



PUBLIC MEETING NOTICE AND AGENDA  
COMMITTEE OF THE WHOLE MEETING

NOVEMBER 9, 2021  
7:30 P.M.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Public Comment  
The public is invited to make an issue-oriented comment on any matter of public concern. The public comment may be no longer than 3 minutes in duration.
4. Staff Presentations
  - A. Administration
    1. Video Gaming License Request for May's Lake in the Hills LLC
    2. Resolution approving Renewal Term for Facility Lease with the Interfaith Food Pantry
  - B. Finance
    1. Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2020
    2. Resolution Estimating the Amount of the Tax Levy for 2021
    3. Village of Lake in the Hills Police Pension Fund FY22 Funding Request
  - C. Public Works
    1. Approval to Purchase Trees in 2022
    2. Waive the Competitive Bidding process and Award a Pavement Rejuvenator Contract
    3. Award a Contract for the Purchase of Bulk Rock Salt for Village Street Snow and Ice Control
    4. Accept the 2022 Ground Maintenance Services Bid
    5. Waive the Competitive Bidding process, Award a Contract for the Replacement of Water Tower 3 Riser Pipe, and approve a Budget Amendment
5. Board of Trustees
  - A. Trustee Harlfinger
  - B. Trustee Huckins
  - C. Trustee Dustin
    1. Planning and Zoning Commission Liaison Report
  - D. Trustee Bojarski
  - E. Trustee Murphy
  - F. Trustee Anderson
    1. Parks and Recreation Board Liaison Report

6. Village President

7. 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

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**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Village Administrator's Office

**SUBJECT:** Video Gaming License Request for May's Lake in the Hills LLC

## EXECUTIVE SUMMARY

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Mays Lake in the Hills LLC presented their business plan to the Village Board on September 24, 2019 for a Class A-2 Liquor License and Video Gaming at 273 N. Randall Road, at which time the Village Board verbally provided its support. On March 20, 2020 Mays was issued a Class A-2 liquor license and started the process with the Illinois Gaming Board for their Video Gaming License. They are now requesting approval for six Video Gaming licenses, attached is their application. All provisions of Chapter 33, Section 33.31 have been met. In addition to the license fees of \$500 per machine, a tax of 30% is imposed on the next terminal income and is collected by the Illinois Gaming Board. One-sixth of this tax is collected and deposited into the Local Government Video Gaming Distributive Fund. These monies are distributed on a monthly basis across those municipalities that have not prohibited video gaming. The amount will be in proportion of the tax revenue generated from video gaming within Lake in the Hills as compared to the total revenue generated statewide.

The owner, Joe Elias, will be present at the Committee of the Whole meeting.

## FINANCIAL IMPACT

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None.

## ATTACHMENTS

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1. Video Gaming Application

## RECOMMENDED MOTION

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Motion to approve the Video Gaming License request from May's Lake in the Hills LLC and issue the six licenses.



VILLAGE OF LAKE IN THE HILLS  
VIDEO GAMING APPLICATION

**Applicant Information**

Business Name: May's Lake in the Hills LLC Date: 10/26/2021  
 Business Owner: Naim Joseph Elias II  
 Business Address: 273 N. Randall Rd, Lake in The Hills, IL 60156  
 Business Phone Number: (847) 802-0700  
 Business Square Footage (total interior space): 2,320

**Terminal Operators Information**

Business Name: Gold Rush Amusements, Inc.  
 Business Owner: Rick Heidner  
 Business Address: 5277 Trillium Blvd, Hoffman Estates, IL 60192  
 Business Phone Number: (630) 307-0500

MACHINE SERIAL NUMBER	LICENSE NUMBER ISSUED (For Village Use Only)
VLT701040	
5197585	
2522567	
5125640	
5192823	
811659	

The annual fee, payable to the Village, shall be \$500 for each video gaming terminal/device and \$300 per terminal/device for establishments with a Class C liquor license. The annual fee shall be due and payable on March 1 of each year. All issued licenses shall expire on April 30 of the following year. This fee is not in lieu of any fee or payment payable to the State or the Illinois Gaming Board. **The applicant must obtain proper federal and state licenses and exhibit proof of said licenses. This proof shall be submitted along with a copy of the signed agreement with the Terminal Operator to the Village prior to the issuance of a license.**

I have read and will comply with Chapter 33, Section 33.31 of the Lake in the Hills Municipal Code.

  
 Business Owner Signature

For Village Use Only

Received copy of Businesses Federal/State License: Yes  No

Received copy of Agreement with Terminal Operator: Yes  No

Total Paid \$ 3,000 Cash/Check# 1009 Date: 10/28/21



# STATE OF ILLINOIS



## ILLINOIS GAMING BOARD

### VIDEO GAMING ESTABLISHMENT LICENSE

**MAYS LAKE IN THE HILLS LLC - 210700393**

**d/b/a MAYS LAKE IN THE HILLS LLC**

**273 N. Randall Rd**

**Lake in the Hills, IL 60156**

License No: 210700393

Date Issued: 10/20/2021

Expiration Date: 10/2022

**This certifies that the entity listed above is hereby issued a Video Gaming Establishment License as authorized by Illinois Gaming Board Adopted Rules. All Video Gaming Establishment licensees are subject to, and must abide by, all provisions of the Video Gaming Act and Illinois Gaming Board Rules, including but not limited to 11 Illinois Administrative Code Sections 1800.250(e) and 1800.420(b).**

A handwritten signature in black ink, appearing to read "Marcus D. Fruchter".

