected



MANAGEMENT SUMMARY

increases assume that current retirees pass away according to the Plan's mortality assumption. To the extent that current retirees live longer than expected, the future 5-year and 10-year benefit projections may be larger than the amounts disclosed above. Higher levels of benefit payments, payable for a longer period of time, may cause a significant strain to the Plan's cash flow, future Recommended Contributions, and may lead to Plan insolvency.

Unfunded Liability:

Unfunded Liability represents the financial shortfall of the Actuarial Value of Assets compared to the Actuarial Accrued Liability. To the extent that Unfunded Liability exists, the Plan is losing potential investment earnings due to the financial shortfall. Contributions towards Unfunded Liability pay for the lost investment earnings, as well as the outstanding unfunded amount. If payments towards Unfunded Liability are not made, the Unfunded Liability will grow.

In the early 1990s, many Pension Funds in Illinois adopted an increasing payment towards Unfunded Liability due to a change in legislation. The initial payment decreased, and future payments are anticipated to increase annually after that. In many situations, payments early on were less than the interest on Unfunded Liability, which means that Unfunded Liability increased even though contributions were made at the recommended level.

The current Recommended Contribution includes a payment towards Unfunded Liability that is approximately \$210,000 greater than the interest on Unfunded Liability. All else being equal and contributions being made, Unfunded Liability is expected to decrease. The Employer and Fund should anticipate that improvement in the current Percent Funded will be mitigated in the short-term. The Employer and Fund should understand this impact as we progress forward to manage expectations.

Actuarial Value of Assets:

The Pension Fund smooths asset returns that vary from expectations over a five-year period. The intention over time is that asset returns for purposes of funding recommendations are a combination of several years. The impact is intended to smooth out the volatility of Recommended Contributions over time, but not necessarily increase or decrease the level of contributions over the long-term.

When asset returns are smoothed, there are always gains or losses on the Market Value of Assets that are going to be deferred for current funding purposes, and recognized in future years. Currently, the Pension Fund is deferring approximately \$2,400,000 in losses on the Market Value of Assets. These are asset losses that will be recognized in upcoming periods, independent of the future performance of the Market Value of Assets.

Cash Flow Risk:

Assets, liabilities, and Funded Status are good metrics to monitor over time to assess the progress of the Funding Policy. However, these metrics may provide limited forward-looking insights. Specifically, the maturity of a pension fund can pose certain risks that often cannot be assessed with a point-in-time metric such as Funded Percentage.



MANAGEMENT SUMMARY

For example, two different pension funds could have the same Funded Percentage, but have completely different risk profiles. One fund might mostly cover active employees with little to no benefits in pay status, whereas a second fund might mostly cover retirees with a significant level of annual benefit payments. The latter fund has a greater “Cash Flow Risk”, i.e. a more significant chance that negative cash flows could lead to a deteriorating, rather than improving, Funded Percentage over time.

It is also important to note that, in general, positive net cash flows are good, but also need to be sufficient to cover the growth in the liabilities (i.e. the Normal Cost as well as interest on the Actuarial Accrued Liability). Typically, when cash flows are assumed to be insufficient to cover the growth in liabilities, the Funded Percentage will decline, while future contribution requirements will increase.

Benefit Payment Risk:

Ideally, a plan in good financial standing will have the ratio of annual benefits payments to the Market Value of Assets to be less than the Expected Return on Investments assumption (i.e. 6.75%). Theoretically, in this case it can be considered that investment returns will fully cover the annual benefit payments, and therefore, all Employer and Employee Contributions made to the Fund will be used to pay for future benefit accruals and pay down the existing Unfunded Liability. To the extent the ratio of the annual benefit payments to the Market Value of Assets increases to above the Expected Rate of Return assumption, the Plan may experience some additional risks, such as the need to keep assets in more liquid investments, inability to pay down Unfunded Liability, and may lead to Plan insolvency.

As of the Valuation Date, the Lake in the Hills Police Pension Fund has a ratio of benefit payments to the Market Value of Assets of 3.64%. In this case, the Plan is currently in a sound financial position and has a reduced amount of Benefit Payment Risk and Cash Flow Risk. It would be expected that adherence to the current Funding Policy would lead to an increasing Funded Percentage.

Plan Assets

The results in this report are based on the assets held in the Pension Fund. Assets consist of funds held for investment and for benefit payments as of the Actuarial Valuation Date. In addition, assets may be adjusted for other events representing dollars that are reasonably expected to be paid out from the Pension Fund or deposited into the Pension Fund after the Actuarial Valuation Date as well.

The current Fund assets are audited.

The Actuarial Value of Assets under the Funding Policy is equal to the fair Market Value of Assets, with unexpected gains and losses smoothed over 5 years. More detail on the Actuarial Value of Assets can be found in the *Funding Policy* section of this report.

*The Plan
Assets Used in
this Report
are Audited.*



MANAGEMENT SUMMARY

Demographic Data

Demographic factors can change from year to year within the Pension Fund. Changes in this category include hiring new employees, employees retiring or becoming disabled, retirees passing away, and other changes. Demographic changes can cause an actuarial gain (contribution that is less than expected compared to the prior year) or an actuarial loss (contribution that is greater than expected compared to the prior year).

Demographic gains and losses occur when the assumptions over the one-year period for employee changes do not meet our long-term expectation. For example, if no employees become disabled during the year, we would expect a liability gain. If more employees become disabled than anticipated last year, we would expect a liability loss. Generally, we expect short-term fluctuations in demographic experience to create gains or losses of up to 3% of the Actuarial Accrued Liability in any given year, but to balance out in the long-term.

“Demographic Risk” occurs when Plan census experience differs significantly from expected. Similar to Longevity Risk discussed previously, additional risk is created when demographic experience differs from the assumed rates of disability, retirement, or termination. Under the chosen assumptions, actuarial gains and/or losses will always occur, as the assumptions will never be exactly realized. However, the magnitude of the gain and/or loss and its influence on the Recommended Contribution largely depends on the size of the Plan.

Based on the number of active participants in the Plan, the Recommended Contribution has a moderate risk of having a significant increase due to demographic experience. For example, 1 new disabled member would typically generate a substantial increase to the Actuarial Accrued Liability, which in turn, may increase the Recommended Contribution.

In the current report, the key demographic changes were as follows:

New Hires: The Fund added 1 new active member in the current year through hiring. When a new member is admitted to the Pension Fund, the Employer Contribution will increase to reflect the new member. The increase in the Recommended Contribution in the current year for new Fund member is approximately \$6,000.

Termination: There was 1 non-vested member of the Fund who terminated employment during the year. The member did not take a refund. The Fund is no longer obligated to pay a benefit to the member in the future. The decrease in the Recommended Contribution in the current year due to the termination experience is approximately \$7,000.

Mortality: There was 1 retiree who passed away during the year, without an eligible surviving spouse. When a retiree passes away, the Fund liability will decrease as the Pension Fund no longer will make future payments to the retiree. If there is an eligible surviving spouse, the Fund liability will increase to represent the value of the expected payments that will be made to the spouse.



MANAGEMENT SUMMARY

As the inactive population ages and continues to collect benefits, the Fund liability will also increase. In the current year, there were 18 inactive participants who maintained their benefit collection status throughout the year. The net decrease in the Recommended Contribution in the current year due to the mortality experience is approximately \$9,000.

Salary Increases: As the current contract is in negotiations, a 2.50% COLA increase was applied to all active member salaries in anticipation of retroactive pay increases upon contract settlement. Salary increases were less than anticipated in the current year. This caused a decrease in the Recommended Contribution in the current year of approximately \$4,000.

Assumption Changes

The assumptions were not changed from the prior year.

Funding Policy Changes

The Funding Policy was not changed from the prior year.



MANAGEMENT SUMMARY

ACTUARIAL RECOMMENDED CONTRIBUTION - RECONCILIATION

Actuarial Accrued Liability is expected to increase each year for both interest for the year and as active employees earn additional service years towards retirement. Similarly, Actuarial Accrued Liability is expected to decrease when the Fund pays benefits to inactive employees.

Contributions are expected to increase as expected pay increases under the Funding Policy for the Fund.

	Actuarial <u>Liability</u>	Contribution <u>Recommendation</u>
Prior Valuation	\$ 37,812,741	\$ 1,372,114
Expected Changes	<u>2,415,520</u>	<u>44,594</u>
Initial Expected Current Valuation	<u>\$ 40,228,261</u>	<u>\$ 1,416,707</u>

Other increases or decreases in Actuarial Accrued Liability (key changes noted below) will increase or decrease the amount of Unfunded Liability in the plan. To the extent Unfunded Liability increases or decreases unexpectedly, the contribution towards Unfunded Liability will also change unexpectedly.

	Actuarial <u>Liability</u>	Contribution <u>Recommendation</u>
Salary Increase Less than Expected	(22,532)	(3,727)
Demographic Changes	71,103	10,305
Asset Return Less than Expected *	-	74,120
Contributions Less than Expected	<u>-</u>	<u>622</u>
Total Actuarial Experience	<u>\$ 48,571</u>	<u>\$ 81,320</u>
Current Valuation	<u>\$ 40,276,832</u>	<u>\$ 1,498,027</u>

*The impact on contribution due to asset performance is based on the Actuarial Value of Assets.

Key demographic changes were discussed in the prior section.





VALUATION OF FUND ASSETS

Market Value of Assets
Market Value of Assets (Gain)/Loss
Development of the Actuarial Value of Assets
Actuarial Value of Assets (Gain)/Loss
Historical Asset Performance

VALUATION OF FUND ASSETS

MARKET VALUE OF ASSETS

Statement of Assets

	Prior Valuation	Current Valuation
Cash and Cash Equivalents	\$ 590,525	\$ 624,226
Money Market	666,864	744,700
Fixed Income	11,273,983	11,380,315
Mutual Funds	16,217,834	15,260,811
Receivables (Net of Payables)	(7,386)	1,117
Net Assets Available for Pensions	\$ 28,741,820	\$ 28,011,169

The Total Value of Assets has Decreased Approximately \$731,000 from Prior Valuation.

Statement of Changes in Assets

Total Market Value - Prior Valuation	\$ 28,741,820
Plus - Employer Contributions	1,369,010
Plus - Employee Contributions	352,025
Plus - Return on Investments	(1,388,420)
Less - Benefit and Related Payments	(1,019,055)
Less - Other Expenses	(44,211)
Total Market Value - Current Valuation	\$ 28,011,169

The Rate of Return on Investments on the Market Value of Assets for the Fund was Approximately (4.9%) Net of Administrative Expenses.

The Rate of Return on Investments shown above has been determined as the Return on Investments from the Statement of Changes in Assets, as a percent of the average of the beginning and ending Market Value of Assets. The Rate of Return on Investments is net of Other Expenses, and has been excluded from the Total Market Value of Assets at the end of the Fiscal Year for this calculation.



VALUATION OF FUND ASSETS

MARKET VALUE OF ASSETS (GAIN)/LOSS

Current Year (Gain)/Loss on Market Value of Assets

Total Market Value - Prior Valuation	\$ 28,741,820
Contributions	1,721,035
Benefit Payments	(1,019,055)
Expected Return on Investments	<u>1,963,765</u>
Expected Total Market Value - Current Valuation	31,407,565
Actual Total Market Value - Current Valuation	<u>28,011,169</u>
Current Market Value (Gain)/Loss	<u><u>\$ 3,396,396</u></u>
Expected Return on Investments	\$ 1,963,765
Actual Return on Investments (Net of Expenses)	<u>(1,432,631)</u>
Current Market Value (Gain)/Loss	<u><u>\$ 3,396,396</u></u>

*The Return on
the Market
Value of Assets
was Lower than
Expected Over
the Most Recent
Year.*

The (Gain)/Loss on the Market Value of Assets has been determined based on the Expected Return on Investments as shown in the *Actuarial Assumptions* section of this report.



VALUATION OF FUND ASSETS

DEVELOPMENT OF THE ACTUARIAL VALUE OF ASSETS

Total Market Value - Current Valuation		\$ 28,011,169
Adjustment for Prior (Gains)/Losses		
	<u>Full Amount</u>	
First Preceding Year	\$ 3,396,396	2,717,117
Second Preceding Year	(1,263,698)	(758,219)
Third Preceding Year	222,778	89,111
Fourth Preceding Year	1,656,689	331,338
Total Deferred (Gain)/Loss		<u>2,379,347</u>
Initial Actuarial Value of Assets - Current Valuation		\$ 30,390,516
Less Contributions for the Current Year and Interest		-
Less Adjustment for the Corridor		<u>-</u>
Actuarial Value of Assets - Current Valuation		<u>\$ 30,390,516</u>

The Actuarial Value of Assets is Equal to the Fair Market Value of Assets with Unanticipated Gains/Losses Recognized over 5 Years. The Actuarial Value of Assets is Currently 108% of the Market Value.

ACTUARIAL VALUE OF ASSETS (GAIN)/LOSS

Total Actuarial Value - Prior Valuation		\$ 28,603,344
Plus - Employer Contributions		1,369,010
Plus - Employee Contributions		352,025
Plus - Return on Investments		1,129,403
Less - Benefit and Related Payments		(1,019,055)
Less - Other Expenses		<u>(44,211)</u>
Total Actuarial Value - Current Valuation		<u>\$ 30,390,516</u>

The Rate of Return on Investments on the Actuarial Value of Assets for the Fund was Approximately 3.7% Net of Administrative Expenses.

The Actuarial Value of Assets incorporates portions of gains and losses over multiple years.



VALUATION OF FUND ASSETS

HISTORICAL ASSET PERFORMANCE

The chart below shows the historical Rates of Return on Investments for both Market Value of Assets and Actuarial Value of Assets.

	<u>Market Value</u>	<u>Actuarial Value</u>
First Preceding Year	(4.9%)	3.7%
Second Preceding Year	11.7%	6.1%
Third Preceding Year	5.8%	5.1%
Fourth Preceding Year	(0.5%)	5.3%

The historical Rates of Return on Investments shown above were calculated based on the annual Return on Investment for the year, as a percentage of the average value of the assets for the year.

For purposes of determining the average value of assets during the year, the ending Market Value of Assets has been adjusted to net out to the portion related to the investment returns themselves. All other cash flows are included.

For purposes of determining the annual Return on Investment we have adjusted the figures shown on the preceding pages. The figures shown on the preceding pages are net of Investment Expenses. We have made an additional adjustment to net out Administrative Expenses. Netting out Administrative Expenses allows us to capture returns for the year that can be used to make benefit payments as part of the ongoing actuarial process.

The adjustment we make is for actuarial reporting purposes only. By netting out Administrative Expenses and capturing investment returns that are available to pay benefits, it provides us a comparison to the Expected Return on Investments, but does not provide a figure that would be consistent with the return rates that are determined by other parties. Therefore, this calculated rate of return should not be used to analyze investment performance of the Fund or the performance of the investment professionals.



VALUATION OF FUND ASSETS

Expected Return on Investments Assumption

The Expected Return on Investments for this valuation is 6.75%. “Investment Risk” is the potential that actual Return on Investments will be different from what is expected. The selected Expected Return on Investments assumption is chosen to be a long-term assumption, producing a return that, on average, would produce a stable rate of return over a long-term horizon. Actual asset returns in the short-term may deviate from this long-term assumption due to current market conditions. Furthermore, establishing the Expected Return on Investments assumption may be dependent on the State of Illinois State Statutes pertaining to the limitations on types of investments Plan Sponsors may use. If the actual annual rates of return are less than the Expected Return on Investments, actuarial losses will be produced, thus increasing the Plan’s Unfunded Liability and, subsequently, future contribution requirements.

“Asset/Liability Mismatch” risk is a similar concept as Investment Risk, as it relates to setting the Expected Return on Investments assumption compared to the actual Return on Investments achieved. The Interest Rate used to discount future Plan liabilities is set equal to the Expected Return on Investments. It is expected that the selected Interest Rate be a rate that is reasonably expected to be achieved over the long-term. To the extent the selected Interest Rate to value plan liabilities is unreasonable, or significantly different than the actual Return on Investments earned over an extended period of time, additional Interest Rate risk is created. For example, determining plan liabilities at an Interest Rate higher than what is expected to be achieved through investment returns results in Unfunded Liability that is not a true representation of the Plan’s condition and Funded Percentage. As a result, the Actuarial Accrued Liability determined is an amount smaller than the liability that would be produced with an Interest Rate more indicative of future Expected Return on Investments. Therefore, the Recommended Contributions under the established Funding Policy may not be sufficient to appropriately meet the true pension obligations.