Marcus D. Fruchter  
Administrator



**EXCLUSIVE LOCATION AND VIDEO GAMING TERMINAL AGREEMENT**

This Exclusive Location and Video Gaming Terminal Agreement (the or this "Agreement") entered into this 31 day of March, 2020, by and between GOLD RUSH AMUSEMENTS, INC., an Illinois corporation ("Gold Rush"), and Tap Cafe In The Hills, LLC ("Establishment"). Gold Rush is an Illinois licensed terminal operator under the Illinois Video Gaming Act (the "Act"). Gold Rush's mailing address is 5277 Trillium Blvd., Hoffman Estates, IL 60192. Establishment holds Liquor License Number 1A-1144705, and is or shall use all commercially reasonable efforts to become an Illinois Licensed Establishment under the Act. Establishment's address is: 223 N Randall Rd, Lake In The Hills, IL 60156 (the "Premises").

Gold Rush and Establishment agree that during and throughout the term of this Agreement Gold Rush shall have the sole and exclusive right to provide Video Gaming Terminals, Payout Devices, and all ancillary equipment (collectively, the "Gaming Property") to the Establishment and the Premises. Establishment will allow Gold Rush and its agents to access the Premises to install, service, maintain, replace and remove the Gaming Property. Establishment will allow Gold Rush to place the Gaming Property in a prominent location consistent with the Act, the rules and regulations adopted thereunder, and any written policy issued by the Illinois Gaming Board ("IGB"), as may be amended or adopted from time to time (collectively, the "Video Gaming Laws"). Establishment shall have no ownership right in the Gaming Property and Gold Rush shall have the unilateral right to remove or modify the number of Video Gaming Terminals. Establishment agrees that it will not, and will not permit any third party to (i) alter, repair, modify, tamper with or attempt to alter, repair or modify, tamper with any Gaming Property; (ii) interfere with the operation of the Gaming Property; (iii) move or change the location of the Gaming Property; and (iv) take all reasonable measures to provide for the proper use and safety of the Gaming Property. Damage to the Gaming Property caused in whole or in part by Establishment or any employee, invitee, customer or patron of Establishment shall be the sole responsibility of Establishment. Establishment shall be solely responsible for: (i) all damages to the Gaming Property caused by any attempted or completed burglary or robbery of the Establishment, and (ii) all lost or stolen money from the Gaming Property, unless such damages and/or lost or stolen money are covered by insurance. Gold Rush is not responsible for: (i) any wear and tear to the Premises caused by the Gaming Property; or (ii) liability caused after the installation or during the operation of Gaming Property on the Premises. Gold Rush shall keep the Gaming Property in good working order in accordance with the generally accepted standards of the State of Illinois' video gaming industry.

This Agreement is effective upon signing and shall have an initial term ending eight (8) years (the "Term") from the date the Gaming Property is installed and becomes operational for public use (the "Live Date") in the Establishment. Establishment hereby acknowledges and agrees that it is prohibited from negotiating or entering into an agreement with respect to the placement of Video Gaming Terminals on the Premises with any other party prior to the expiration of the Term.

Net Terminal Income shall be split between Gold Rush and Establishment in accordance with the Video Gaming Laws.

This Agreement or summary of this Agreement may be filed or recorded by Gold Rush with any official office designated by the State of Illinois or its agents. This Agreement constitutes the entire agreement of the parties, supersedes any prior understandings, whether oral or written, relating to the subject matter hereof and may only be amended, modified or supplemented by a writing signed by all of the parties hereto. Capitalized terms used, but not otherwise defined, in this Agreement shall have the same means ascribed to them in the Video Gaming Laws.

Establishment represents and warrants to Gold Rush that Establishment has not executed, entered into or agreed to execute or enter into any other agreement, written or oral, with respect to the placement of Video Gaming Terminals in or at the Establishment or Premises. Establishment hereby indemnifies and holds harmless Gold Rush and each of its successors, assigns for any loss, cost or expenses (including but not limited to reasonable attorney's fees) suffered or incurred by such indemnitees on account of a breach of the foregoing representations and warranties.

This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, successors and assigns. This Agreement shall not terminate in the event of a sale of the Establishment and/or the Premises, and a successor of the Establishment and/or the Premises shall be obligated hereunder during the remaining term and any renewal term of this Agreement. The unenforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions contained in this Agreement unenforceable or invalid. Gold Rush may not assign and/or transfer this Agreement and its rights and/or obligations hereunder except: (i) to another licensed terminal operator; or (ii) as may otherwise be permitted by the Video Gaming Laws. Establishment will be released from any continuing contractual obligation to Gold Rush in the event that Gold Rush has its license revoked (pursuant to a final order of the IGB and the Video Gaming Laws) or surrenders its license.

All notices required or desired to be given under this Agreement shall be in writing and either delivered by: (i) via certified mail return receipt requested; or (ii) messenger or overnight courier service, to be addressed to the address of the party as stated above or to such other address as either party may from time to time designate by written notice to the other party.

The parties hereto hereby severally indemnify and hold harmless the State of Illinois, the IGB and their respective agents for any cause of action, loss, cost or expense (including attorney's fees) suffered or incurred by such indemnitees on account of or arising under this Agreement. The parties expressly acknowledge that no inducement was offered or accepted in exchange for the execution of this Agreement or the placement or operation of the Gaming Property in the Establishment or Premises.

This Agreement is subject to the review and approval by the IGB. The parties agree to modify and amend this Agreement to comply with the requirements of the IGB or any change in the Video Gaming Laws. IN WITNESS WHEREOF, the parties state that they are duly authorized and empowered to execute this Agreement on the day and year first written above.

<p><b>GOLD RUSH AMUSEMENTS, INC.</b></p> <p>By: <u>[Signature]</u></p> <p>Printed Name: <u>Rick Heider</u></p> <p>Title: <u>Secretary</u></p>	<p><b>LICENSED ESTABLISHMENT:</b></p> <p>By: <u>[Signature]</u></p> <p>Printed Name: <u>Naim J Elias II</u></p> <p>Title: <u>Owner / Managing Member</u></p> <p>Doing Business As: <u>Tap Cafe In The Hills</u></p>
<p><b>SALES AGENT:</b></p> <p>By: <u>[Signature]</u></p> <p>Printed Name: <u>Nathan B. Heider</u></p>	





# REQUEST FOR BOARD ACTION

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**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Administration

**SUBJECT:** Renewal Term for Facility Lease with the Interfaith Food Pantry

## EXECUTIVE SUMMARY

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The lease agreement with the Interfaith Food Pantry approved by the Village Board in January 2012 is coming to the end of its initial term. The lease allows five renewal periods of five years each. The Food Pantry Board is requesting the Village approve the first of these five year renewals. The agreement allows use of the building and grounds for a food pantry operation and the Village to retain any permanent improvements to the facility. Rent is \$5.00 per year. The Food Pantry indemnifies the Village and is required to maintain property and casualty insurance with the Village named as an additional insured.

## FINANCIAL IMPACT

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None.

## ATTACHMENTS

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1. Resolution
2. Request for exercising the option to renew the lease
3. Lease document

## RECOMMENDED MOTION

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Approve resolution granting renewal of the lease agreement for the first five year renewal term.

VILLAGE OF LAKE IN THE HILLS

RESOLUTION NO. 2021- \_\_\_\_\_

**A Resolution approving a five-year Lease extension with the Algonquin/Lake in the Hills Interfaith Food Pantry**

WHEREAS, the Village of Lake in the Hills entered into a lease("Lease") on January 12, 2012 with the Algonquin/Lake in the Hills Interfaith Food Pantry allowing them to use the building and grounds at 1113 Pyott Road for a Food Pantry;

WHEREAS, the initial Lease term will expire on December 31, 2021, if not extended;

WHEREAS, after the initial Lease term, the Lease allows both parties to extend the lease for up to five additional five-year periods upon three months written notice;

WHEREAS, the Algonquin/Lake in the Hills Interfaith Food Pantry consents to exercise the first five-year Lease extension with the Village of Lake in the Hills;

WHEREAS, the Board of Trustees of the Village of Lake in the Hills has determined that it is best interest of the Village of Lake in the Hills to extend the Lease for an additional five-year period, which will extend the Lease until December 31, 2026;

NOW, THEREFORE, BE IT RESOLVED by the President and Board of Trustees of the Village of Lake in the Hills, McHenry County, State of Illinois.

SECTION 1: The foregoing recitals are hereby incorporated herein as if fully set forth as findings of the President and Board of Trustees.

Passed this 9th day of November 2021 by roll call vote as follows:

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

APPROVED THIS 9TH DAY OF NOVEMBER, 2021

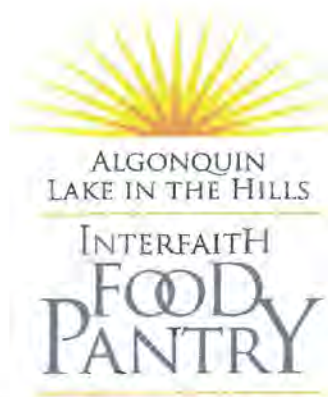
\_\_\_\_\_  
Village President, Ray Bogdanowski

(SEAL)

ATTEST: \_\_\_\_\_  
Village Clerk, Shannon DuBeau

Published:

1113 Pyott Road  
Lake in the Hills, IL 60156  
P.O. Box 7866, Algonquin, IL 60102  
www.alith-foodpantry.org



Hours of Operation:  
Tues & Thurs 9:00 - 11:30 a.m.  
1st & 3rd Sat 9:00 - 11:30 a.m.  
(847) 854-1904

*"Be a Neighbor - Feed a Neighbor"*

September 24, 2021

Village of Lake in the Hills  
ATTN: Village Administrator  
600 Harvest Gate  
Lake in the Hills, IL 60156

RE: Lease Agreement between the Village of Lake in the Hills and the Algonquin/Lake in the Hills Interfaith Food Pantry, dated January 12, 2012

Dear Fred,

Pursuant to the renewal terms outlined in the above referenced lease, and as noted in Article 4, Section 4.2, the Algonquin/Lake in the Hills Interfaith Food Pantry is submitting our formal request to exercise our option to renew the lease with the Village of Lake in Hills at our current location of 1113 Pyott Road, Lake in the Hills, IL 60156 for the first renewal period of 5 years.

If you require any additional detail to consider this request, please let me know.

Thank you in advance for your consideration of this request and we look forward to the acknowledgement and acceptance of this request.

Respectfully,

Kathy Mountain  
President, Algonquin Lake in the Hills Food Pantry  
Cell: 847-804-3068

LEASE AGREEMENT  
BETWEEN THE VILLAGE OF LAKE IN THE HILLS AND  
THE ALGONQUIN/LAKE IN THE HILLS INTERFAITH FOOD PANTRY

THIS LEASE AGREEMENT (the *lease*) is made as of the 26<sup>th</sup> day of January, 2012, by and between the parties named in Article 1, which parties, in consideration of the mutual covenants herein set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby agree as follows:

ARTICLE 1 – PARTIES

1.1 Landlord: VILLAGE OF LAKE IN THE HILLS, an Illinois municipal corporation (*landlord*), whose notice and rental payment address is:

Village of Lake in the Hills  
Attention: Village Administrator  
600 Harvest Gate  
Lake in the Hills, IL 60156

1.2 Tenant: ALGONQUIN/LAKE IN THE HILLS INTERFAITH FOOD PANTRY, a private not-for-profit corporation (*tenant*), whose notice address is:

Algonquin/Lake in the Hills Interfaith  
Food Pantry  
Attention: Richard Hoferle  
716 Hillside Court  
Algonquin, IL 60102

ARTICLE 2 – BASIC LEASE TERMS AND DEFINITIONS

2.1 In addition to other terms that are defined elsewhere in this Lease, the following terms, whenever set forth in initial capitals in this Lease, shall have the meanings set forth in this Article, except as otherwise expressly provided in this Lease:

**Commencement Date:** The Commencement Date shall be January 26, 2012.

**Initial Term:** The period beginning on the Commencement Date and ending December 31, 2021.

**Permitted Use:** The development and operation of a food pantry.

**Premises:** That certain real property located at 1113 Pyott Road, Lake in the Hills, Illinois, in the existing Public Works Facility as described in Exhibit A attached hereto and incorporated herein by this reference, plus certain rights of ingress and egress thereto.