RECOMMENDED CONTRIBUTION DETAIL

Actuarial Accrued Liability
Funded Status
Development of the Employer Normal Cost
Normal Cost as a Percentage of Expected Payroll
Recommended Contribution
Schedule of Amortization – Unfunded Actuarial Accrued Liability
Actuarial Methods – Recommended Contribution

RECOMMENDED CONTRIBUTION DETAIL

ACTUARIAL ACCRUED LIABILITY

	Prior Valuation	Current Valuation
Active Employees	\$ 19,932,311	\$ 22,345,728
Inactive Employees		
Terminated Employees - Vested	357,094	381,404
Retired Employees	12,266,268	12,241,374
Disabled Employees	5,257,068	5,308,326
Other Beneficiaries	-	-
Total Inactive Employees	17,880,430	17,931,104
Total Actuarial Accrued Liability	\$ 37,812,741	\$ 40,276,832

The Total Actuarial Liability has Increased Approximately \$2,464,000 from Prior Valuation.

FUNDED STATUS

	Prior Valuation	Current Valuation
Total Actuarial Accrued Liability	\$ 37,812,741	\$ 40,276,832
Total Actuarial Value of Assets	28,603,344	30,390,516
Unfunded Actuarial Accrued Liability	\$ 9,209,397	\$ 9,886,316
Total Market Value of Assets	\$ 28,741,820	\$ 28,011,169
Percent Funded		
Actuarial Value of Assets	<u>75.64%</u>	<u>75.45%</u>
Market Value of Assets	<u>76.01%</u>	<u>69.55%</u>

Funded Percentage as of the Valuation Date is Subject to Volatility on Assets and Liability in the Short-Term.



RECOMMENDED CONTRIBUTION DETAIL

DEVELOPMENT OF THE EMPLOYER NORMAL COST

	Prior Valuation	Current Valuation
Total Normal Cost	\$ 911,582	\$ 952,845
Estimated Employee Contributions	(355,916)	(372,450)
Employer Normal Cost	<u>\$ 555,666</u>	<u>\$ 580,395</u>

*At a 100%
Funding Level,
the Normal Cost
Contribution is
Still Required.*

NORMAL COST AS A PERCENTAGE OF EXPECTED PAYROLL

	Prior Valuation	Current Valuation
Expected Payroll	<u>\$ 3,591,488</u>	<u>\$ 3,758,320</u>
Employee Normal Cost Rate	<u>9.910%</u>	<u>9.910%</u>
Employer Normal Cost Rate	<u>15.47%</u>	<u>15.44%</u>
Total Normal Cost Rate	<u>25.38%</u>	<u>25.35%</u>

*Ideally, the
Employer
Normal Cost
Rate will Remain
Stable.*

RECOMMENDED CONTRIBUTION

	Prior Valuation	Current Valuation
Employer Normal Cost*	\$ 593,173	\$ 619,572
Amortization of Unfunded Accrued Liability/(Surplus)	<u>778,940</u>	<u>878,456</u>
Funding Requirement	<u>\$ 1,372,114</u>	<u>\$ 1,498,027</u>

*The
Recommended
Contribution has
Increased 9.2%
from Prior
Valuation.*

*Employer Normal Cost Contribution includes interest through the end of the year.



RECOMMENDED CONTRIBUTION DETAIL

SCHEDULE OF AMORTIZATION – UNFUNDED ACTUARIAL ACCRUED LIABILITY

Below is the schedule of remaining amortization balances for the Unfunded Liability.

Unfunded Liability Base	Initial Balance	Date Established	Current Balance	Years Remaining	Payment
Initial Unfunded Liability	\$ 9,522,215	12/31/2016	\$ 9,233,312	15	\$ 821,263
Investment (Gain)/Loss	\$ 218,428	12/31/2017	\$ 213,744	14	\$ 20,059
Demographic (Gain)/Loss	\$ (467,047)	12/31/2017	\$ (457,031)	14	\$ (42,892)
Contribution (Gain)/Loss	\$ 63,426	12/31/2017	\$ 62,065	14	\$ 5,825
Investment (Gain)/Loss	\$ 833,320	12/31/2018	\$ 833,320	15	\$ 74,120
Actuarial (Gain)/Loss*	\$ (264)	12/31/2018	\$ (264)	15	\$ (24)
Contribution (Gain)/Loss	\$ 1,169	12/31/2018	\$ 1,169	15	\$ 104
Total	<u>\$ 10,171,247</u>		<u>\$ 9,886,316</u>		<u>\$ 878,456</u>

*\$3,891 of the Actuarial (Gain)/Loss Initial Balance is attributable to a loss due to Employee Contributions below expectation. \$1,935 of the Actuarial (Gain)/Loss Initial Balance is attributable to a loss due to Employer Contribution timing. (\$54,661) of the Actuarial (Gain)/Loss Initial Balance is attributable to a gain due to benefit payments below expectation.



RECOMMENDED CONTRIBUTION DETAIL

ACTUARIAL METHODS – RECOMMENDED CONTRIBUTION

Actuarial Valuation Date	January 1, 2019
Data Collection Date	December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Amortization Target	Layered - See Page 20
Asset Valuation Method	5-Year Smoothed Market Value

The contributions and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the Actuarial Cost Methods described. The Actuarial Cost and Amortization Methods allocate the projected obligations of the plan over the working lifetimes of the plan participants.

The Recommended Contribution amount shown in this report is based on the methods summarized above. The *Actuarial Funding Policies* section of the report includes a more detailed description of the Actuarial Funding Methods being used.

The Actuarial Funding Methods are meant to provide a systematic process for determining contributions on an annual basis. The methods do not impact the expectation of future benefit payments. The methods only impact the way contributions are made towards future benefit payments.

Different Actuarial Funding Methods may achieve funding goals with differing levels of success. Certain methods are more efficient and more stable on an annual basis.





ILLINOIS STATUTORY MINIMUM CONTRIBUTION

Statutory Minimum Contribution
Funded Status – Statutory Minimum
Actuarial Methods – Illinois Statutory Minimum Contribution

ILLINOIS STATUTORY MINIMUM CONTRIBUTION

STATUTORY MINIMUM CONTRIBUTION

	<u>Minimum Contribution</u>
Contribution Requirement	\$1,056,843
Expected Payroll	\$3,758,320
Contribution Requirement as a Percent of Expected Payroll	28.12%

FUNDED STATUS – STATUTORY MINIMUM

	<u>Minimum Contribution</u>
Normal Cost	\$1,129,538
Market Value of Assets	\$28,011,169
Actuarial Value of Assets	\$30,390,516
Actuarial Accrued Liability	\$37,869,824
Unfunded Actuarial Accrued Liability	\$7,479,308
Percent Funded	
Actuarial Value of Assets	80.25%
Market Value of Assets	73.97%



ILLINOIS STATUTORY MINIMUM CONTRIBUTION

The Statutory Minimum Contribution is based on Actuarial Funding Methods and funding parameters in the Illinois statutes for pension funding. The resulting contribution is lower than the Recommended Contribution for the current plan year. The lower contribution amount is not recommended because it represents only a deferral of contributions when compared to the Recommended Contribution method.

Actuarial Funding Methods for pensions are best applied to provide a balance between the long-term goals of a variety of stakeholders:

1. Beneficiaries – the Members are interested in benefit security and having the funds available to pay benefits when retired
2. Employers – cost control and cost stability over the long-term
3. Taxpayers – paying for the services they are receiving from active employees

The Statutory Minimum Contribution methods are not intended to provide a better system in any of the above categories long-term. The parameters are not recommended for a long-term funding strategy.

The Statutory Minimum methods put into place in 2011 were intended to provide short-term budget relief for Employer Contributions. An Employer using the Statutory Minimum parameters for current funding should view the contributions as short-term relief. Our recommendation in this situation is for a pension fund and an Employer to work towards a long-term funding strategy that better achieves the long-term funding goals, over a period that does not exceed 3-5 years.

The Securities and Exchange Commission in 2013 used the phrase “Statutory Underfunding” to describe situations where contributions appear to be more manageable in the short-term, but set up future contribution requirements that are less likely to be manageable.



ILLINOIS STATUTORY MINIMUM CONTRIBUTION

ACTUARIAL METHODS – ILLINOIS STATUTORY MINIMUM CONTRIBUTION

Actuarial Valuation Date	January 1, 2019
Data Collection Date	December 31, 2018
Actuarial Cost Method	Projected Unit Credit (Level % of Pay)
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	90% Funded over 22 years
Asset Valuation Method	5-Year Smoothed Market Value

The contribution and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the Actuarial Cost Methods described. The Actuarial Cost and Amortization methods allocate the projected obligations of the plan over the working lifetimes of the plan participants.

The Actuarial Funding Methods are meant to provide a systematic process for determining contributions on an annual basis. The methods do not impact the expectation of future benefit payments. The methods only impact the way contributions are made towards future benefit payments.

Different Actuarial Funding Methods may achieve funding goals with differing levels of success. Certain methods are more efficient and more stable on an annual basis.





ACTUARIAL VALUATION DATA

Active Employees
Inactive Employees
Summary of Benefit Payments

ACTUARIAL VALUATION DATA

ACTIVE EMPLOYEES

	Prior Valuation	Current Valuation
Vested	28	28
Nonvested	10	10
Total Active Employees	38	38
Total Payroll*	\$ 3,534,060	\$ 3,698,224

*Total Payroll for the current year includes assumed 2.50% COLA increases for all active members, in anticipation of retroactive pay increases upon contract settlement.

INACTIVE EMPLOYEES

	Prior Valuation	Current Valuation
Terminated Employees - Vested	2	2
Retired Employees	12	11
Disabled Employees	7	7
Other Beneficiaries	0	0
Total Inactive Employees	21	20

SUMMARY OF BENEFIT PAYMENTS

	Prior Valuation	Current Valuation
Terminated Employees - Vested	\$ 4,849	\$ 4,849
Retired Employees	59,216	56,571
Disabled Employees	26,031	26,255
Other Beneficiaries	-	-
Total Inactive Employees	\$ 90,096	\$ 87,675

Benefits shown for Terminated Employees under deferred retirement are not currently in pay status.





ACTUARIAL FUNDING POLICIES

Actuarial Cost Method
Financing Unfunded Actuarial Accrued Liability
Actuarial Value of Assets

ACTUARIAL FUNDING POLICIES

ACTUARIAL COST METHOD

The Actuarial Cost Method allocates the projected obligations of the plan over the working lifetimes of the plan participants.

In accordance with the Pension Fund's Funding Policy the Actuarial Cost Method for the Recommended Contribution basis is Entry Age Normal (Level Percent of Pay). The Entry Age Normal Cost Method is a method under which the actuarial present value of the projected benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called Normal Cost. The portion of the actuarial present value not provided at an Actuarial Valuation Date by the actuarial present value of future Normal Costs is called the Actuarial Accrued Liability.

The Entry Age Normal method attempts to create a level cost pattern. In contrast to other Actuarial Cost Methods which inherently lead to uneven or less predictable cost patterns, the Entry Age Normal method is generally understood to be less risky in terms of contribution stability from year to year.

The Conference of Consulting Actuaries Public Plans Community produced a "white paper" detailing Funding Policy model practices for public sector pension plans. Under the Level Cost Actuarial Methodology ("LCAM"), one of the principal elements to a Funding Policy is the Actuarial Cost Method. When deciding which Actuarial Cost Method to use, several objectives may be considered, such as the following:

- Each participant's benefit should be funded under a reasonable allocation method by the expected retirement date
- Pay-related benefit costs should reflect anticipated pay at retirement
- The expected cost of each year of service (i.e. Normal Cost) for each active Member should be reasonably related to the expected cost of that Member's benefit
- The Member's Normal Cost should emerge as a level percent of Member compensation
- No gains or losses should occur if all assumptions are met.

Following these criteria, the use of the Entry Age Normal cost method (Level Percent of Pay) is a model practice.

FINANCING UNFUNDED ACTUARIAL ACCRUED LIABILITY

The Unfunded Actuarial Accrued Liability may be amortized over a period either in level dollar amounts or as a level percentage of payroll.

When amortizing the Unfunded Actuarial Accrued Liability as a level percentage of payroll, additional risk is incurred since the amortization payments in the early years of the payment period may not be large enough to cover the interest accrued on the existing Unfunded Liability. As a result, the Unfunded Liability may increase initially, before the amortization payments grow large enough to cover all interest accruals. Generally speaking, the Plan Sponsor will be required to contribute a larger total contribution amount over the course of the funding period under a level percentage of payroll basis as compared to a level dollar payroll schedule.



ACTUARIAL FUNDING POLICIES

The Government Finance Office Association notes that best practices in public pension finance include utilizing amortization periods that do not exceed 20 years. Longer amortization periods elevate the risk of failing to reduce any Unfunded Liability. For example, when the amortization payment in full only covers interest on the Unfunded Liability, but does not reduce the existing Unfunded Liability, the required contribution will increase in future years.

A second principal element under the Level Cost Actuarial Methodology described above is to establish an Amortization Policy that determines the length of time and the structure of the increase or decrease in contributions required to systematically fund the Unfunded Actuarial Accrued Liability. When deciding upon the Amortization Policy, several objectives may be considered, such as the following:

- Variations in the source of liability changes (i.e. gains or losses, plan changes, assumption changes) should be funded over periods consistent with an appropriate balance between the policy objectives of demographic matching and volatility management
- The cost changes in Unfunded Actuarial Accrued Liability should emerge as a level percentage of Member compensation

The LCAM model practices for the Amortization Policy include the following:

- Layered fixed period amortization by source
- Level percent of pay amortization
- An amortization period ranging from 15-20 years for experience gains or losses
- An amortization period of 15-25 years for assumption changes

In accordance with the Pension Fund's Funding Policy for the Recommended Contribution, the Unfunded Actuarial Accrued Liability is amortized by level percent of payroll contributions to a 100% funding target over a layered amortization period of 15 years. See the *Actuarial Methods – Recommended Contribution* section of this report for more detail.

We believe that the amortization period is appropriate for the purposes of this valuation.

ACTUARIAL VALUE OF ASSETS

The Pension Fund is an ongoing plan. The Employer wishes to smooth the effect of volatility in the Market Value of Assets on the annual contribution. Therefore, the Actuarial Value of Assets is equal to the Market Value of Assets with unanticipated gains/losses recognized over a five-year period.

The Asset Valuation Method is intended to create an Actuarial Value of Assets that remains reasonable in relation to the Market Value of Assets over time. The method produces results that can fall either above or below the Market Value of Assets. The period of recognition is short.

It is intended that the period of recognition is short enough to keep the Actuarial Value of Assets within a decent range of the Market Value. In the event that the Actuarial Value of Assets exceeds or falls below a 10% corridor of the Market Value of Assets, the additional gain or loss will be recognized immediately.





ACTUARIAL ASSUMPTIONS

Nature of Actuarial Calculations
Actuarial Assumptions in the Valuation Process
Assessment of Risk Exposure
Limitations of Risk Analysis
Actuarial Assumptions Utilized

ACTUARIAL ASSUMPTIONS

NATURE OF ACTUARIAL CALCULATIONS

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain Plan Provisions may be approximated or deemed immaterial, and, therefore, are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that significant items in the context of the Actuarial Accrued Liability or costs are treated appropriately, and not excluded or included inappropriately.

Actual future experience will differ from the assumptions used in the calculations. As these differences arise, the expense for accounting purposes will be adjusted in future valuations to reflect such actual experience.

A range of results different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision which is not inherent in actuarial calculations.

ACTUARIAL ASSUMPTIONS IN THE VALUATION PROCESS

The contributions and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and census information furnished, using the Actuarial Cost Methods described in the previous section.

The principal areas of financial risk which require assumptions about future experience are:

- Long-term Expected Return on Investments
- Patterns of pay increases for Members
- Rates of Mortality among Members and Beneficiaries
- Rates of Withdrawal of Active Members
- Rates of Disability among Members
- Age patterns of actual retirement

Actual experience of the Pension Fund will not coincide exactly with assumed experience. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments to the computed Recommended Contribution.

Details behind the selection of the actuarial assumptions can be found in the Assumptions Summary document provided to the client upon request. The client has reviewed and approved the assumptions as a reasonable expectation of the future anticipated experience under the Plan.



ACTUARIAL ASSUMPTIONS

ASSESSMENT OF RISK EXPOSURES

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

In addition, Actuarial Standards of Practice require that the Actuary minimally perform a qualitative assessment of key financial and demographic risks as part of the risk assessment process with each annual Actuarial Valuation. The risk assessments we perform include, but are not limited to, the following:

- Periodic demographic experience studies every 3 to 5 years to confirm the ongoing appropriateness of demographic assumptions
- Highlight the impact of demographic experience over the past year, as well as other sources of change and volatility in the *Actuarial Recommended Contribution – Reconciliation* section of this report
- Detail year-over-year changes in contribution levels, assets, liabilities, and Funded Status in the *Recommended Contribution* and *Funded Status* sections of the Management Summary of this report
- Review any material changes in the covered population as summarized in the *Actuarial Valuation Data* section of this report
- Provide and discuss a separate written Assumptions Summary document highlighting the rationale for each key economic and demographic assumption chosen by the Plan Sponsor
- Identify potential cash flow risks by highlighting expected benefit payments over the next 5-year and 10-year periods in the *Asset Growth* section of the Management Summary in this report
- Describe the impact of any assumption, method, or policy change in the Management Summary
- Utilize supplemental information, such as the GASB discount rate sensitivity disclosures to understand, for example, what impact an alternative Expected Return on Investments assumption might have on the estimation of Actuarial Accrued Liability and Funded Status
- Utilize supplemental information, such as the GASB solvency test, to better understand the cash flow risk and long-term sustainability of the Plan.