**Renewal Terms:** Five periods of five years each, the first of which commences on January 1, 2022.

**Rent:** \$5.00 payable on or before the Commencement Date and then annually on or before January 1 of each year thereafter.

**Term:** The Initial Term and any Renewal Terms exercised pursuant to the provisions of this Lease, as the context require.

### ARTICLE 3 – PREMISE

3.1 Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises.

### ARTICLE 4 – TERM

4.1 Tenant shall have and hold the Premises, and such related uses of the Premises as may be described in this Lease, for the Term, unless sooner terminated as hereinafter provided.

4.2 Landlord hereby grants to Tenant the right and option to renew this Lease and extend the Initial Term for Renewal Terms upon the terms, covenants, and conditions contained in this Lease; provided, however, the granting of any Renewal Terms is subject to the written approval of the Landlord. Such approval will not be unreasonably withheld. Tenant must exercise its option by giving written notice to that effect to Landlord at least three calendar months before the expiration of the then current Term and Landlord must advise Tenant in writing of its agreement to enter into said Renewal Terms no later than 30 days prior to the end of the then current term.

### ARTICLE 5 – RENT

5.1 Tenant shall pay the Rent to the Landlord on or before the Commencement Date and then annually on or before January 1 of each year thereafter for the balance of the Term.

5.2 Tenant shall pay all rent to Landlord at the address set forth in Article 1 of this Lease.

### ARTICLE 6 – TAXES AND UTILITIES

6.1 The Premises currently are exempt from property taxes. If the use of the Premises by Tenant results in property taxes being imposed on the Premises, then Tenant shall be responsible for the payment of all property taxes assessed against the Premises. Tenant shall be solely responsible for all costs and expenses attributable to any divisions, consolidations, or other applications and relief relating to property taxes that may result from this lease or Tenant's use of the Premises. Tenant shall reimburse Landlord for Tenant's proportionate share of any costs and expenses, including attorney's fees, incurred by Landlord in connection with such matters.

6.2 Tenant shall be solely responsible for, and shall timely pay, all personal property taxes levied and assessed, if any, against Tenant or Tenant's personal property. At the request of the Landlord, Tenant shall provide evidence of payment of any property taxes or personal property taxes.

6.3 From the Commencement Date and continuing throughout the Term, Tenant shall be responsible for, and shall pay promptly, all charges for utility services used or consumed by Tenant on the Premises.



## ARTICLE 7 – USE

7.1 Tenant shall have the right during the Term to use the Premises for the Permitted Use; provided, however, that Tenant shall not use the Premises in any manner that interferes with or disturbs the use of the Premises by Landlord for any lawful purpose.

## ARTICLE 8 – ACCESS

8.1 Landlord and its agents shall have the right to enter the Premises for the purpose of examining and inspecting the Premises at any time during Tenant's regular business hours on the Premises, and otherwise upon 24 hour notice to Tenant; provided, however, that notice to Tenant shall not be required in the event of a *bona fide* emergency.

## ARTICLE 9 – IMPROVEMENT

9.1 It is understood that Tenant will be constructing a food pantry on the Premises (the "Food Pantry Construction"). All Food Pantry Construction shall be completed only after obtaining all necessary Landlord approvals. No other improvements or alterations may be made to the Premises without prior written consent of Landlord.

9.2 All facilities, equipment, and property of any nature that may be installed or placed in or upon the Premises by Tenant shall remain the property of the Tenant and shall be removed at Tenant's expense, upon the termination of this Lease, except that permanent improvements such as walls, ceilings, HVAC systems and the like shall become and be the property of Landlord and shall remain with the Premises upon the termination of this lease. Tenants may not assign, lien, encumber, mortgage, or create a security interest in or upon its facilities, equipment, or other property in or upon the Premises without the consent of Landlord; provided, however, that Tenant may not assign, lien, encumber, mortgage, or create a security interest in any facilities, equipment, or property of Landlord, including Premises.

## ARTICLE 10 – MAINTENANCE

10.1 Tenant shall, at its sole cost and expense, maintain the Premises and all of its improvements, equipment, and other personal property located upon or within the Premises in good condition and repair. Tenant shall keep the Premises free of debris and free of any dangerous, noxious, hazardous, or offensive condition.

## ARTICLE 11 – INDEMNIFICATION

11.1 Tenant shall indemnify, save harmless, and defend Landlord, its boards, committees, commissions, officers, agents and employees, against any and all lawsuits, claims, demands, liabilities, losses, and expenses, including attorney's fees and administrative expenses, that may arise, or be alleged to have arisen, out of or in connection with the existence of this Lease or any act or omission of Tenant whether or not due or claimed to be due in whole or in part to the active, passive, or concurrent negligence or fault of Tenant, except to the extent caused by the sole negligence of Landlord.

## ARTICLE 12 – INSURANCE

12.1 Tenant shall maintain property and casualty insurance on any of its property, located on the Premises, including goods, equipment, and interior improvements, as it may deem reasonable and necessary. Landlord shall have no liability for damage, destruction, or loss to such property.

Tenant shall maintain, at its sold cost and expense, throughout the Term, general liability insurance, insuring Tenant against liability for personal injury, death, or damage to property arising out of the use of the Premises by Tenant. Such insurance shall provide coverage with policy limits of not less than \$1 million in the event of bodily injury or death to one or more persons and in an amount of not less than \$1 million for property damage.

The following parties shall be named as additional insureds: the Village of Lake in the Hills and its boards, committees, commissions, officers, agents, and employees. Each policy shall contain the following endorsement: "The insurer shall give the Village of Lake in the Hills at least 30 days prior written notice of any intention not to renew such policy or to cancel, replace or materially alter the same, such notice to be given by certified mail, return receipt requested, addressed to: Village of Lake in the Hills, 600 Harvest Gate, Lake in the Hills, IL 60156."

## ARTICLE 13 – DAMAGE AND DESTRUCTION

13.1 If the Premises shall be damaged or destroyed by fire or other casualty, either in whole or in part, to the extent that the Premises are rendered untenable, Landlord shall have no obligation to restore the Premises and Landlord and Tenant shall each have the right to terminate this Lease by giving notice to such effect to the other party at any time within thirty (30) days after such damage or destruction occurred. If such notice is given, the term of this Lease shall terminate as of the earlier of the date Tenant vacates the Premises or thirty (30) days after the giving of such notice.

## ARTICLE 14 – ASSIGNMENT AND SUBLETTING

14.1 Tenant shall not assign or sublet this Lease, in whole or in part, without the express written consent of Landlord. Any assignment or subletting without such written consent shall, at Landlord's option, be deemed to be void and of no force or effect.

## ARTICLE 15 – DEFAULT

15.1 Tenant shall be in default of this Lease if Tenant shall:

- a. fail to pay, when due, any Rent or any other sums due and payable hereunder within 10 days after notice by Landlord to Tenant specifying the amount and detail of unpaid Rent or other sums due hereunder; or
- b. breach any other covenant or condition of this Lease and not cure such other default within 30 days after notice from Landlord specifying the default complained of (provided that is such default is not reasonably

susceptible of cure within said thirty day period and if the Tenant is diligently and continuously pursuing such cure to completion then such cure period may be extended by up to sixty additional days);

- c. abandon the Premises;
- d. be adjudicated as bankrupt or shall make an assignment for the benefit of creditors; or
- e. become legally insolvent.

15.2 In the event of a default as described above, Landlord shall have the right, at its option, in addition to and not exclusive of any other remedy Landlord may have in law or equity with only such further demand or notice as may be required by applicable law, to re-enter the Premises and eject all persons therefrom, and declare this Lease at an end, in which event Tenant shall immediately remove its facilities, equipment and property and pay Landlord a sum of money equal to the total of: (i) the amount of the unpaid Rent accrued through the date of termination; (ii) the amount by which the unpaid Rent reserved for the balance of the Term exceeds the amount of such loss of Rent that Tenant proves could be reasonably avoided (net of the costs of such reletting); and (iii) any other amount necessary to compensate Landlord for all detriment directly and proximately caused by Tenant's failure to perform its obligation under the Lease.

15.3 Landlord shall be in default of this Lease if Landlord shall breach any of its covenants contained in this Lease and does not cure such other default within 30 days after notice from Tenant specifying the default complained of (provided that is such default is not reasonably susceptible of cure within said 30 day period and if Landlord is diligently and continuously pursuing such cure to completion then such cure period may be extended by up to 90 additional days).

15.4 In any action or proceeding hereunder, the prevailing party shall be entitled to recover from the other the prevailing party's reasonable costs and expenses in such action or proceeding, including, without limitation, reasonable attorneys' fees. In the event either party is sued by a third party as a result of a violation of a covenant or warranty herein contained by the other party hereto, then the party who has violated the covenant or warranty shall be responsible for the reasonable costs and expenses in such action or proceeding against the non-violating party, including, without limitation, reasonable attorneys' fees.

#### ARTICLE 16 – GENERAL

16.1 **Notices.** Any notice or other communication required or permitted to be given under this Lease shall be in writing and shall be (a) personally delivered, (b) delivered by a reputable overnight courier, or (c) delivered by certified mail, return receipt requested, and deposited in the U.S. Mail, postage prepaid. Telecopy notices shall be deemed valid only to the extent they are (i) actually received by the individual to whom addressed and (ii) followed by delivery in the manner described in either (a), (b) or (c) above within three business days thereafter. Unless otherwise expressly provided in this Lease, notices shall be deemed received at the earlier (x) of actual receipt, or (y) one business day after deposit with an overnight courier as evidenced by a receipt of deposit or (z) three business days following

deposit in the U.S. mail, as evidenced by a return receipt. Notices shall be directed to the parties at their respective addresses set forth in Article 1 of this Lease or at such other address as either party may, from time to time, specify by written notice to the other in the manner described above.

16.2 **Non-Waiver.** The failure of Landlord or Tenant to enforce against the other any term, covenant or condition of this Lease shall not be deemed a waiver thereof, nor void or affect the right of the aggrieved party to enforce the same term, covenant or condition on the occasion of any subsequent breach or default; nor shall the failure of either party to exercise any option in this Lease upon any occasion arising therefore be deemed or construed to be a waiver of the right to exercise that same kind of option upon any subsequent occasion.

16.3 **Governing Law.** This Lease shall be governed by the internal laws, but not the conflict of laws rules, of the State of Illinois. Venue for any dispute under this Lease shall be in the Circuit Court of McHenry County, Illinois.