LIMITATIONS OF RISK ANALYSIS

Since future experience may never be precisely as assumed, the process of selecting funding methods and actuarial assumptions may inherently create risk and volatility of results. A more detailed evaluation of the above risk exposures is beyond the scope and nature of the annual Actuarial Valuation process. For example, scenario tests, sensitivity tests, stress tests, and/or stochastic modeling for multi-year projections to assess the impact of alternative assumptions and methods, or modeling future experience different from the assumptions in these results, are not included in this Actuarial Valuation.

The Lake in the Hills Police Pension Fund and/or Village of Lake in the Hills, Illinois should contact the Actuary if they desire a more detailed assessment of any of these forward-looking risk exposures.



ACTUARIAL ASSUMPTIONS

ACTUARIAL ASSUMPTIONS UTILIZED

Expected Return on Investments	6.75% net of administrative expenses.
CPI-U	2.50%
Total Payroll Increases	3.25%
Individual Pay Increases	4.00% - 11.02%

Individual salary increases include a long-term average increase for inflation, average annual increases for promotions, and any additional increases for a step program. Sample rates as follows:

Service	Rate	Service	Rate
0	11.02%	8	4.00%
1	10.35%	9	4.00%
2	9.78%	10	4.00%
3	9.29%	15	4.00%
4	8.86%	20	4.00%
5	8.48%	25	4.00%
6	8.14%	30	4.00%
7	7.84%	35	4.00%

Retirement Rates

100% of the L&A Assumption Study Cap Age 65 for Police 2016.
Sample rates as follows:

Age	Rate	Age	Rate
50	0.117	53	0.139
51	0.124	54	0.147
52	0.131	55	0.156



ACTUARIAL ASSUMPTIONS

Withdrawal Rates

100% of the L&A Assumption Study for Police 2016. Sample rates as follows:

Age	Rate	Age	Rate
25	0.041	40	0.027
30	0.039	45	0.014
35	0.036	50	0.003

Disability Rates

100% of the L&A Assumption Study for Police 2016. Sample rates as follows:

Age	Rate	Age	Rate
25	0.0005	40	0.0028
30	0.0010	45	0.0043
35	0.0018	50	0.0064

Mortality Rates

Active Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.

Retiree Mortality follows the L&A Assumption Study for Police 2016. These rates are experience weighted with the Raw Rates as developed in the RP-2014 Study, with Blue Collar Adjustment and improved generationally using MP-2016 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study for Disabled Participants. These rates are improved generationally using MP-2016 Improvement Rates.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study. These rates are improved generationally using MP-2016 Improvement Rates.

Married Participants

80% of Active Participants are assumed to be married. Female Spouses are assumed to be 4 Years younger than Male Spouses.





SUMMARY OF PRINCIPAL PLAN PROVISIONS

Establishment of the Fund
Administration
Employee Contributions
Regular Retirement Pension Benefit
Early Retirement Pension Benefit
Surviving Spouse Benefit
Termination Benefit – Vested
Disability Benefit

SUMMARY OF PRINCIPAL PLAN PROVISIONS

ESTABLISHMENT OF THE FUND

The Police Pension Fund is established and administered as prescribed by “Article 3 – Police Pension Fund – Municipalities 500,000 and Under” of the Illinois Pension Code.

ADMINISTRATION

The Police Pension Fund is administered by a Board of Trustees whose duties are to manage the Pension Fund, determine applications for pensions, authorize payment of pensions, establish rules, pay expenses, invest assets, and keep records.

EMPLOYEE CONTRIBUTIONS

Employees contribute 9.910% of pensionable salary.

REGULAR RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

Eligibility: Age 50 with at least 20 years of creditable service.

Benefit: 50% of final salary for the first 20 years of service, plus an additional 2.5% of final salary for each year of service beyond 20 years of service, and not to exceed 75% of final salary. “Final salary” is based on the police officer’s pensionable salary attached to rank held on the last day of service, unless the pensionable salary was higher at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 1/12 of 3% of the original monthly benefit for each full month that has passed since the pension began. The initial increase date will be the latter of the first day of the month after the pensioner turns age 55 or the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.



SUMMARY OF PRINCIPAL PLAN PROVISIONS

REGULAR RETIREMENT PENSION BENEFIT - CONTINUED

Hired on or After January 1, 2011

Eligibility: Age 55 with at least 10 years of creditable service.

Benefit: 2.5% of final average salary for each year of service, and not to exceed 75% of final average salary. "Final average salary" is determined by dividing the total pensionable salary during 96 consecutive months of service within the last 120 months of service in which total pensionable salary was the highest, by the number of months of service in that period. Annual salary for this purpose will not exceed the salary cap, indexed by the lesser of 3% or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st. The salary cap will not decrease.

Annual Increase in Benefit: The initial increase date will be the latter of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

EARLY RETIREMENT PENSION BENEFIT

Hired Prior to January 1, 2011

None.

Hired on or After January 1, 2011

Eligibility: Age 50 with at least 10 years of creditable service.

Benefit: The regular retirement pension benefit reduced by ½ of 1% for each month that the police officer's age is between 50 and 55.

Annual Increase in Benefit: The initial increase date will be the latter of the January 1st after the pensioner turns age 60 or the January 1st after the retirement date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.



SUMMARY OF PRINCIPAL PLAN PROVISIONS

SURVIVING SPOUSE BENEFIT

Hired Prior to January 1, 2011

Eligibility: Married to an active police officer with at least 8 years of creditable service or disabled pensioner at the time of death or married to a retired pensioner on the last day of service.

Active Line of Duty Death Benefit: An eligible surviving spouse is entitled to receive 100% of the police officer's final pensionable salary attached to rank held on the last day of service.

Non-Duty Death Benefit:

Disabled or Retired Pensioner: An eligible surviving spouse is entitled to receive the pensioner's benefit at the time of death.

Active Employee with 20+ Years of Service: An eligible surviving spouse is entitled to the police officer's benefit at the time of death.

Active Employee with 10-20 Years of Service: An eligible surviving spouse is entitled to receive 50% of the police officer's pro-rated pensionable salary attached to rank over the last 12 months.

Annual Increase in Benefit: None.

Hired on or After January 1, 2011

Eligibility: Married to an active police officer with at least 8 years of creditable service or disabled pensioner at the time of death or married to a retired pensioner on the last day of service.

Active Line of Duty Death Benefit: An eligible surviving spouse is entitled to receive 100% of the police officer's final pensionable salary attached rank held on the last day of service.

Non-Duty Death Benefit:

Disabled or Retired Pensioner, Active Employee with 20+ Years of Service, and Active Employee with 10-20 Years of service: An eligible surviving spouse is entitled to receive 66 ⅔% of the police officer's pension benefit at the time of death.

Annual Increase in Benefit: The initial increase date will be the January 1st after the surviving spouse turns age 60. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.



SUMMARY OF PRINCIPAL PLAN PROVISIONS

TERMINATION BENEFIT – VESTED

Hired Prior to January 1, 2011

Eligibility: Age 60 with at least 8 but less than 20 years of creditable service.

Benefit: 2.5% of final salary for each year of service. “Final salary” is based on the police officer’s pensionable salary attached to rank held on the last day of service, unless the pensionable salary was higher at some point within the year prior to the last day of service. If so, the pensionable salary is averaged over the last 12 months.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 1/12 of 3% of the original monthly benefit for each full month that has passed since the pension began on the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.

Hired on or After January 1, 2011

None.



SUMMARY OF PRINCIPAL PLAN PROVISIONS

DISABILITY BENEFIT

Hired Prior to January 1, 2011

Eligibility: Duty or Non-Duty Disability.

Benefit: For a duty disability, a police officer is entitled to receive the greater of 65% of final salary or the regular retirement pension benefit at the time of disability. For a non-duty disability, a police officer is entitled to receive 50% of final salary. “Final salary” is based on the police officer’s pensionable salary attached to rank held on the last day of service.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 3% of the original monthly benefit for each full year that has passed since the pension began. The initial increase date will be the latter of the January 1st after following pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1st thereafter.

Hired on or after January 1, 2011

Eligibility: Duty or Non-Duty Disability.

Benefit: For a duty disability, a police officer is entitled to receive the greater of 65% of final salary or the regular retirement pension benefit at the time of disability. For a non-duty disability, a police officer is entitled to receive 50% of final salary. “Final salary” is based on the police officer’s pensionable salary attached to rank held on the last day of service.

Annual Increase in Benefit: A police officer is entitled to receive an initial increase equal to 3% of the original monthly benefit for each full year that has passed since the pension began. The initial increase date will be the latter of the January 1st after following pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1st thereafter.





GLOSSARY OF TERMS

Glossary of Terms

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Actuarial Accrued Liability – The Actuarial Present Value of future benefits based on the employees’ service rendered to the Measurement Date using the selected Actuarial Cost Method. It is that portion of the Actuarial Present Value of plan benefits and expenses allocated to prior years of employment. It is not provided for by future Normal Costs.

Actuarial Cost Method – The method used to allocate the projected obligations of the plan over the working lifetimes of the plan participants.

Actuarial Value of Assets – The value of the assets used in the determination of the Unfunded Actuarial Accrued Liability. The Actuarial Value of Assets is related to Market Value of Assets, with adjustments made to spread unanticipated gains and losses for a given year over a period of several years. Actuarial Value of Assets is generally equally likely to fall above or below the Market Value of Assets, and generally does not experience as much volatility over time as the Market Value of Assets.

Asset Valuation Method – A valuation method designed to smooth random fluctuations in asset values. The objective underlying the use of an Asset Valuation Method is to provide for the long-term stability of Employer Contributions.

Funding Policy – A set of procedures for a Pension Fund that outlines the “best practices” for funding the pension benefits based on the goals of the Plan Sponsor. A Funding Policy discusses items such as assumptions, Actuarial Cost Method, assets, and other parameters that will best help the sponsor meet their goal of working in the best interest of the plan participant.

Market Value of Assets – The value of the cash, bonds, securities and other assets held in the pension trust as of the measurement date.

Normal Cost – The present value of future benefits earned by employees during the current Fiscal Year. It is that portion of the Actuarial Present Value of benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Unfunded Actuarial Accrued Liability – The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. The Unfunded Actuarial Accrued Liability is amortized over a period either in level dollar amounts or as a level percentage of projected payroll.





Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS



REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Police

SUBJECT: PowerDMS Service Order & Terms and Conditions

EXECUTIVE SUMMARY

The department uses PowerDMS software to manage and track compliance standards for the Illinois Law Enforcement Accreditation Program (ILEAP). The ILEAP module is set to renew for another term starting September 22, 2019, to September 21, 2020. Paragraph 9 in the Terms and Conditions includes an indemnification clause requiring Board approval.

FINANCIAL IMPACT

The total renewal price is \$850 with funds available in the 2019 budget for the purchase.

ATTACHMENTS

1. PowerDMS Service Order #Q-45409
2. PowerDMS Inc. Terms and Conditions Last updated: March 7, 2019

RECOMMENDED MOTION

Motion to approve and authorize the Chief of Police to execute the PowerDMS Service Order.

Contract Details		Order Details	
Account Number: A-1334		Order #: Q-45409	
Customer: Lake In The Hills Police Department (IL)		Order Date: 9/22/2019	
Sales Rep: Kelly Kyle		Valid Until: 9/22/2019	
		Subscription Start Date: 9/22/2019	
		Initial Term: 12	
Customer Contact			
Billing Contact:	Lake In The Hills Police Department (IL)	Billing Contact Email:	jgriggel@lith.org
	Joyce Griggel	Phone:	(847) 658-5676
Address:	600 Harvest Gate	Fax:	
	Lake in the Hills, IL 60156		
Payment Terms			
Payment Term:	Net 60	Notes:	
PO Number:			
Subscription Service			

Item	Start Date	End Date	Qty	Type	List Price	Total
PowerDMS Standards for ILEAP (Illinois)	9/22/2019	9/21/2020	1	Recurring	\$850.00	\$850.00
Attach proofs to show compliance with ILEAP Standard, assign assessment tasks, track revisions, and status-based grading.						
ILEAP Standards Manual (Illinois)	9/22/2019	9/21/2020	1	Recurring	\$0.00	\$0.00
View Standards Manual electronically.						
TOTAL:						\$850.00

Additional Terms and Conditions

Payment Terms All invoices issued hereunder are **due upon the invoice due date**. The fees set forth in this Service Order are exclusive of all applicable taxes, levies, or duties imposed by taxing authorities and Customer shall be responsible for payment of any such applicable taxes, levies, or duties. All payment obligations are non-cancellable, and all fees paid are non-refundable.

Terms & Conditions Unless otherwise agreed in writing by PowerDMS and Licensee, this Service Order and the services to be furnished pursuant to this Service Order are subject to the terms and conditions set forth here: <http://www.powerdms.com/terms-and-conditions/>. The Effective Date (as defined in the online terms and conditions of this Software as a Service Agreement) shall be the date set forth below.

Accepted and Agreed By:
Lake In The Hills Police Department (IL)

Signature: _____
 Printed Name: Dave Brey
 Title: Chief of Police
 Date: 7/9/19

THE INFORMATION AND PRICING CONTAINED IN THIS SERVICE ORDER IS STRICTLY CONFIDENTIAL

10-61.24

PowerDMS, Inc.
Terms and Conditions
Last updated: March 7, 2019

These Terms and Conditions (this "**Agreement**") shall be effective between the Customer and PowerDMS as of the Effective Date. This Agreement governs the purchase and use of the Services by Customer. By execution of one or more Service Orders, Customer accepts the terms of this Agreement and thereby agrees to be bound by the terms and conditions set forth in this Agreement.

1. Definitions; Construction

1.1. Definitions.

"**Agreement**" means these PowerDMS Terms and Conditions.

"**Customer**" means the entity or organization identified on the Service Order.

"**Customer Data**" means electronic data and information submitted by or for Customer to PowerDMS in connection with the Services.

"**Effective Date**" means the date on which the Customer executes the first Service Order.

"**Intellectual Property Rights**" means all trade secrets, United States patents and patent applications, trademarks (whether registered or unregistered and including any goodwill acquired in such trade marks), service marks, trade names, copyrights, moral rights, database rights, design rights, rights in know-how, rights in Confidential Information, rights in inventions (whether patentable or not) and all other intellectual property and proprietary rights (whether registered or unregistered, any application for the foregoing, and all rights to enforce the foregoing), and all other equivalent or similar rights which may subsist anywhere in the United States.

"**Malicious Code**" means code, files, scripts, agents or programs intended to do harm, including, for example, viruses, worms, time bombs and Trojan horses.

"**PowerDMS**" means PowerDMS, Inc., a Delaware corporation.

"**PowerDMS Technology**" means the software applications, tools, application programming interfaces (APIs), connectors, programs, networks and equipment that PowerDMS uses to make its software as a service subscription products and related services available to its customers.

“Service Order” means an ordering document executed by Customer, whether or not designated a “Service Order”, specifying the Services the Customer is purchasing from PowerDMS, as such Service Order may be amended from time to time as mutually agreed by the Customer and PowerDMS. Service Orders shall not include Customer’s purchase order forms.

“Services” means the PowerDMS software as a service (SaaS) subscription products and/or professional services described in one or more Service Orders executed by the Customer.

“Users” means an individual who is an employee or independent contractor of Customer who has been authorized by Customer to use the Services, for whom Customer has purchased a subscription, and to whom Customer (or, when applicable, PowerDMS at Customer’s request) has supplied a user identification and password.

“Volunteered Data” shall include any and all suggestions, enhancement requests, recommendations, corrections or other feedback provided by Customer or its Users relating to the Services or the PowerDMS Technology as well as any portion of the Customer Data that the Customer submits into the PowerDMS Success Community or otherwise unambiguously identifies through the Services as being made freely available to PowerDMS or other PowerDMS customers. Volunteered Data shall not include Protected Health Information (PHI), data applicable to or regulated by the Payment Card Industry–Data Security Standards (PCI-DSS), Personally Identifiable Information (PII), or personal data of data subjects within the European Union (EU), European Economic Area (EEA), or Switzerland.

1.2. Construction. This Agreement applies to the provision of all Services. The parties will enter into one or more Service Orders that contain additional terms and conditions applicable to the provision of certain Services. Upon execution by the Customer, each Service Order will be incorporated into this Agreement. In the event of any conflict between the provisions of this Agreement and any Service Order, the provisions of the Service Order will prevail, but only to the extent of such conflict.

2. **Services**

2.1. Services. PowerDMS will (a) make the Services available to Customer and Customer’s Users pursuant to this Agreement and any applicable Service Orders, (b) provide applicable standard support for the Services at no additional charge (or such other level of support specified in a Service Order), (c) use commercially reasonable efforts, using applicable current industry practices, to ensure the Services do not contain or transmit any Malicious Code, and (d) use commercially reasonable efforts to make the Services available 24 hours a day, 7 days a week, except for planned downtime (of which

PowerDMS will give advance notice).

2.2. Subscriptions. Unless otherwise provided in the applicable Service Order, Services are purchased as subscriptions. If Customer elects to increase the number of Users permitted to use the Services pursuant to a subscription, fees for the additional Users will be calculated at the same per User pricing as the underlying subscription and will be prorated for the portion of that subscription term remaining at the time the additional Users are added. Any such modification to a subscription will be confirmed in writing by Customer.

2.3. Customer Responsibilities. Customer will responsible for (a) ensuring Customer and its Users comply with terms and conditions of this Agreement and each Service Order for all acts of its Users, (b) the accuracy, quality and legality of the Customer Data, the means by which the Customer obtained the Customer Data and Customer's use of the Customer Data in connection with the Services, (c) using reasonable efforts to prevent unauthorized access to or use of Services, and provide prompt notice to PowerDMS of any unauthorized access or use, (d) using the Services only in accordance with this Agreement, any applicable Service Orders and applicable laws and government regulations, and (e) allocating the necessary resources and personnel to cooperate with PowerDMS staff in a timely manner to allow the Services to perform.

2.4. Restrictions. Customer will not, and will ensure its Users do not (a) make any of the Services available to anyone other than Users or use any Services for the benefit of anyone other than Customer and its Users, unless otherwise agreed in writing by the parties, (b) sell, resell, license, sublicense, distribute, make available, rent or lease any of the Services, or include any of the Services in a service bureau or outsourcing offering, unless otherwise agreed in writing by the parties, (c) use the Services to store or transmit infringing, libelous, or otherwise unlawful or tortious material, or to store or transmit material in violation of the privacy rights, publicity rights, copyright rights, or other rights of any person or entity, (d) use the Services to store or transmit Protected Health Information (PHI), unless otherwise agreed in writing by the parties, (e) use the Services to store, transmit or process the personal data of data subjects within the European Union (EU), European Economic Area (EEA), or Switzerland unless otherwise agreed in writing by the parties, (f) use the Services to store or transmit data applicable to or regulated by the Payment Card Industry – Data Security Standards (PCI-DSS), (g) use the Services to store or transmit Malicious Code, (h) interfere with or disrupt the integrity or performance of the Services (including, without limitation, activities such as security penetration tests, stress tests, and spamming activity), (i) attempt to gain unauthorized access to the Services or its related systems or networks, (j) modify, copy, or create derivative works based on the Services or any part, feature, function or user interface thereof, (k) frame or mirror any part of the Services, other than framing on Customer's own intranets or otherwise for Customer's own internal purposes, (l) access the Services for the purpose of building, selling or marketing a competitive product or service or

copying any PowerDMS Technology, (m) remove the copyright, trademark, or any other proprietary rights or notices included within PowerDMS Technology and on and in any documentation or training materials, (n) disassemble, reverse engineer, or decompile the Services, including PowerDMS Technology or otherwise attempt to obtain or perceive the source code of PowerDMS Technology, or (o) use the Services in a manner which violates any applicable laws.

2.5. Infringing Content. PowerDMS reserves the right to delete or disable content stored, transmitted or published by Customer using the Services upon receipt of a bona fide notification that such content infringes upon the intellectual property rights of others, or if PowerDMS otherwise reasonably believes any such content is in violation of Section 2.4(c).

2.6. Modifications to Services. The Services may be modified by PowerDMS from time to time as it deems necessary to address changes in technology and the needs of its customers, provided that any such modification will not degrade the functionality of the Services in any material manner, unless required by applicable law. PowerDMS will notify Customer in advance of any material modifications.

2.7. Third Party Services. The Services may permit Customer and its Users to access services or content provided by third parties through the Services ("**Third Party Offerings**"). Customer agrees that PowerDMS is not the original source and shall not be liable for any inaccuracies contained in any content provided in a Third Party Offering. PowerDMS makes no representations, warranties or guarantees with respect the Third Party Offerings or any content contained therein. PowerDMS may discontinue access to any Third Party Offering through the Services, with or without notice, if the relevant agreement with the applicable third party no longer permits PowerDMS to provide such access.

3. **Proprietary Rights and Licenses**

3.1. Limited License to Use Services. Subject to the terms and conditions of this Agreement, PowerDMS hereby grants to Customer a non-exclusive, non-transferable, limited, royalty-free license, without right to sub-license, for the term of each Service Order, to access and use, and to permit its Users to access and use, the Services, solely for Customer's operations in its ordinary course of business.

3.2. Limited License to Use Customer Data. Customer hereby grants to PowerDMS a non-exclusive, non-transferable, limited, royalty-free license, without right to sub-license (except to its sub-processors, as required for the provision of the Services), to aggregate, compile, and otherwise use the Customer Data, as necessary to perform the Services, to create Statistical Data and Anonymized Data for the purposes described in 3.3 below and as otherwise may be agreed in writing by Customer.

3.3. Statistical Data and Anonymized Data. PowerDMS tracks and collects certain information about how Users use the Services and uses the information collected to

obtain general statistics regarding the use of the Services and to evaluate how Users use and navigate the Services (collectively, "Statistical Data"). PowerDMS may use Statistical Data for PowerDMS's internal analytical purposes, including the improvement and enhancement of the Services and PowerDMS's other offerings. At times, PowerDMS may review the Statistical Data of multiple customers and may combine, in a non-personally-identifiable format, the Statistical Data with Statistical Data derived from other customers and users to create aggregate, anonymized data regarding usage history and statistics (collectively, "Anonymized Data"). Anonymized Data will not contain information that identifies or could be used to identify Customer or its Users. Customer agrees that Anonymized Data is not Confidential Information of Customer. PowerDMS may use Anonymized Data to create reports that it may use and disclose for PowerDMS's commercial or other purposes.

3.4. Reservation of Rights. No rights or licenses are granted except as expressly set forth herein. Without limited the foregoing, subject to the limited rights expressly granted in this Section 3, all right, title and interest (including all related Intellectual Property Rights) in and to (a) the Services and the PowerDMS Technology is retained by PowerDMS, and (b) the Customer Data is retained by Customer.

3.5. Feedback and Volunteered Data. Customer grants PowerDMS a worldwide, perpetual, irrevocable, royalty-free license to use, disclose, reproduce, license or otherwise distribute and incorporate into the Services and the PowerDMS Technology any "**Volunteered Data**".

3.6. Federal Government Use. If the Services or the PowerDMS Technology are made available to a federal government end user, for ultimate federal government end use, technical data and software rights related to the Services include only those rights customarily provided to the public as specified in this Agreement.

4. **Fees**

4.1. Fees. Customer will pay PowerDMS all fees specified in a Service Order. Except as otherwise specified in this Agreement or in a Service Order Form, payment obligations are non-cancelable, and fees paid are non-refundable, and quantities purchased cannot be decreased during the relevant subscription term.

4.2. Payment Terms. Fees set forth in each Service Order are due on the date set forth on the invoice referencing such Service Order.

4.3. Customer Purchase Orders. Except as otherwise specified in a Service Order, Customer will not require any purchase order to pay fees due or otherwise to perform its obligations with respect to any Service Order. Any reference to a purchase order in a Service Order or any associated invoice is solely for Customer's convenience in record keeping, and no such reference or any delivery of services to Customer following receipt of any purchase order shall be deemed an acknowledgement of or an agreement to any terms or conditions referenced or included in any such purchase order or in any way be

deemed to modify, alter, supersede or supplement any Service Order or this Agreement.

4.4. Taxes. The fees set forth in each Service Order do not reflect any taxes, levies, duties or similar governmental assessments of any nature, including, for example, value-added, sales, use or withholding taxes, assessable by any jurisdiction whatsoever (collectively, "Taxes"). Customer is responsible for paying all Taxes associated with Customer's purchase and use of Services, excluding any taxes based upon PowerDMS's personal property ownership or net income. If PowerDMS has the legal obligation to pay or collect Taxes for which Customer is responsible under this Section 4.4, PowerDMS will invoice Customer for, and Customer will promptly pay, the amount of such Taxes unless Customer provides PowerDMS with a valid tax exemption certificate authorized by the appropriate taxing authority.

4.5. Overdue Charges. Any invoiced amount that is not received by PowerDMS when due as set forth in a Service Order will be subject to a late payment fee of 1.5% per month or the maximum rate permitted by law, whichever is lower.

4.6. Suspension of Services. If any amount owing by Customer is more than 30 days overdue, PowerDMS may, without limiting its other rights and remedies, suspend the Services until such amounts are paid in full.

4.7. Payment Disputes. PowerDMS will not exercise its rights under Section 4.5 or 4.6 so long as Customer is disputing the applicable charges reasonably and in good faith and is cooperating diligently to resolve the dispute.

5. **Confidentiality**

5.1. Definition of Confidential Information. "**Confidential Information**" means all information disclosed by a party ("**Disclosing Party**") to the other party ("**Receiving Party**"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure. Customer's Confidential Information includes its Customer Data. PowerDMS Confidential Information includes the PowerDMS Technology and the Services. The Confidential Information of each party includes the terms and conditions of this Agreement and all Service Orders (including pricing), as well as business and marketing plans, technology and technical information, product plans and designs, and business processes disclosed by such party. However, Confidential Information does not include any information that (a) is or becomes generally known to the public without breach of any obligation owed to the Disclosing Party, (b) was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party, (c) is received from a third party without breach of any obligation owed to the Disclosing Party, or (d) was independently developed by the Receiving Party.

5.2. Obligations. The Receiving Party will use the same degree of care it uses to protect the confidentiality of its own confidential information of like kind (but not less

than reasonable care) (i) not to use any Confidential Information of the Disclosing Party for any purpose outside the scope of this Agreement and (ii) except as otherwise authorized by the Disclosing Party in writing, to limit access to Confidential Information of the Disclosing Party to those of its employees and contractors who need access for purposes consistent with this Agreement and who have signed confidentiality agreements with the Receiving Party containing protections not less protective of the Confidential Information than those herein.

5.3. Exceptions. The Receiving Party may disclose Confidential Information of the Disclosing Party to the extent compelled by law to do so, provided the Receiving Party gives the Disclosing Party prior notice of the compelled disclosure (to the extent legally permitted) and reasonable assistance, at the Disclosing Party's cost, if the Disclosing Party wishes to contest the disclosure.

5.4. Equitable Relief. The parties recognize and agree there is no adequate remedy at law for breach of the provisions of the confidentiality obligations set forth in this Section 5, that such a breach would irreparably harm the Disclosing Party and the Disclosing Party is entitled to seek equitable relief (including, without limitation, an injunction) with respect to any such breach or potential breach in addition to any other remedies available to it at law or in equity.

6. **Customer Data**

6.1. Data Protection. PowerDMS will maintain administrative, physical, and technical safeguards for protection of the security, confidentiality and integrity of the Customer Data. Those safeguards will include, but will not be limited to, measures for preventing access, use, modification or disclosure of Customer Data by PowerDMS personnel except (a) to provide the Services and prevent or address service or technical problems, (b) as compelled by applicable law, or (c) as Customer expressly permits in writing. Customer acknowledges and agrees that it is commercially reasonable for PowerDMS to rely upon the security processes and measures utilized by PowerDMS's cloud infrastructure providers.

6.2. Data Breach Notification. PowerDMS will notify Customer of unauthorized access to, or unauthorized use, loss or disclosure of Customer Data within custody and control (a "**Security Breach**") within 72 hours of PowerDMS's confirmation of the nature and extent of the same or when required by applicable law, whichever is earlier. Each party will reasonably cooperate with the other with respect to the investigation and resolution of any Security Breach. Except to the extent required otherwise by applicable law, Customer will have approval rights on notifying any third-party regulatory authority of the Security Breach. If applicable law or Customer's policies require notification of its Users or others of the Security Breach, Customer shall be responsible for such notification.

6.3. Data Export, Retention and Destruction. Customer may export or delete

Customer Data from the Services at any time during the subscription term, using the existing features and functionality of the Services. Customer is solely responsible for its data retention obligations with respect to Customer Data. If and to the extent Customer cannot export or delete Customer Data stored on PowerDMS's systems using the then existing features and functionality of the Services, PowerDMS will, upon Customer's written request, make the Customer Data available for export by Customer or destroy the Customer Data. If Customer requires the Customer Data to be exported in a different format than provided by PowerDMS, such additional services will be subject to a separate agreement on a time and materials basis. Except as otherwise required by applicable law, PowerDMS will have no obligation to maintain or provide any Customer Data more than ninety (90) days after the expiration or termination of this Agreement.

7. Term; Termination

7.1. Term of Agreement. Subject to earlier termination as provided below, this Agreement begins on the Effective Date and continues until the last Service Order has expired or has been terminated.

7.2. Termination for Breach. A party may terminate this Agreement or any Service Order (a) upon 30 days written notice to the other party of a material breach if such breach remains uncured at the expiration of such period, or (b) if the other party becomes the subject of a petition in bankruptcy or any other proceeding relating to insolvency, receivership, liquidation or assignment for the benefit of creditors.

7.3. Subscription Term and Renewal. The term of each subscription for Services will be as specified in the applicable Service Order. At least 30 days prior to the expiration of a Service Order, PowerDMS will send a new Service Order notifying Customer of the pricing applicable to a renewal subscription for a period equal to the expiring subscription term or one year (whichever is shorter). The new Service Order shall be deemed to be effective if (a) Customer returns the executed Service Order to PowerDMS, (b) Customer remits payment to PowerDMS of the fees set forth in the invoice referencing the Service Order, or (c) Customer or any of its Users access or use the Services after the expiration of the previous term.

7.4. Effect of Termination. Upon termination of this Agreement for any reason, Customer and its Users will cease all use of the Services and, except for PowerDMS's right to receive accrued but unpaid fees and as provided in Section 11.12 (Survival), all rights and obligations of the parties hereunder will automatically cease. Notwithstanding the foregoing, termination will not affect or prejudice any right or remedy that a party possesses with respect to any breach of this Agreement occurring on or before the date of termination. If this Agreement is terminated by Customer in accordance with Section 7.2, PowerDMS will refund to Customer any prepaid fees covering the remainder of the subscription term of all Service Orders after the effective date of termination.

7.5. Suspension. PowerDMS may suspend Customer's or any User's right to access or use any portion of the Services if PowerDMS determines that Customer's or Users' use of the Services (i) poses a security risk to the Services, PowerDMS or any third party, (ii) may adversely impact the Services, or the networks or data of any other PowerDMS customer, business partner or service provider, (iii) does not comply with this Agreement, a Service Order or applicable law, or (iv) may subject PowerDMS or any third party to liability. PowerDMS will endeavor to provide as much notice as is reasonably practicable under the circumstances, and to reinstate the Services as soon as reasonably practicable following resolution of the issue.

8. **Representation and Warranties; Disclaimers**

8.1. PowerDMS. PowerDMS represents and warrants that (a) it has the full power and authority to enter into this Agreement, to perform its obligations under this Agreement, and to grant the licenses and rights granted to Customer in this Agreement; (b) this Agreement is the legal, valid, and binding obligation of PowerDMS, enforceable against it in accordance with the terms hereof, except to the extent such enforceability may be limited by bankruptcy, reorganization, insolvency or similar laws of general applicability governing the enforcement of the rights of creditors or by the general principles of equity (regardless of whether considered in a proceeding at law or in equity) (c) it will comply with all applicable laws relating to its performance and/or obligations under this Agreement; (d) this Agreement does not conflict with any other contract or obligation to which it is a party or by which it is bound, and (e) it will perform the Services in accordance with this Agreement in a timely, professional and workmanlike manner.

8.2. Customer. Customer represents and warrants that (a) it has the full power and authority to enter into this Agreement, to perform its obligations under this Agreement, and to grant the licenses and rights granted to PowerDMS; (b) this Agreement is the legal, valid, and binding obligation of Customer, enforceable against it in accordance with the terms hereof, except to the extent such enforceability may be limited by bankruptcy, reorganization, insolvency or similar laws of general applicability governing the enforcement of the rights of creditors or by the general principles of equity (regardless of whether considered in a proceeding at law or in equity); (c) this Agreement does not conflict with any other contract or obligation to which it is a party or by which it is bound; and (d) it will comply with all applicable laws relating to its performance and/or obligations under this Agreement.