16.4 **Severability.** If any term, covenant or condition of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

16.5 **Entire Agreement.** This Lease constitutes the entire agreement of the parties hereto; all prior agreements between the parties, whether written or oral, are merged herein and shall be of no force and effect. This Lease may not be modified or amended except by written instrument executed by each of the parties hereto.

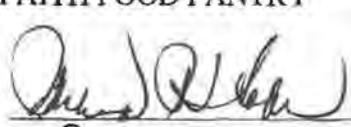
16.6 **Successors and Assigns.** The terms, covenants and conditions of this Lease shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the 26<sup>th</sup> day of January, 2012.

LANDLORD:  
VILLAGE OF LAKE IN THE HILLS

TENANT:  
ALGONQUIN/LAKE IN THE HILLS  
INTERFAITH FOOD PANTRY

By:   
Village President Edwin M. Plaza

By:   
PRESIDENT

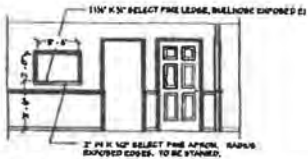
Attest:   
Village Clerk, Denise Wasserman

Title: \_\_\_\_\_

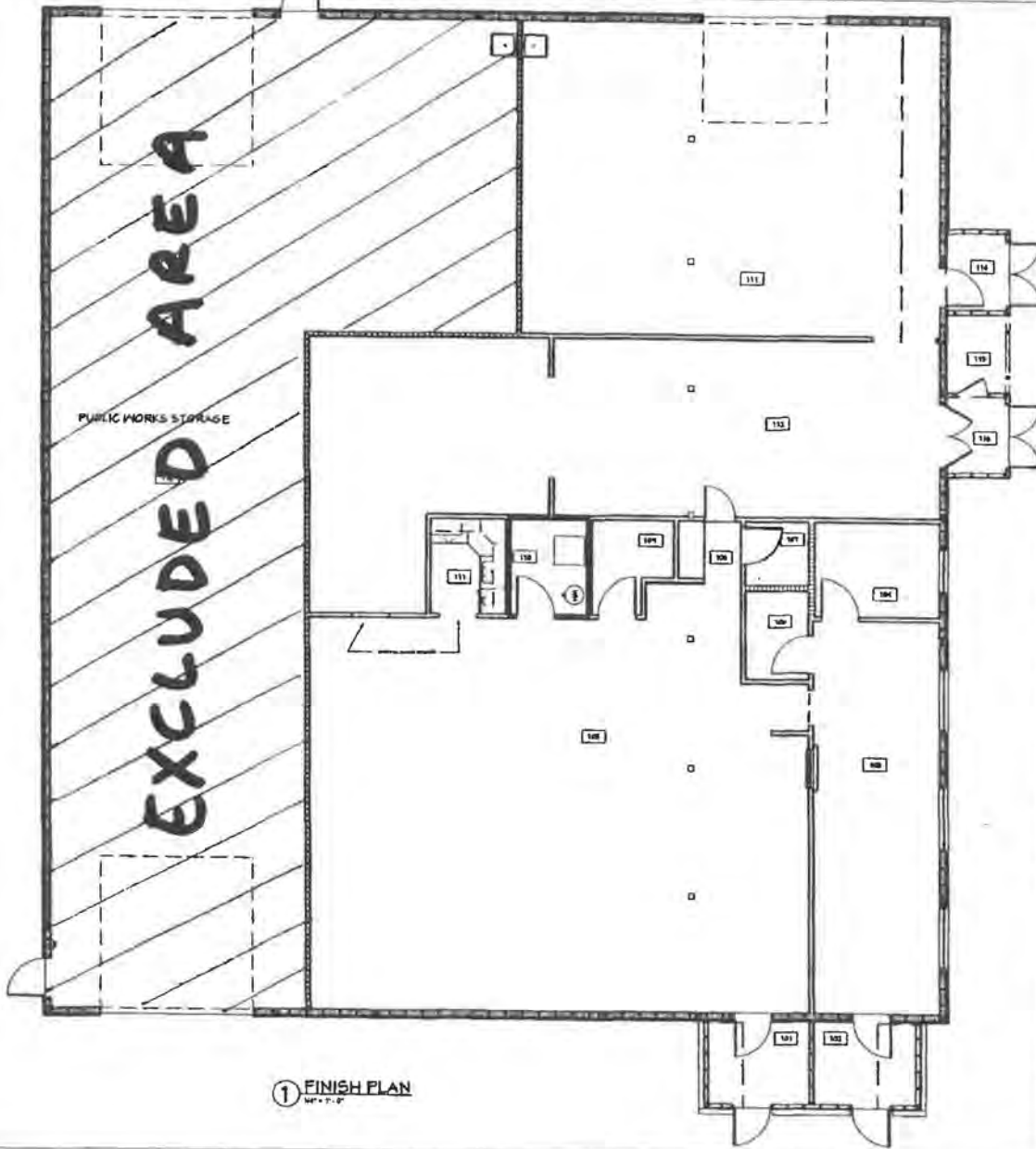


Exhibit A

FINISH SCHEDULE	
NO. #	DESCRIPTION
107	<b>FLOORING:</b> KATHY WETS, SEALED WITH AN EPOXY FINISH
114	<b>CEILING:</b> MEDIUM PINE BOARD, STAINED, COLOR TO BE SELECTED.
115	<b>CEILING:</b> BLENDED PINE BOARD, STAINED, COLOR TO BE SELECTED.
108	<b>FLOORING:</b> CARPETING, HFS, AND COLOR TO BE SELECTED
	<b>WALL:</b> WALLPAPERING BELOW CHAIR RAIL, HFS & STYLE TO BE SELECTED. PAINT ABOVE CHAIR RAIL, HFS & STYLE TO BE SELECTED.
	<b>BASEBOARD:</b> 1/2" X 1/2" PINE BASE, MODEL #PND040, STAINED COLOR TO BE SELECTED. FINISH FROM HOME DEPOT OR B&B.
	<b>CHAIR RAIL:</b> SOLID PINE, 2 1/2" X 1 1/2", MODEL #SCH03000C, STAINED, COLOR TO BE SELECTED. INSTALL @ 36" AFF., HOME DEPOT OR B&B. FOR RECEPT. SEE
	<b>CABINETS:</b> FINISHON DOOR & RECEPTION FRONT CABINETS TO BE 4" X 10" FILTRED PINE, MODEL #124-117794, STAINED, COLOR TO BE SELECTED. AVAILABLE FROM LOWES OR B&B. INTERIOR FRONT PANEL OF FINISHON AND RECEPTION FRONT PANELS TO BE STAINED. EXTERIOR FINISHON CABINETS TO BE FINISH AND PAINTED.
104	<b>FLOORING:</b> CARPETING, HFS, AND COLOR TO BE SELECTED
	<b>CEILING:</b> PAINT ABOVE & BELOW CHAIR RAIL. COLOR TO BE SELECTED. CHAIR RAIL INSTALLED AT 36" AFF.
	<b>BASEBOARD:</b> 1/2" X 1/2" PINE BASE, MODEL #PND040, FOR AREA 108 & 104. STAINED COLOR TO BE SELECTED. AVAILABLE FROM HOME DEPOT OR B&B.
	<b>CHAIR RAIL:</b> SOLID PINE, 2 1/2" X 1 1/2", MODEL #SCH03000C, STAINED, COLOR TO BE SELECTED. INSTALL @ 36" AFF., HOME DEPOT OR B&B.
	<b>CABINETS:</b> FINISHON & DOOR CABINETS TO BE 4" X 10" FILTRED PINE, MODEL #124-117794, STAINED COLOR TO BE SELECTED. AVAILABLE FROM LOWES OR B&B. INTERIOR FRONT PANELS TO BE STAINED. EXTERIOR FINISHON CABINETS TO BE FINISH AND PAINTED. NOTE: SAME TYPE CABINETS USED FOR BATHROOM.
106-110	<b>FLOORING:</b> CONCRETE, SEALED WITH AN EPOXY FINISH
	<b>CEILING:</b> FINISH WITH ONE COAT OF PAINT. TWO COATS MAY BE REQUIRED IF A DYEKEN COLOR IS SPECIFIED.