8.3. Disclaimer of Implied Warranties. THE WARRANTIES SET FORTH IN SECTION 8.1 AND 8.2 ARE LIMITED WARRANTIES AND ARE THE ONLY WARRANTIES MADE BY POWERDMS AND CUSTOMER, HEREUNDER, RESPECTIVELY. EACH OF POWERDMS AND CUSTOMER EXPRESSLY DISCLAIMS, AND THE OTHER PARTY HEREBY EXPRESSLY WAIVES, ALL OTHER WARRANTIES OR REPRESENTATIONS WITH RESPECT TO THE

SUBJECT MATTER OF THIS AGREEMENT, INCLUDING THE SERVICES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE, ERROR-FREE OPERATION, UNINTERRUPTED ACCESS, THAT THE SERVICES ARE SECURE, OR THAT THE SERVICES WILL BE AVAILABLE CONSTANTLY AND IN AN UNINTERRUPTED MANNER AND ANY OTHER IMPLIED WARRANTY ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE. IN ADDITION, ALL THIRD-PARTY OFFERINGS ARE PROVIDED "AS-IS" AND ANY REPRESENTATION OR WARRANTY OF OR CONCERNING ANY OF THEM IS STRICTLY BETWEEN CUSTOMER AND THE THIRD-PARTY OWNER. POWERDMS MAKES NO WARRANTY THAT THE SERVICES WILL COMPLY WITH THE LAWS (INCLUDING WITHOUT LIMITATION ANY LAWS RESPECTING DATA PRIVACY) OF ANY JURISDICTION OUTSIDE OF THE UNITED STATES OF AMERICA.

9. **Indemnification**

9.1. By PowerDMS. PowerDMS will defend Customer from and against any claim, demand, suit or proceeding made or brought against Customer by a third party alleging that the Services infringe or misappropriate such third party's Intellectual Property Rights, provided PowerDMS is promptly notified of any and all such claims, demands, suits or proceedings and given reasonable assistance and the opportunity to assume sole control over defense and settlement. The foregoing obligations do not apply with respect to any infringement resulting from the modification of the Services or combination of the Services with software, hardware, data, or processes not provided by PowerDMS, the continued use of the Services by Customer after being notified of the alleged infringement or after being informed of modifications that would have avoided the infringement, or Customer's use of the Services in violation of this Agreement or the applicable Service Order.

9.2. By Customer. To the extent permitted by applicable law, Customer will defend PowerDMS from and against claim, demand, suit or proceeding made or brought against PowerDMS (a) by a third party alleging that any Customer Data infringes or misappropriates such third party's Intellectual Property Rights, (b) in connection with Customer's violation of any applicable laws, or (c) in connection with a dispute between a User and Customer, in each case provided that Customer is promptly notified of any and all such claims, demands, suits or proceedings and given reasonable assistance and the opportunity to assume sole control over defense and settlement.

9.3. Mitigation. If, due to a claim of infringement, the Services are held by a court of competent jurisdiction to be or are believed by PowerDMS to be infringing, PowerDMS may, at its option and expense (a) replace or modify the Services to be non-infringing provided that such modification or replacement contains substantially similar features and functionality, (b) obtain for Customer a license to continue using the Services, or (c) if neither of the foregoing is commercially practicable, terminate this Agreement and

Customer's rights hereunder and provide Customer a refund of any prepaid, unused fees for the Services.

9.4. Exclusive Remedy. This Section 9 states the indemnifying party's sole liability to, and the indemnified party's exclusive remedy against, the other party for any type of claim described in this Section 9.

10. **Limitation of Liability.**

10.1. Exclusion of Certain Claims. REGARDLESS OF WHETHER ANY REMEDY SET FORTH HEREIN FAILS OF ITS ESSENTIAL PURPOSE OR OTHERWISE, IN NO EVENT WILL EITHER PARTY HAVE ANY LIABILITY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL, COST OF COVER, PUNITIVE OR EXEMPLARY DAMAGES, HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, ARISING OUT OF THIS AGREEMENT, INCLUDING LOSS OF BUSINESS, REVENUE OR ANTICIPATED PROFITS, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN ADDITION, POWERDMS SHALL NOT BE LIABLE FOR THE CRIMINAL ACTS OF THIRD PARTIES.

10.2. Limitation of Liability. EXCEPT WITH REGARD TO LIABILITY FOR THE INDEMNITY OBLIGATIONS UNDER SECTION 9 (INDEMNIFICATION), IN NO EVENT WILL EITHER PARTY'S AGGREGATE LIABILITY UNDER THIS AGREEMENT WHETHER IN CONTRACT, TORT OR ANY OTHER THEORY OF LIABILITY, EXCEED THE SUM OF ALL AMOUNTS REQUIRED TO BE PAID BY CUSTOMER TO POWERDMS IN CONNECTION WITH THIS AGREEMENT IN THE 12 MONTH PERIOD PRECEDING THE DATE OF THE EVENT INITIALLY GIVING RISE TO SUCH LIABILITY.

11. **General Provisions**

11.1. Entire Agreement. This Agreement and any Service Orders executed by Customer constitute the entire agreement and understanding between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous written, electronic or oral communications, representations, agreements or understandings between the parties with respect thereto. This Agreement (excluding the Service Orders) may be modified or amended from time to time at the discretion of PowerDMS, and PowerDMS will post the most current version of this Agreement at www.powerdms.com/terms-and-conditions. Any Service Order executed or amended, or any subscription term specified in any Service Order which is renewed or otherwise extended, shall be subject to the terms and conditions of this Agreement, as so modified or amended. Except for the terms of any Service Order executed by Customer, any additional, supplementary or conflicting terms supplied by either party (whether in hard copy or electronic form), including those contained or referenced in any invoice, purchase order or policies, are expressly rejected by each party and shall serve only the purpose of identifying the products or services ordered.

11.2. No Waiver. The failure of a party to enforce any right or provision in this

Agreement will not constitute a waiver of such right or provision.

11.3. Assignment. This Agreement is not assignable, transferable or sublicensable by Customer except with PowerDMS's prior written consent. PowerDMS may assign this Agreement without Customer's consent to a parent, subsidiary, an acquirer of all or substantially all of the assets of PowerDMS or a successor by merger or other business combination. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

11.4. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, such provision will be deemed stricken from the Agreement and the remaining provisions of this Agreement will remain in full force and effect.

11.5. Relationship of Parties. No agency, partnership, joint venture, or employment is created as a result of this Agreement and neither party has any authority of any kind to bind the other in any respect whatsoever.

11.6. Publicity. Unless otherwise provided in the applicable Sales Order, PowerDMS may identify Customer as one of its customers and use Customer's logo for such purposes, subject to any trademark usage requirements specified by Customer.

11.7. No Third Party Beneficiaries. There are no third-party beneficiaries under this Agreement.

11.8. Resolution of Disputes. In the event of a dispute between the parties regarding this Agreement, the parties hereby agree to attempt to resolve the dispute by entering into good faith negotiations. If, within thirty (30) days, the parties do not reach agreement on the resolution of the dispute, the dispute shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. Any award shall be final, binding and conclusive upon the parties and a judgment rendered thereon may be entered in any court having jurisdiction thereof. Except as may be prohibited by law, the arbitrator may, in his or her discretion, award reasonable attorneys' fees and other costs of arbitration to the prevailing party.

11.9. Notices. All notices under this Agreement will be in writing and will be deemed to have been duly given (a) when received, if personally delivered; (b) when receipt is electronically confirmed, if transmitted by facsimile or e-mail; (c) the day after it is sent, if sent for next day delivery by recognized overnight delivery service; and (d) upon receipt, if sent by certified or registered mail, return receipt requested. All notices will be given using the contact information with respect to each party set forth in the applicable Service Order or such other contact information as may be designated by a party by giving written notice to the other party pursuant to this Section 11.9.

11.10. Force Majeure. Neither party will be liable for failure to perform its obligations hereunder, except the obligation to make payment due, to the extent that it's performance is prevented, hindered or delayed as a result of strikes, riots, fires,

explosions, acts of God, acts of terrorism, war, governmental action, labor conditions, internet service interruptions or slowdowns, vandalism or cyber-attacks, or any other cause beyond the reasonable control of such party.

11.11. Electronic Signatures; Counterparts. Signatures and other express indications of agreement sent by electronic means (facsimile or scanned and sent via e-mail or signed by electronic signature service where legally permitted) will be deemed original signatures. This Agreement may be signed in multiple counterparts, each of which will be deemed an original and which will together constitute one agreement.

11.12. Survival. All sections of this Agreement which by their nature should survive termination will survive termination, including, without limitation, accrued rights to payment, acknowledgements and reservations of proprietary rights, confidentiality obligations, warranty disclaimers, and limitations of liability.



REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Public Works

SUBJECT: Ordinance Amending Minimum Aviation Fuel Pricing

EXECUTIVE SUMMARY

Arrow Energy of Saline, Michigan, is currently under contract to furnish and deliver two different types of aviation fuel to the Village’s airport. The price per gallon that the Village pays to Arrow fluctuates based on a regional pricing index. Village staff then resells the aviation fuel it purchases from Arrow to aircraft owners at a markup that ensures that the Village is reimbursed for all costs associated with the resale of fuel and achieves a profit from the resale of fuel at its airport. The Village’s aviation fuel minimum markup is known as “Minimum Aviation Fuel Pricing” and is reviewed by Village staff each year and then brought before the Village Board for approval.

The Village’s costs associated with the sale of fuel at the airport fell slightly over the past year due to less-than-anticipated repairs needed and a reduction in overhead. The airport was able to eliminate a phone line in the office dedicated to credit card processing and replace it with a cloud-based system. Credit card fees will continue to be recovered only on transactions that utilize them at a rate of 3.35%. This fee is included in the per-gallon price presented to customers at the time of sale and represents the highest charges by a credit card company, American Express and AvCard. Sales tax remains unchanged from 2018 at 7.25%.

The proposed minimum markup of self service fuel is provided below. This represents a \$.01 drop in the price of 100LL and a \$.17 drop in the price of JetA, due to a decline in projected tank maintenance costs.

100LL Self Service Expenses per Gallon		Jet-A Self Service Expenses per Gallon	
Credit Card Access Fee	\$.0003	Credit Card Access Fee	\$.0003
Tank operating	\$.0322	Tank operating	\$.0480
Tank maintenance	\$.0083	Tank maintenance	\$.0723
Flowage fee	\$.2850	Flowage fee	\$.2850
Total	\$.3258	Total	\$.4056
Minimum markup: Inventory cost +\$.3258		Minimum markup: Inventory cost +\$.4056	

The proposed minimum markup for full service fuel is provided below. This represents a less than \$.01 drop for 100LL and a \$.16 drop for JetA, due to a decline in projected delivery truck maintenance costs.

100LL Full Service Expenses per Gallon		Jet-A Full Service Expenses per Gallon	
Credit Card Access Fee	\$.0003	Credit Card Access Fee	\$.0003
Truck operating	\$.2191	Truck operating	\$.0676
Truck maintenance	\$.1273	Truck maintenance	\$.2292
Flowage fee	\$.5900	Flowage fee	\$.5900
Total	\$.9367	Total:	\$.8871
Minimum markup: Inventory cost +\$.9367		Minimum markup: Inventory cost + \$.8871	

The cash/invoice discount of 3.35% for customers will remain steady.

The fee structure presented would keep the airport's fuel prices very competitive among other northern Illinois airports. The Airport Manager monitors the aviation fuel pricing charged by neighboring airports and may increase pricing in order to increase revenues, but cannot charge less than the approved minimum sale price without approval from the Village Board.

FINANCIAL IMPACT

The sale of fuel is the largest source of income for the airport with gross sales of \$487,820 in 2018. An adjustment to the minimum aviation fuel price ensures that the Airport is not losing money and continues to profit from the resale of fuel.

ATTACHMENTS

1. Proposed Ordinance
2. Minimum Fuel Price Final Draft

RECOMMENDED MOTION

Motion to approve an Ordinance establishing new minimum aviation fuel pricing.

VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2019 - _____

**An Ordinance Establishing Minimum Aviation Fuel Pricing
Markups**

WHEREAS, the Village of Lake in the Hills, McHenry County, Illinois, is a home rule municipality as contemplated under Article VII, Section 6, of the Constitution of the State of Illinois, and the passage of this Ordinance constitutes an exercise of the Village's home rule powers and functions as granted in the Constitution of the State of Illinois.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Lake in the Hills, McHenry County, Illinois, as follows:

SECTION 1: That minimum airport fuel pricing markups per gallon will be in effect as follows:

	<u>Self-Service</u>	
100LL	(Inventory cost + \$0.3258)*1.0335	
Jet-A	(Inventory cost + \$0.4056)*1.0335	
	<u>Full Service</u>	
100LL	(Inventory cost + \$0.9367)*1.0335	
Jet-A	(Inventory cost + \$0.8871)*1.0335	

SECTION 2: The Airport Manager may offer a cash discount not to exceed 3.35% of the price per gallon at the pump.

SECTION 3: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any Court of competent jurisdiction to be invalid, such judgment shall not affect, impair, invalidate or nullify the remainder thereof, which remainder shall remain and continue in full force and effect.

SECTION 4: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 5: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Passed this 25th day of July, 2019 by roll call vote as follows:

	Ayes	Nays	Absent	Abstain
Trustee Stephen Harlfinger	_____	_____	_____	_____
Trustee Ray Bogdanowski	_____	_____	_____	_____
Trustee Bob Huckins	_____	_____	_____	_____
Trustee Bill Dustin	_____	_____	_____	_____
Trustee Suzette Bojarski	_____	_____	_____	_____
Trustee Diane Murphy	_____	_____	_____	_____
President Russ Ruzanski	_____	_____	_____	_____

APPROVED THIS 25TH DAY OF JULY, 2019

Village President, Russ Ruzanski

(SEAL)

ATTEST: _____
Village Clerk, Cecilia Carman

Published: _____

Airport Fuel Pricing Model 2019-2020

Jul-19

100LL pricing		Jet-A pricing		
FIXED COSTS	Federal Taxes <i>(incl in cost/gal)</i>	0.194	Federal Taxes <i>(incl in cost/gal)</i>	0.244
	State Taxes <i>(incl in cost/gal)</i>	0.011	State Taxes <i>(incl in cost/gal)</i>	0.011
	Current inventory cost/gal	\$3.6775	Current inventory cost/gal	\$2.3633
	Sales tax	7.25%	Sales tax	7.25%
	Credit card fee	3.35%	Credit card fee	3.35%
	<u>Self Service</u>		<u>Self Service</u>	
	Credit card access fee	\$0.0003	Credit card access fee	\$0.0003
	tank operating cost/gal	\$0.0322	tank operating cost/gal	\$0.0480
	tank maint cost/gal	\$0.0083	tank maint cost/gal	\$0.0723
	Self Service flowage fee	\$0.285	Self Service flowage fee	\$0.285
Total markups	\$0.3258	Total markups	\$0.4056	
Self Service min price \$4.4374		Self Service min price \$3.0691		
<u>Full Service</u>		<u>Full Service</u>		
Access fee per gal	\$0.0003	Access fee per gal	\$0.0003	
truck operating cost/gal	\$0.2191	truck operating cost/gal	\$0.0676	
truck maint cost/gal	\$0.1273	truck maint cost/gal	\$0.2292	
Full Service flowage fee	\$0.590	Full Service flowage fee	\$0.590	
Total markups	\$0.9367	Total markups	\$0.8871	
Full Service min price \$5.1145		Full Service min price \$3.6028		



INFORMATIONAL MEMORANDUM

MEETING DATE: July 23, 2019

DEPARTMENT: Community Services

SUBJECT: Survey for Changes to the Sign Ordinance

EXECUTIVE SUMMARY

In order to better support local businesses, the Board of Trustees, at the April 9, 2019 Committee of the Whole meeting, suggested that staff look into necessary changes to the sign portion of the Zoning Ordinance. In June, the Planning and Zoning Commission planned to consider changes; however, no members of the public were present to provide input despite press and social media publication. The Board suggested, as a first step, that there be a public survey to gather input. Attached is the proposed survey that staff will release to the public this month. The survey will be conducted electronically using Survey Monkey. Paper copies of the survey will be available for anyone requesting one.

Following completion of the survey, results will be made available to the Board for further input. The Planning and Zoning Commission, with support from staff and the consultant, will take all inputs provided and develop a proposed text amendment to the Zoning Ordinance. This will include Board and public inputs, as well as changes identified by staff to improve the ability to effectively administer the ordinance.

FINANCIAL IMPACT

None

ATTACHMENTS

1. Proposed survey

SUGGESTED DIRECTION

Village Board provide their input before the survey is sent to the public.



LITH Sign Ordinance Changes

We need your input!

The Village of Lake in the Hills is looking for input to improve its sign ordinance. It has been a number of years since it was last updated. It is important that the ordinance reflect the current values and needs of all members of the community. It is equally important that it be technically current to give businesses the opportunity to employ the latest technologies. Thank you for taking some time out of your busy day to provide us your opinions.

You will be able to complete the survey in less than 10 minutes. The questions are summaries of what the current ordinance contains. In some cases this might leave out some fine details. You can view the entire 20 page ordinance from the Village website or just click on this link https://www.lith.org/sites/default/files/fileattachments/community_development/page/271/section_16.pdf if you desire.



LITH Sign Ordinance Changes

1. Some temporary signs (such as "A" Frame ,sandwich, feather banners, and mobile billboards) are currently prohibited within the Village. How do you feel about these prohibitions?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

2. Ground mounted permanent signs are limited to 100 square feet in general business area and 200 square feet in shopping centers. How do you feel about these standards?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

3. Wall signs are limited to 100 square feet in general business districts and 250 square feet in shopping centers. How do you feel about these standards?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

4. Some types of wall signs (such as roof mounted, opaque letters which are backlit, and signs on retaining walls & fences) are currently prohibited within the Village. How do you feel about these prohibitions?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

5. The Village currently prohibits any advertising signage for a business that is not located on the same property as the business. Do you agree with this prohibition?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

6. Unofficial flags, pennants and banners are currently prohibited within the Village. How do you feel about these prohibitions?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

7. All inflatable signs are currently prohibited within the Village. How do you feel about these prohibitions?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

8. Current restrictions do not allow for the messages to blink, fluctuate, or move and restricts the illumination to white light. This prevents use of the full graphics capability of these signs. Should this restriction be kept in place?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

9. Window signs are limited to 30 percent of the exterior windows. How do you feel about these standards?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

10. A new technology exists known as perforated vinyl see-through coverings. These window coverings have small holes in them that make it difficult to see through from the outside but still allow you to see through from the inside. The outside appearance can be printed with letters and images to form a sign which covers the entire window area. This does not currently meet the requirements of the Village ordinance. How do you feel about continuing the prohibition of this technology?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments

11. Humans in costume or holding signs along public roads is considered prohibited. How do you feel about continuing this prohibition?

Strongly agree

Agree

Neutral

Disagree

Strongly disagree

Comments



LITH Sign Ordinance Changes

Additional Comments

12. Do you have any other ideas or concerns we should consider as we move forward to improve our sign ordinance?



LITH Sign Ordinance Changes

Demographics

13. I am a

- | | |
|---|---------------------------------------|
| <input type="radio"/> Business owner | <input type="radio"/> Resident |
| <input type="radio"/> Business property owner | <input type="radio"/> Sign contractor |
| <input type="radio"/> Developer or real estate professional | <input type="radio"/> Other |

14. Can we contact you for further information or clarification as we work to improve this ordinance?

- Yes
- No

15. How can we contact you?

Name

Email Address

Phone Number



LITH Sign Ordinance Changes

Thank You!

The Village of Lake in the Hills appreciates your time to help us better understand the needs and wants of the community as we work to better serve our residents and businesses



REQUEST FOR BOARD ACTION

MEETING DATE: July 23, 2019

DEPARTMENT: Community Services

SUBJECT: Variations to Section 15.3-1D, Front Yards, and Table 13.5, Permitted Accessory Structures

EXECUTIVE SUMMARY

The applicant, Scott Thoennissen, requests two variations to the Zoning Ordinance.

The first variation is to allow for installation of a six-foot, 30 percent open wooden fence along the front yard (side) and front yard (rear) lot lines of their property. To be permitted under the Zoning Ordinance, the fence would be limited to start at the northeast corner of the structure and proceed to within 10 feet of the property line along Miller Road to 25 feet from the property line along Decatur Avenue. The applicant proposes starting near the middle of the north side of the structure and proceeding to the property line along Miller Road to the property line along Decatur Avenue (see the attached site plan). Additionally, the fence would be restricted to five feet high.

The parcel is a through corner lot that is enclosed by streets along three of the four lot lines. It is one of 45 lots structured this way in the Village. The structure is also a few feet below the grades of Miller Road and Decatur Avenue. There is approximately 25 feet between the Miller Road lot line and the sidewalk and approximately 20 feet between the pavement edge and lot line along Decatur Avenue. Other structures along Miller Road and Decatur Avenue do not meet the current Zoning Ordinance. In some cases, these exceptions were constructed under a building permit in the sixties, seventies, and eighties. The other cases cannot be confirmed if permits were issued or not.

The applicant requested the fence location to allow for privacy on the backside of the structure, to provide a space for a large dog (owned by the current resident) to roam, and possibly enclose a swimming pool in the future. The additional height is requested for privacy due to the ground level being below the grade of two of the three adjacent roadways.

The second variation is to allow a six by six foot shed in in the front yard (side) of the residence (see the attached site plan). The shed will be relocated from the existing location to the other side of the structure but would be within the fenced area. This would normally not be permitted because sheds are not allowed in front yards and that side of the structure is defined as a front yard (side). There are sheds located in front yards (rear) along Miller Road nearby. In some cases, these exceptions were constructed under a building permit in the seventies and eighties. The other cases cannot be confirmed if permits were issued or not.

The Planning and Zoning Commission conducted public hearings for each variation on July 15, 2019. There were no public comments and Commissioners voted 6-0 to recommend approval of the variations as requested by the applicant.

FINANCIAL IMPACT

None

ATTACHMENTS

1. Application
2. Staff Report
3. Photos
4. Site Plans
5. Ordinance

RECOMMENDED MOTION

Motion to approve an ordinance accepting variations to Section 15.3-1D, Front Yards, allowing a wooden fence along the lot lines on Miller Road and Decatur Avenue and to Table 13.5, Permitted Accessory Structures, allowing a shed in the front yard (side) within the fenced area at 1221 Crystal Lake Road on parcel 19-20-307-001.

2068423



Village of Lake in the Hills Development and Zoning Application

Date: 5/26/19

Property Information

Common street address: 1221 CRYSTAL LAKE ROAD

PIN (Property Index Number): 19-20-307-001

Current Zoning: _____ Proposed Zoning: N/A (NOT CHANGING)

Current Use: _____ Proposed Use: N/A (NOT CHANGING)

Is the request consistent with the Comprehensive Plan? YES

Number of Acres: _____ If greater than 4 acres, 2 acres for government property or 5 acres for manufacturing zoned land, application shall be processed as a Planned Development as a Conditional Use. See definition of Planned Development and PD Section of Zoning Ordinance.

Legal description of the property (print or attach exhibit): _____

Property Owner Information

Name(s): SCOTT THOMASSEN

Business/Firm Name (if applicable): SGT ENTERPRISES

Address: 1221 CRYSTAL LAKE ROAD

City/State/Zip: LAKE IN THE HILLS IL

Phone Number: 224 300 1522

Email: SGT@445@SBCGLOBAL.NET

Applicant Information

Name(s): SAME AS ABOVE

Business/Firm Name (if applicable): _____

Address: _____

City/State/Zip: _____

Phone Number: _____

Email: _____

Lake in the Hills Development and Zoning Application
Page 2

1	2	3	4	5	6
Request	Select Request with X	Required Fee ac = Acre	For Requirements See Appendix	Public Hearing Required See Appendix A2	Total Fee (enter Amount per Column 3)
Annexation		\$1,000/ac payable upon annexation	D	Yes	
Sketch Plan		\$0	E	No	
Tentative Plan		\$500 + \$10/ac	F	No	
Final Plat		\$500 + \$10/ac	G	No	
Plat of Vacation and/or Resubdivision Plat		\$500 + \$10/ac	H	No	
Conditional Use		\$500 + \$10/ac over 2 ac	I	Yes	
Rezoning		\$500 + \$10/ac over 2 ac	J	Yes	
Text Amendment		\$500	K	Yes	
Variance - Residential	X	\$100	L	Yes	\$100.00
Variance - Non-Residential		0-2 ac = \$250 Over 2 ac = \$500	L	Yes	
Development Plan Review		\$500 + \$10/ac	M	No	
Total Fees					\$100.00
Additional Fees					
Stormwater Permit Application Fee to be paid at time of permit issuance Minor = \$250 Intermediate or Major = \$1,000					\$0.00
Reimbursement of Fees Required (Attach Appendix B) = \$2,000 + \$100/acre for every acre over 5 acres					\$0.00

Property Owner Signature

Date

If Owner/Applicant is a School District please, complete and submit Appendix N

Applicant Signature

Date

All required appendices and documentation shall be submitted with this application. Incomplete applications will not be processed.



Village of Lake in the Hills Planning and Zoning Commission

Hearing Acknowledgement Form for Single Family Residential Variations per Section 21.6-4 of the Zoning Ordinance

The undersigned acknowledges receipt of the public notice for a residential variation filed by

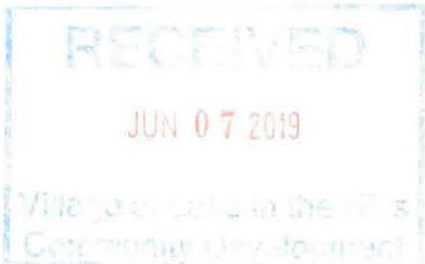
Scott Shoemaker (Applicant)

regarding the property at 1221 CRYSTAL LAKE ROAD.

I understand a hearing will be held on the 15 day of July 2020, at 7:30pm at the Lake in the Hills Village Hall, 600 Harvest Gate, Lake in the Hills, IL 60156.

Property Owner Signature Scott Shoemaker Date 5/26/19

Address 1221 CRYSTAL LAKE ROAD PIN# 19-20-307-001



Appendix L – Variance Requirements

1. Please indicate the variation that is being sought, include section(s) and paragraph(s) of the Zoning Ordinance and any dimension(s) and a brief description of the proposed use, construction or development that prompted the request:

6' wooden fence 30 percent open IN location
 ON Attached plot seeking variation to allow fence
 IN the front & side yards on the corner lot of
 Miller, Crystal Lake and Decatur Roads.
 (I essentially have 3 front yards)

PLS Note: there is approx 3' variation in elevation
 between Decatur street and my yard floor and a
 2' variation on the Miller side so a 6' fence
 from a visual stand point is truly 3' in actuality.

Standards and Findings of Facts for a Variance per Section 23.7 of the Zoning Ordinance.

The Planning and Zoning Commission may recommend and the Board of Trustees shall permit a variation of the provisions of this Zoning Code, as authorized in this Section, only if the evidence, in the judgement of the Village sustains each of the following three conditions:

1. The property in question cannot yield a reasonable return if permitted to be used only under the conditions allowed by the regulations governing the district in which it is located. **Explain how this standard is met.**

Primary purpose is to provide me more privacy
 space & an added insurance policy for my
 pool as well as a safety factor for my
 Bull Mastiff dog. From people & traffic

Appendix L - Variance Requirements

2. The plight of the owner is due to unique circumstances. **Explain how this standard is met.**

PROPERTY IS A CORNER LOT EXPOSED TO PEOPLE
& CAR TRAFFIC ON BOTH SIDES OF
HOUSE.

3. The variation, if granted, will not alter the essential character of the locality. **Explain how this standard is met.**

IT IS NOT ON A CORNER LOT THERE WOULD
BE NO ISSUE WITH FENCE REQUEST

For the purpose of supplementing the above standards, the Village, in making this determination whenever there are practical difficulties or particular hardship, also shall take into consideration the extent to which the following facts, favorable to the applicant, have been established by the evidence:

4. That the particular physical surroundings, shape or topographical conditions of the specific property involved would bring a particular hardship upon the owner as distinguished from a mere inconvenience if the strict letter of the regulation were to be carried out. **Explain how this standard is met.**

WITHOUT THE VARIATION THE LAND IS USELESS
TO ME, NO PRIVACY AND A POSSIBLE RISK TO
PEDESTRIANS WITH MY DOG. - POOL.

5. That the conditions upon which the petition for variation is based would not be applicable generally to other property within the same zoning classification. **Explain how this standard is met.**

BORN WILEY RD + CRYSTAL LAKE RD HAVING
A LOT OF MOVING TRAFFIC. DECATON RD
DOES NOT HAVE A SIDEWALK

Appendix L – Variance Requirements

6. That the purpose of the variation is not based exclusively upon a desire to make more money out of the property. **Explain how this standard is met.**

This is for the safety of my dog so it is not hit by traffic and to prevent pedestrians from trying to pet the dog.

7. That the alleged difficulty or hardship has not been created by any person presently having interest in the property. **Explain how this standard is met.**

This is only for privacy, protection & associated issues with the pool for insurance otherwise the space is useless


8. That the granting of the variation will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located. **Explain how this standard is met.**

If approved this will not be detrimental to public welfare, injury to other property or improvements in the area. In fact it should enhance the neighborhood properties.

9. That the proposed variation will not impair an adequate supply of light and air to adjacent property, or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood. **Explain how this standard is met.**

If approved fence will not impair light supply or air to adjacent properties or impair vision to any road traffic

 6/7/19
Property Owner Signature Date

 6/7/19
Applicant Signature Date

LEGEND

- Set IP
- Fnd IP
- x Fnd "X"
- ⊙ Fnd P.K.
- Wood Fence
- H— CL Fence
- ▨ Concrete
- ▩ Wood Deck
- ▧ Brick
- ★ STREET LIGHT
- ⊙ B-BOX
- ⊙ WATER VALVE VAULT
- ⊙ FIRE HYDRANT
- ⊙ MANHOLE
- ⊙ STORM MANHOLE
- ⊙ JUNCTION BOX
- ⊙ POWER POLE
- ⊙ ELECTRIC TRANSFORMER

Plat of Survey

LEGAL DESCRIPTION: LOT 1 IN BLOCK 1 IN LAKE IN THE HILLS ESTATES UNIT 11, BEING A SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 20, TOWNSHIP 43 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN IN MCHENRY COUNTY, ILLINOIS.

PARCEL AREA: 8057 Sq. Feet



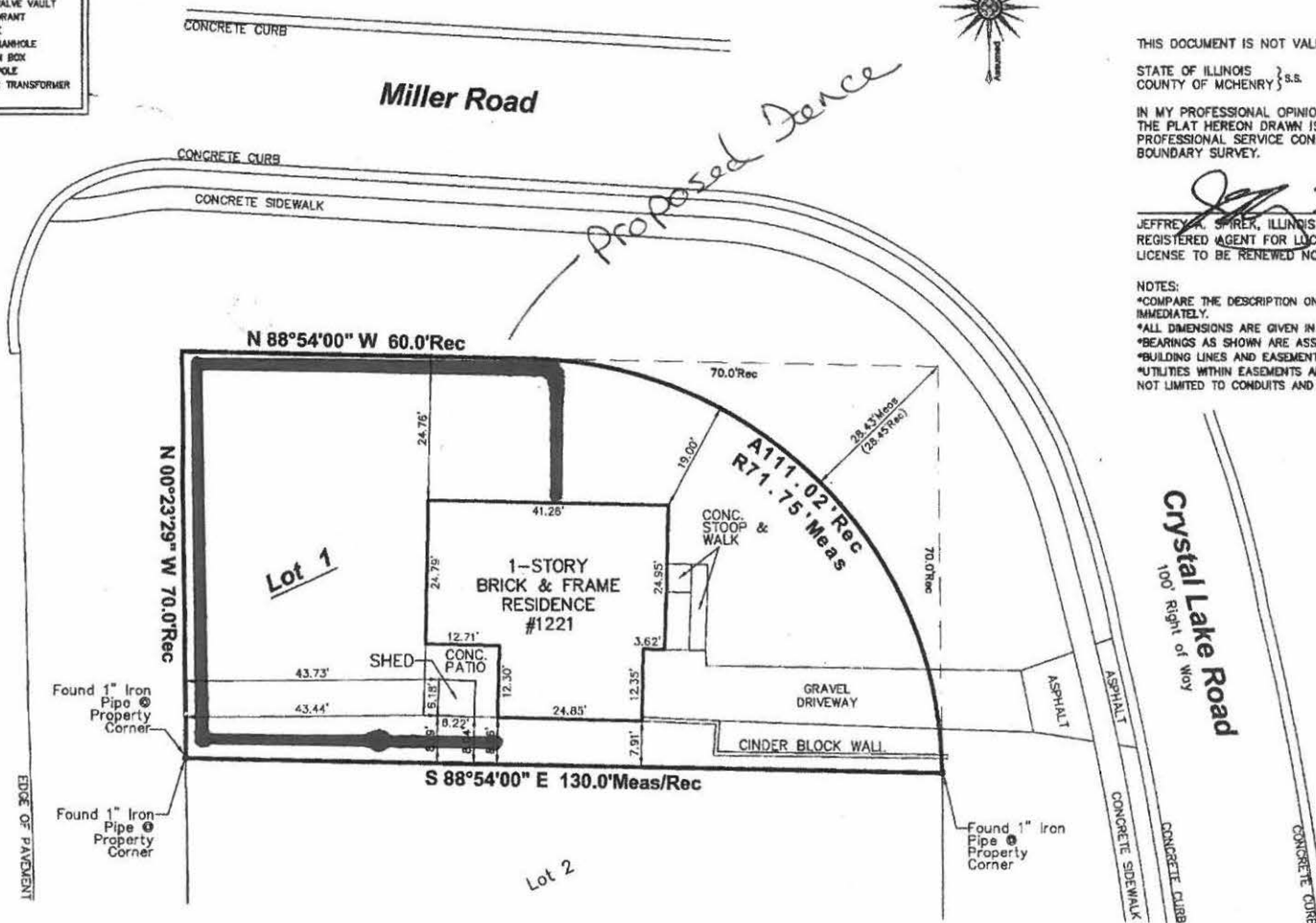
THIS DOCUMENT IS NOT VALID WITHOUT THE SURVEYOR'S SEAL.