	<b>BASE BOARD:</b> WHITE SLIMLINE PRINCIPLE PINE BASE BOARD, PROFILE 20, 1 1/2" X 1/2" BOLL, AVAILABLE THRU KOTTLER SALES CO., B&B-RE-ASST, COLOR TO BE SELECTED.
	<b>CABINETS:</b> FINISH DOOR CABINETS, 1" X 2 1/2" X 10", PINE CABINETS TO BE STAINED, HANGING (SEE PLAN)
	<b>CEILING:</b> SPRING CEILING TO BE FINISH AND PAINTED.



② ELEVATION - RECEPTION ROOM  
W.A.T.F.



① FINISH PLAN  
W.A.T.F.

GENERAL NOTES

Algonquin/Lake in the Hills  
InterFaith Food Pantry  
1113 Poytt Road  
Lake in the Hills, Illinois

GENERAL CONTRACTOR

Jim Siewerle  
109 Crystal Lake Road  
Lake in the Hills, Illinois  
847-615-8879

STRUCTURAL ENGINEER

Structures Unlimited  
2604 Bridlewood  
Crystal Lake, Illinois 60012  
815-444-6424

DESIGNER

McHenry County Design  
606 Legion Drive  
Algonquin, Illinois 60102  
847-658-0536

e-mail: jstalg@sbcglobal.net

ALL INFORMATION CONTAINED HEREIN IS THE PROPERTY OF MCHENRY COUNTY DESIGN. THE CONCEPTS, IDEAS, DESIGNS, AND DETAILS AS SHOWN ON THE DOCUMENTS WERE CREATED, DEVELOPED, AND PRESENTED FOR USE ON THIS SPECIFIC PROJECT AND SHALL NOT BE REUSED FOR ANY PURPOSE WHATSOEVER WITHOUT THE EXPRESS WRITTEN CONSENT OF MCHENRY COUNTY DESIGN. THE OWNER SHALL BE PERMITTED TO RETAIN COPIES FOR INFORMATION AND REFERENCE PURPOSES.

Project no.  
Date: August 31, 2011  
Scale: AS NOTED  
Drawn by: JAB



# REQUEST FOR BOARD ACTION

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**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Finance

**SUBJECT:** Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2020

## EXECUTIVE SUMMARY

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Attached is the Village of Lake in the Hills Police Pension Fund Municipal Compliance Report (MCR) for the Fiscal Year Ended December 31, 2020. This is a report on the financial condition of the fund as of 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, and **9.** a copy of the fund's investment policy.

The Police Pension Board approved the MCR for presentation to the Village Board at its meeting on October 11, 2021.

## FINANCIAL IMPACT

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- Total net position of the fund increased by 15.18% or \$5,188,554 from the prior year.
- The recommended Village contribution decreased 12.18% or \$199,065 from the prior year.
- The actual investment return for the fund was 12.03% for the year.
- The funded ratio of the fund increased by 7.35% from the prior year (from 76.56% to 83.91%).
- The unfunded liability of the fund decreased by 30.09% or \$3,026,352 from the prior year (from \$10,059,234 to \$7,032,882).

## ATTACHMENTS

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1. Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for Fiscal Year Ended December 31, 2020.

## RECOMMENDED MOTION

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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, 2020.