STATE OF ILLINOIS } s.s.
COUNTY OF MCHENRY }

IN MY PROFESSIONAL OPINION, AND BASED ON MY OBSERVATIONS, I HEREBY CERTIFY THAT THE PLAT HEREON DRAWN IS A TRUE REPRESENTATION OF SAID SURVEY. THIS PROFESSIONAL SERVICE CONFORMS TO THE CURRENT ILLINOIS MINIMUM STANDARDS FOR A BOUNDARY SURVEY.

Jeffrey A. Spirek
DATED September 28, 2018
JEFFREY A. SPIREK, ILLINOIS PROFESSIONAL LAND SURVEYOR NO. 3898
REGISTERED AGENT FOR LUCO CONSTRUCTION COMPANY
LICENSE TO BE RENEWED NOVEMBER 30, 2018

NOTES:
*COMPARE THE DESCRIPTION ON THIS PLAT WITH YOUR DEED AND REPORT ANY DIFFERENCE, IMMEDIATELY.
*ALL DIMENSIONS ARE GIVEN IN FEET AND DECIMAL PARTS THEREOF.
*BEARINGS AS SHOWN ARE ASSUMED AND ARE SO INDICATED FOR INTERIOR ANGLES ONLY.
*BUILDING LINES AND EASEMENTS AS SHOWN ARE BASED SOLELY ON PROVIDED DOCUMENTS.
*UTILITIES WITHIN EASEMENTS ARE NOT SHOWN HEREON. UNDERGROUND UTILITIES, INCLUDING, BUT NOT LIMITED TO CONDUITS AND CABLES (IF ANY) HAVE NOT BEEN SHOWN HEREON.



	Professional Design Firm No. 184.004829
	54 Lou Avenue, Crystal Lake, IL 60014 Ph: 815.526.3974 F: 815.526.3984 E-mail: lucoland@gmail.com
Common Address: 1221 Crystal Lake Rd, Lake in the Hills, IL PIN #: 19-20-307-001	
Job Number: 18-47062	Drafted By: CER
Client: Majowski	
Reference: Krause Trust	
Field Work Completion: 09/25/2018 Revisions:	

Appendix L - Variance Requirements

1. Please indicate the variation that is being sought, include section(s) and paragraph(s) of the Zoning Ordinance and any dimension(s) and a brief description of the proposed use, construction or development that prompted the request:

Move 6'x6' shed to side yard 4ft away
 FROM HOUSE.

Your ordinance has classified my house as
 having 3 front yards sheds not permitted
 in front yards.

Standards and Findings of Facts for a Variance per Section 23.7 of the Zoning Ordinance.

The Planning and Zoning Commission may recommend and the Board of Trustees shall permit a variation of the provisions of this Zoning Code, as authorized in this Section, only if the evidence, in the judgement of the Village sustains each of the following three conditions:

1. The property in question cannot yield a reasonable return if permitted to be used only under the conditions allowed by the regulations governing the district in which it is located. **Explain how this standard is met.**

Primary purpose is to provide my tenant
 with storage for garden tools/lawn mower +
 outdoor furniture (anti theft) as there is
 no garage

Appendix L - Variance Requirements

2. The plight of the owner is due to unique circumstances. **Explain how this standard is met.**

THERE IS NO GARAGE. MY TENANT NEEDS
LOCK UPABLE OUTDOOR STORAGE FOR GARDEN TOOLS
AND FURNITURE. PROPERTY HAS 3 FRONT YDS.
ONLY ONE IN LITH. BY ORDINANCE DEFINITION

3. The variation, if granted, will not alter the essential character of the locality. **Explain how this standard is met.**

WITH FENCE VARIATION APPROVAL THE SHED WOULD NOT
BE SEEN EXCEPT FOR TOP 2 FT. NO VARIATION REQUEST
IF NOT FOR THE 3 SIDED FRONT YARD CLASSIFICATION.
SHED IS WELL CONSTRUCTED + PAINTED SAME COLOR AS HOUSE SO
IT IS NOT UNSIGHTLY.

For the purpose of supplementing the above standards, the Village, in making this determination whenever there are practical difficulties or particular hardship, also shall take into consideration the extent to which the following facts, favorable to the applicant, have been established by the evidence:

4. That the particular physical surroundings, shape or topographical conditions of the specific property involved would bring a particular hardship upon the owner as distinguished from a mere inconvenience if the strict letter of the regulation were to be carried out. **Explain how this standard is met.**

WITHOUT THE VARIANCES FOR THE FENCE AND SHED MY PROPERTY
IS USELESS AND MY TENANT WOULD BE LIVING IN A FISH
BOWL WITH NO PRIVACY OR STORAGE + A RATHER UNSIGHTLY
MESS WITH FURNITURE + TOOLS STREWN ALL OVER FRONT YDS.

5. That the conditions upon which the petition for variation is based would not be applicable generally to other property within the same zoning classification. **Explain how this standard is met.**

MY UNDERSTANDING IS THAT I AM THE ONLY PROPERTY
IN ALL OF LAKE IN THE HILLS WITH 3 FRONT YARDS

Appendix L – Variance Requirements

6. That the purpose of the variation is not based exclusively upon a desire to make more money out of the property. **Explain how this standard is met.**

The purpose of the shed is for the protection of theft of the tools, grill, garden furniture, etc., as there is no garage for storage.

7. That the alleged difficulty or hardship has not been created by any person presently having interest in the property. **Explain how this standard is met.**

This was created by the Village's criteria of a through-lot definition between Decatur and Crystal Lake Roads. There is not one other home that conforms to the criteria that I am being held to task for.

8. That the granting of the variation will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located. **Explain how this standard is met.**

Between the shed and the fence variation requests, this would only enhance the value of the neighboring structures, making it more aesthetically pleasing and hiding unsightly messes.

9. That the proposed variation will not impair an adequate supply of light and air to adjacent property, or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood. **Explain how this standard is met.**

If approved, the shed will not impair light or air supply to adjacent properties nor impair vision to any road traffic. Please note that I have removed nine trees along Miller Road to improve vision to traffic.

or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood. Explain how this standard is met.

IF APPROVED THE SHED WILL NOT IMPAIR LIGHT OR AIR SUPPLY TO ADJACENT PROPERTIES AND IMPAIR VISION TO ANY ROAD TRAFFIC.

(PLEASE NOTE I HAVE TAKEN OUT 9 TREES ALONG MILLER RD TO IMPROVE VISION TO TRAFFIC)

[Signature]

July 1, 19

[Signature]

July 1, 19

Property Owner Signature

Date

Applicant Signature

Date

Sgt Enterprises

REQUEST FOR PUBLIC HEARING AND COMMISSION ACTION



PLANNING AND ZONING COMMISSION

MEETING DATE: July 15, 2019
DEPARTMENT: Community Services
SUBJECT: Variation to Section 15.3-1D, Front Yards

EXECUTIVE SUMMARY

General Information

Requested Action: Variation to Section 15.3-1D of the Zoning Ordinance to allow six-foot tall fence in the front yard (side) and front yard (rear) of the home. The proposed locations in these yards as well as the proposed height do not comply with the Zoning Code.

Owner: Scott Thoennissen

Applicant: Scott Thoennissen

Purpose: Allow a six-foot high 30 percent open wooden fence in the front yard (side) and front yard (rear).

Location and Size: 1221 Crystal Lake Road / 0.18 acres

Zoning and Land Use:

Site:	R-2 One Family Dwelling District
North:	R-2 One Family Dwelling District
East:	R-2 One Family Dwelling District
South:	R-2 One Family Dwelling District
West:	R-2 One Family Dwelling District

Background

The applicant requests variations to the Zoning Ordinance to allow construction of a six-foot, 30 percent open wooden fence from the middle of the residence in the front yard (side) to the property line on the front yard (side), then along the property line to the rear lot line, then along the rear lot line to the side lot line and back to the residence. The attached site plan shows the requested location for the fence in black and the permitted location for the fence in red.

This is a unique lot because it is a through corner lot that fronts on to three streets. It one of 45 lots meeting these conditions across the Village. The requested location for the fence involves four parts to the variation.

1. The applicant requests the fence start at the middle of the north side of the structure. The Zoning Ordinance only permits a fence in the front yard (side) which begins or ends at the rear yard, which is the northwest corner of the residence. There is no door on the north side of the residence that would allow access to the fenced yard if the fence were located as proposed; however, there are two windows that would fall within the proposed fenced area. This location for the fence would not be permitted on any corner lot, but would be permitted on interior lots where the side yard is adjacent to another residence.
2. The applicant requests the fence be allowed to extend to and run along the lot line on the front yard (side). The Zoning Ordinance permits the fence to extend no closer than 10 feet from the lot line. Miller Road at this location has an 80-foot right-of-way that is smaller than the 100-foot currently required for collector roads in the Subdivision Control Ordinance. If placed on the lot line, the fence would still be 25 feet from the edge of the sidewalk along Miller Road.

There are 14 parcels on Pershing Avenue, which back up to Miller Road adjacent to this parcel. Eight of these parcels have four-foot chain link fences on the Miller Road property line and one has a two-foot wooden fence. Records show permits approved for most of these locations in the seventies and eighties. Most of these properties are well above the grade of Miller Road. The proposed location for this fence along Miller Road would not be out of character for neighborhood.

3. The applicant requests the fence be allowed to run along the lot line on the front yard (rear). The Zoning Ordinance does not permit fence in the front yard (rear). The front yard (rear) in the R-2 District is 25 feet. This is the same requirement on all through lots.

There are 11 lots located between Crystal Lake Road and Decatur Avenue. Two have fences along the lot line on the front yard (rear). One is a four-foot fence and the second was the recently approved variation for a six-foot fence. There are also a number of structures along Decatur Avenue within the 25-foot setback. These include:

- Shed at approximately 20 feet from the Decatur lot line
- Garage at approximately 20 feet from the Decatur lot line
- Garage at approximately 12 feet from the Decatur lot line
- Garage at approximately 12 feet from the Decatur lot line
- Garage at approximately 5 feet from the Decatur lot line

The homes on the west side of Decatur Avenue are setback approximately 20 feet from the lot line.

The intent of the Zoning Ordinance is to maintain setbacks that allow for consistent minimum front yards along the roadway to create an open space. Based on the current situation in this neighborhood, 25 feet is beyond the norm. Based on 16 built lots, here is a summary of the setbacks:

<u>Setback</u>	<u>Number of properties</u>	<u>Percentage</u>
25-foot or greater	4	25
20-foot or greater	11	69
12-foot or greater	13	82
5-foot or greater	14	87
No setback or greater	16	100

4. The applicant requests the ability to install a six-foot high fence. The Zoning Ordinance only allows for a five-foot high fence. This lot sets below the grades of Miller Road and Decatur Avenue where the fence line would run. A variation was recently approved down the street from this parcel allowing a six-foot fence along Decatur Avenue. It would not create a significant impact on the neighborhood to allow the extra foot of height.

The property was reviewed for approval under Section 15.3-1G by the Community Services Director, but the conditions did not meet the standard.

Standards and Findings of Fact for a Variation

The Planning and Zoning Commission may recommend and the Board of Trustees shall permit a variation of the provisions of this Zoning Code, as authorized in this Section, only if the evidence, in the judgement of the Village sustains each of the following three conditions:

- A. **The property in question cannot yield a reasonable return if permitted to be used only under the conditions allowed by the regulations governing the district in which it is located;**

The applicant indicates the fence is needed to protect privacy and security for a dog. The current occupant of the property is considering installing a pool within the fenced area. The proposed pool would be 15 feet in diameter and 3.5 feet high. With a depth of less than 4 feet, a fenced enclosure is required around the pool for safety.

- B. **The plight of the owner is due to unique circumstances; and**

The applicant indicates that the through corner lot is a unique situation with roads on three side of the residence.

- C. **The variation, if granted, will not alter the essential character of the locality.**

The applicant indicates this will not alter the essential character of the locality.

For the purpose of supplementing the above standards, the Village, in making this determination whenever there are practical difficulties or particular hardship, also shall take into consideration the extent to which the following facts, favorable to the applicant, have been established by the evidence:

- D. That the particular physical surroundings, shape or topographical conditions of the specific property involved would bring a particular hardship upon the owner as distinguished from a mere inconvenience if the strict letter of the regulation were to be carried out;

The applicant indicates the hardship created is a lack of privacy and the need to provide separation from the public for the dog and the pool.

- E. That the conditions upon which the petition for variation is based would not be applicable generally to other property within the same zoning classification;

The applicant indicates the amount of traffic on Crystal Lake Road and Miller Road creates a unique situation.

- F. That the purpose of the variation is not based exclusively upon a desire to make more money out of the property;

The applicant indicates the variation is not to make money from the property.

- G. That the alleged difficulty or hardship has not been created by any person presently having interest in the property;

The applicant indicates he did not create the presence of the traffic.

- H. That the granting of the variation will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located; or

The applicant indicates it will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located.

- I. That the proposed variation will not impair an adequate supply of light and air to adjacent property, or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood.

The applicant indicates this condition will be met.

ATTACHMENTS

1. Application
2. Site Plan
3. Photos

RECOMMENDED ACTION

Commission recommend approval to the Village Board for variations to Sections 15.3-1D of the Zoning Ordinance at 1221 Crystal Lake Road on parcel 19-20-307-001 allowing construction of a six-foot, 30 percent open wooden fence in front yards with conditions specified by the Commission.

REQUEST FOR PUBLIC HEARING AND COMMISION ACTION



PLANNING AND ZONING COMMISION

MEETING DATE: July 15, 2019

DEPARTMENT: Community Services

SUBJECT: Variation to Table 13.5, Permitted Accessory Structures

EXECUTIVE SUMMARY

General Information

Requested Action: Variation to Section 13.5 of the Zoning Ordinance to allow a six by six foot shed in in the front yard (side) of the residence. The proposed location in this yard does not comply with the Zoning Code.

Owner: Scott Thoennissen

Applicant: Scott Thoennissen

Purpose: Allow a six by six foot shed in in the front yard (side).

Location and Size: 1221 Crystal Lake Road / 0.18 acres

Zoning and Land Use: Site: R-2 One Family Dwelling District

North: R-2 One Family Dwelling District

East: R-2 One Family Dwelling District

South: R-2 One Family Dwelling District

West: R-2 One Family Dwelling District

Background

The applicant requests a variation to the existing zoning ordinance to allow construction of a six foot by six foot shed in in the front yard (side). The attached site plan shows the requested shed location. The lot is a through corner lot with roads on three of the four lot lines. This creates three front yards on the parcel.

The proposed location is in the front yard (side). There is an existing six foot x six foot shed on the property that will have to be removed or relocated. There is also sufficient space in the rear yard to meet

zoning requirements. The Zoning Ordinance requires the shed be at least four feet from an interior lot line and five feet from a rear lot line.

The applicant proposes placing the shed within a fenced area subject to approval of variations for construction of the fence in the front yards. There are three sheds on nearby lots, along Pershing Avenue, in the front yard (rear) that extend 25 feet from the rear lot line. Records show some were permitted in the sixties. One is approximately 20 feet from the rear lot line and two are within a foot of the rear lot line. There are three in the front yard (rear) along Patton Avenue fronting to the sound attenuation wall along Randall Road. Records show some were permitted in the eighties. There is one shed in a front yard (front) along Patton Avenue erected under a permit in 1987.

Standards and Findings of Fact for a Variation

The Planning and Zoning Commission may recommend and the Board of Trustees shall permit a variation of the provisions of this Zoning Code, as authorized in this Section, only if the evidence, in the judgement of the Village sustains each of the following three conditions:

A. The property in question cannot yield a reasonable return if permitted to be used only under the conditions allowed by the regulations governing the district in which it is located;

The applicant indicates the shed is needed to provide storage space for the residence since there is no garage.

B. The plight of the owner is due to unique circumstances; and

The applicant indicates that the through corner lot is a unique situation with roads on three side of the residence.

C. The variation, if granted, will not alter the essential character of the locality.

The applicant indicates this will not alter the essential character of the locality.

For the purpose of supplementing the above standards, the Village, in making this determination whenever there are practical difficulties or particular hardship, also shall take into consideration the extent to which the following facts, favorable to the applicant, have been established by the evidence:

D. That the particular physical surroundings, shape or topographical conditions of the specific property involved would bring a particular hardship upon the owner as distinguished from a mere inconvenience if the strict letter of the regulation were to be carried out;

The applicant indicates the hardship created is due to roads on three side of the residence.

E. That the conditions upon which the petition for variation is based would not be applicable generally to other property within the same zoning classification;

The applicant indicates the hardship created is due to roads on three side of the residence.

F. That the purpose of the variation is not based exclusively upon a desire to make more money out of the property;

The applicant indicates the shed is needed to provide storage space for the residence since there is no garage.

G. That the alleged difficulty or hardship has not been created by any person presently having interest in the property;

The applicant indicates the hardship created is due to roads on three side of the residence.

H. That the granting of the variation will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located; or

The applicant indicates it will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located.

I. That the proposed variation will not impair an adequate supply of light and air to adjacent property, or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood.

The applicant indicates this condition will be met.

ATTACHMENTS

1. Application
2. Site Plan
3. Photos

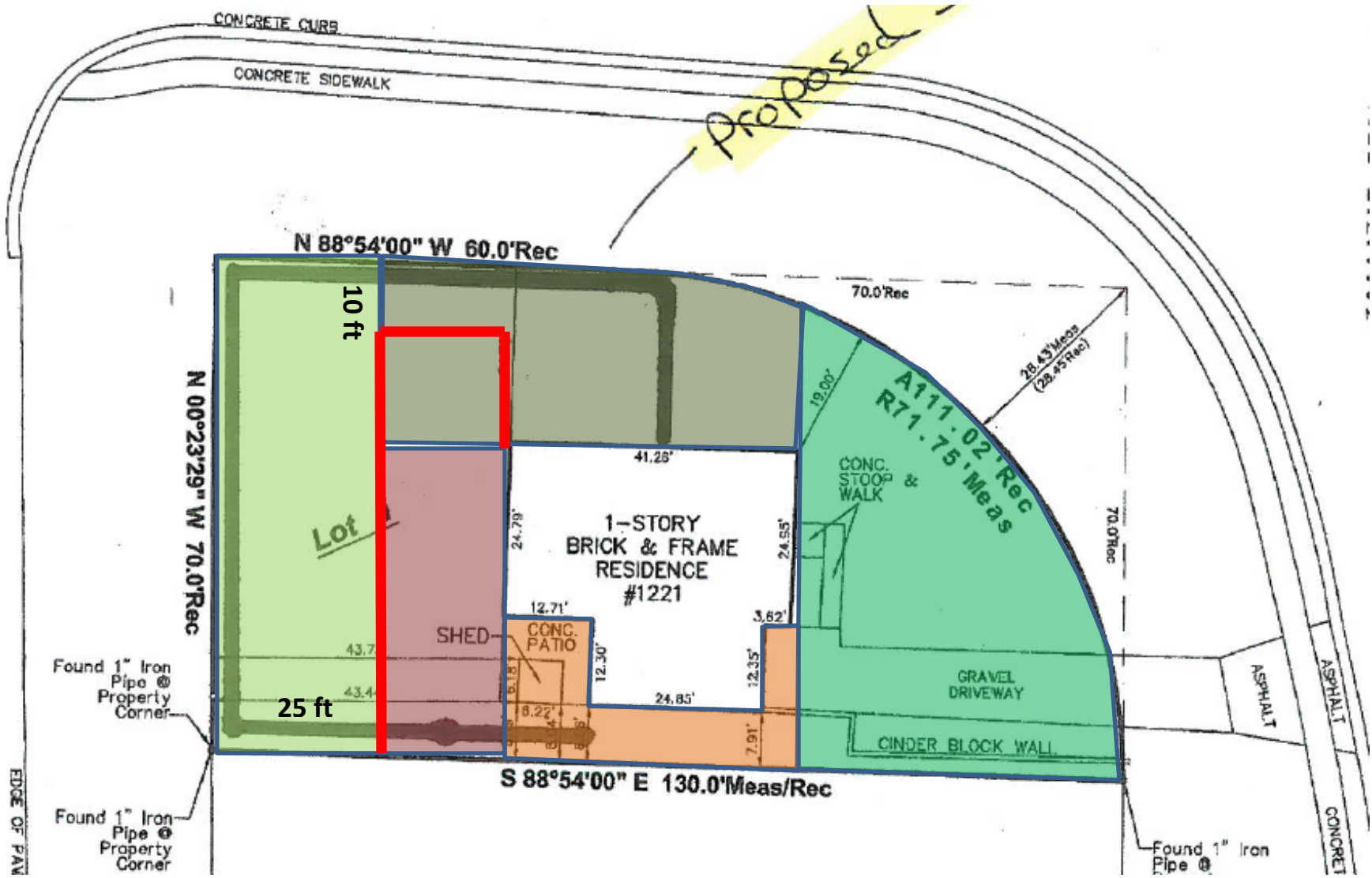
RECOMMENDED ACTION

Commission recommend approval to the Village Board for variations to Sections 13.5 of the Zoning Ordinance at 1221 Crystal Lake Road on parcel 19-20-307-001 allowing construction of a six-foot by six foot shed with conditions specified by the Commission.



PUBLIC INQUIRY HOTLINE
FOR MORE INFORMATION
CALL (847) 960-7000





Proposed

N 88°54'00" W 60.0' Rec

N 00°23'29" W 70.0' Rec

S 88°54'00" E 130.0' Meas/Rec

Lot

1-STORY
BRICK & FRAME
RESIDENCE
#1221

SHED

CONC.
PATIO

CONC. STOOP
WALK &
R71.75' Meas

GRAVEL
DRIVEWAY

CINDER BLOCK WALL

ASPHALT

ASPHALT

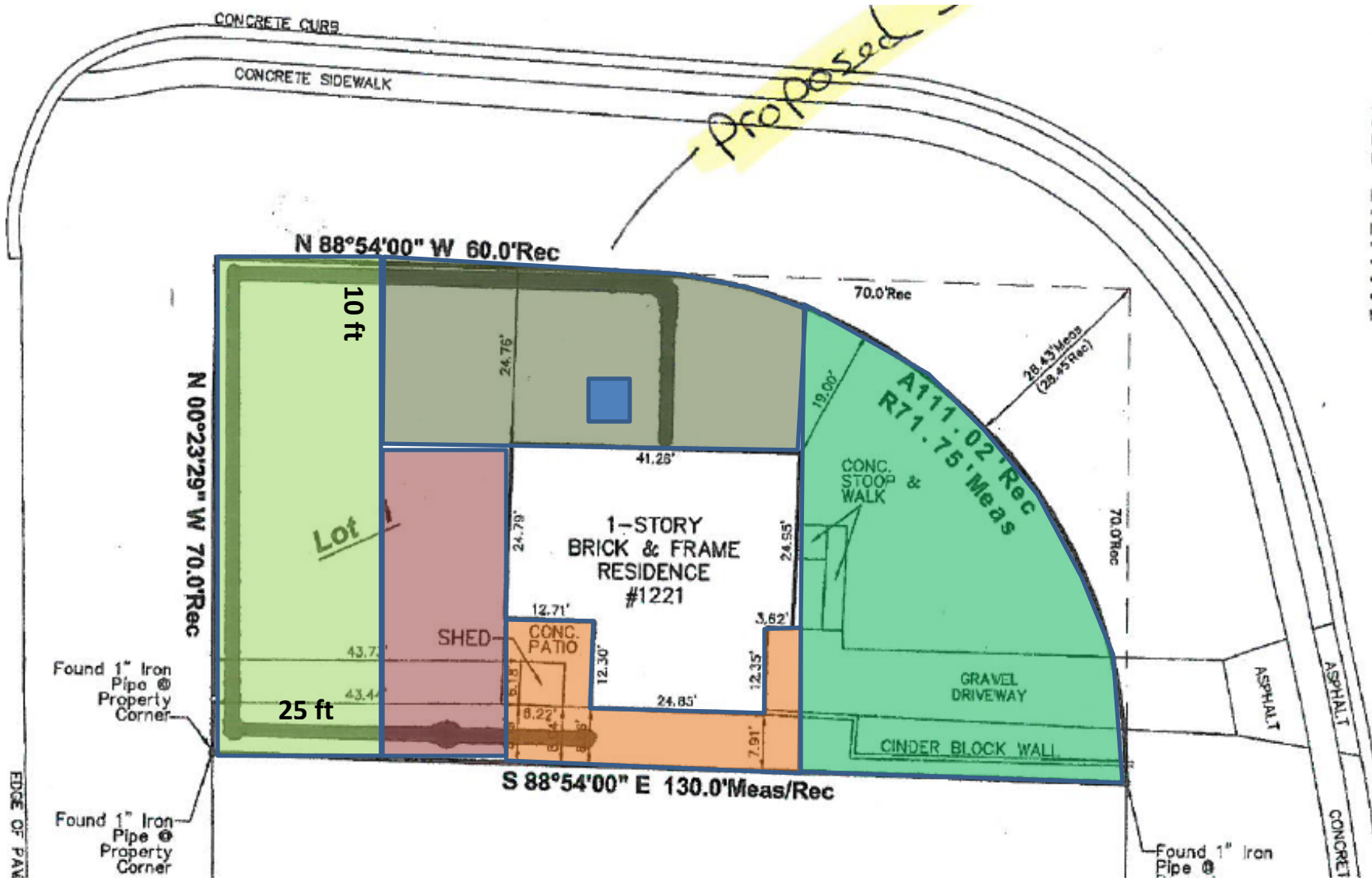
CONCRETE

Found 1" Iron
Pipe @
Property
Corner

Found 1" Iron
Pipe @
Property
Corner

Found 1" Iron
Pipe @

EDGE OF PAV



VILLAGE OF LAKE IN THE HILLS

ORDINANCE 2019 - ____

An Ordinance granting a variance to Section 15.3-1D, of the Zoning Ordinance to allow for installation of a six-foot high, 30 percent open wooden fence in the front yard (side) and front yard (rear). Also to grant a variance to Section 13.5 of the Zoning Ordinance to allow a shed in the front yard (side) of 1221 Crystal Lake Road on Parcel 19-20-307-001

WHEREAS, the Village of Lake in the Hills, McHenry County, Illinois (the "Village"), is a home rule municipality as contemplated under Article VII, Section 6, of the Constitution of the State of Illinois, and the passage of this Ordinance constitutes an exercise of the Village's home rule powers and functions as granted in the Constitution of the State of Illinois; and

WHEREAS, Scott Thoennissen, owner and applicant, of the Subject Property located at 1221 Crystal Lake Road, Lake in the Hills, IL 60156 with a PIN of 19-20-307-001, petitioned the Village of Lake in the Hills for a variance to Section 15.3-1D of the Zoning Ordinance to allow for installation of a six-foot high, 30 percent open wooden fence in the front yard (side) and front yard (rear), and to allow a shed in the front yard (side) of the residence; and

WHEREAS, a public hearing was held by the Village of Lake in the Hills Planning and Zoning Commission, after due notice in the manner provided by law; and

WHEREAS, the Planning and Zoning Commission, after deliberation, has made a report and its recommendation relative to the variations for the Subject Property; and

WHEREAS, the President and Board of Trustees of the Village of Lake in the Hills have considered the report of the Planning and Zoning Commission and all of the evidence presented by the petitioner at the public hearing before the Commission; and

NOW, THEREFORE, Be It ordained by the President and Board of Trustees of the Village of Lake in the Hills, McHenry County, Illinois that:

SECTION 1: The Corporate Authorities find that the statements in the foregoing preamble are true.

SECTION 2: The findings and recommendations of the Planning and Zoning Commission on the question of granting variances for the Subject Property at 1221 Crystal Lake Road are hereby accepted.

SECTION 3: A variance to Section 15.3-1D of the Zoning Ordinance to allow six-foot high, 30 percent open wooden fence in the front yard (side) and front yard (rear) up to the lot lines of the residence on the Subject Property is hereby granted; and

SECTION 4: A variance to Section 13.5 of the Zoning Ordinance to allow a shed within the fenced yard in the front yard (side) of the residence on the Subject Property is hereby granted.

SECTION 5: All other requirements set forth in the Zoning Ordinance of the Village of Lake in the Hills, as would be required by the Village as to any owner of property zoned in the same manner as the Subject Property shall be complied with.

SECTION 6: If any section, paragraph, subdivision, clause, sentence or provision of this Ordinance shall be adjudged by any Court of competent jurisdiction to be invalid, such judgement shall not affect, impair, invalidate or nullify the remainder thereof, which remainder shall continue in full force and effect.

SECTION 7: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 8: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Passed this 25th day of July, 2019 by roll call vote as follows:

	Ayes	Nays	Absent	Abstain
Trustee Stephen Harlfinger	_____	_____	_____	_____
Trustee Ray Bogdanowski	_____	_____	_____	_____
Trustee Bob Huckins	_____	_____	_____	_____
Trustee Bill Dustin	_____	_____	_____	_____
Trustee Suzette Bojarski	_____	_____	_____	_____
Trustee Diane Murphy	_____	_____	_____	_____
President Russ Ruzanski	_____	_____	_____	_____

APPROVED THIS 25TH DAY OF JULY, 2019

Village President, Russ Ruzanski

(SEAL)

ATTEST: _____
Village Clerk, Cecilia Carman

Published: _____

EXHIBIT A

Proposed new fence placement in the front yard (rear) and front yard (side) at 1221 Crystal Lake Road

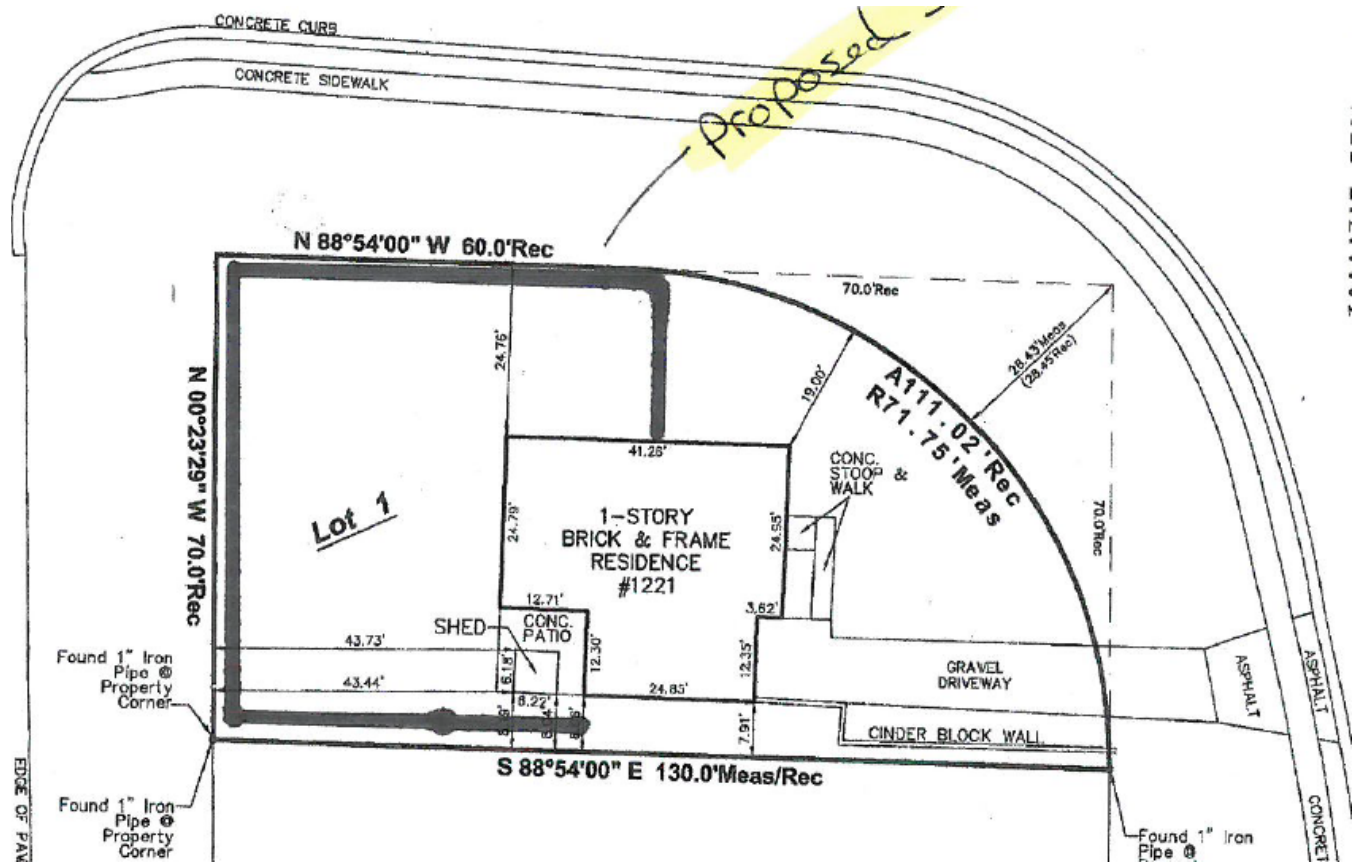


EXHIBIT B

Proposed shed placement in the front yard (side) at 1221 Crystal Lake Road