July 27, 2021

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, 2020. 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

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PUBLIC ACT 95-0950

MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED

DECEMBER 31, 2020

**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, 2020**

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:

	Current Fiscal Year	Preceding Fiscal Year
Total Cash and Investments (including accrued interest)	<u>\$39,391,812</u>	<u>\$34,197,793</u>
Total Net Position	<u>\$39,376,812</u>	<u>\$34,188,258</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>\$453,700</u>
Estimated Receipts - All Other Sources	
Investment Earnings	<u>\$2,658,900</u>
Municipal Contributions	<u>\$1,435,317</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>\$1,452,000</u>
(b) Annual Requirement of the Fund as Determined by:	
Illinois Department of Insurance	<u>\$1,266,865</u>
Private Actuary - Lauterbach & Amen, LLP	
Recommended Municipal Contribution	<u>\$1,435,317</u>
Statutory Municipal Contribution	<u>\$968,159</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, 2020**

- 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:

	Current Fiscal Year	Preceding Fiscal Year
Net Income Received from Investment of Assets	\$4,426,285	\$5,598,502
Assumed Investment Return		
Illinois Department of Insurance	6.50%	6.50%
Private Actuary - Lauterbach & Amen, LLP	6.75%	6.75%
Actual Investment Return	12.03%	17.97%

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

Number of Active Members	39
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- 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:

	Number of	Total Amount Disbursed
(i) Regular Retirement Pension	12	\$790,635
(ii) Disability Pension	7	\$320,427
(iii) Survivors and Child Benefits	0	\$0
Totals	19	\$1,111,062

**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, 2020**

7) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Department of Insurance	<u>81.97%</u>	<u>78.39%</u>
Private Actuary - Lauterbach & Amen, LLP	<u>83.91%</u>	<u>76.56%</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>\$8,016,630</u>
Private Actuary - Lauterbach & Amen, LLP	<u>\$7,032,882</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 11TH day of OCTOBER, 2021

President Lawrence E. Howell Date 10-11-21

Secretary Paula Padua Date 10/11/21

**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, 2020**

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INDEX OF ASSUMPTIONS

- 1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2020 and 2019.

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended December 31, 2020 and 2019.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Year Ended December 31, 2020 plus 3.25% 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, 2020, times 6.75% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

Municipal Contributions - Recommended Tax Levy Requirement as Reported by Lauterbach & Amen, LLP, Actuarial Valuation for the Year Ended December 31, 2020.

- 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, 2020, 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, 2020 Actuarial Valuation.

Private Actuary - Lauterbach & Amen, LLP

Recommended Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the December 31, 2020 Actuarial Valuation.

Statutorily Required Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the December 31, 2020 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, 2020**

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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, 2020 and 2019.

Assumed Investment Return:

Illinois Department of Insurance - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the December 31, 2020 and 2019 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Lauterbach & Amen, LLP, December 31, 2020 and 2019 Actuarial Valuations.

Actual Investment Return - Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning balance of the Cash and Investments and the Ending balance of the Cash and Investments, excluding the fiscal year net investment income, as Reported in the Audited Financial Statements for the Fiscal Years Ended December 31, 2020 and 2019.

- 5) Number of Active Members - Illinois Department of Insurance Annual Statement for December 31, 2020 - Schedule P.
- 6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for December 31, 2020 - 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, 2020**

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INDEX OF ASSUMPTIONS - Continued

7) The funded ratio of the fund:

Illinois Department of Insurance - Current and Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the December 31, 2020 and 2019 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Actuarial Value of Assets as a percentage of Accrued Liability as Reported in the Lauterbach & Amen, LLP, December 31, 2020 and 2019 Actuarial Valuations.

8) Unfunded Liability:

Illinois Department of Insurance - Deferred Asset (Unfunded Accrued Liability) as Reported in the December 31, 2020 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Lauterbach & Amen, LLP in the December 31, 2020 Actuarial Valuation.



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# Lake in the Hills

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## POLICE PENSION FUND INVESTMENT POLICY

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### 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.

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

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.

## 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.
- 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.
- Sustainability Factors: Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, the Lake in the Hills Police Pension Fund will include material, relevant, and decision-useful sustainability factors that may be considered by the Pension Bond within the bounds of financial and fiduciary prudence, in evaluating investment decisions.

These factors consist of but are not limited to:

- a. Corporate governance and leadership factors
- b. Environmental factors
- c. Social capital factors
- d. Human capital factors
- e. Business model and innovation factors

#### 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

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**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Finance

**SUBJECT:** Resolution – Estimating the Amount of the Tax Levy for 2021

## EXECUTIVE SUMMARY

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Illinois compiled statutes require that the corporate authorities of the Village estimate the amount of tax to be levied not less than 20 days prior to the adoption of the final levy which is scheduled to be presented at the December 7<sup>th</sup> Committee of the Whole Meeting with approval at the December 9<sup>th</sup> Village Board Meeting.

For the 12th consecutive year, there is no increase proposed to existing property owners taken as a whole. The proposed levy does, however, contemplate capturing property taxes on new construction as a funding source for the increased demand for Village services generated by that new construction.

The projected equalized assessed valuation (EAV) for 2021 is estimated to be \$779,563,478, which represents a 2.3% increase from the 2020 EAV of \$761,745,562. The projected EAV for 2021 is based on the McHenry County Assessor's estimated EAV report that was recently provided to the Village. Also included on that report is the estimated new construction portion of the EAV for 2021 of \$4,687,736.

The estimated tax rate is expected to decrease by -1.7% from 0.719633 to 0.707436 due to the projected 2.3% increase in EAV. Each individual property owner's real estate tax bill will fluctuate based on the percentage change in EAV for each property compared to the percentage change for the entire Village. However, all existing property in total will see no increase in their portion of the property tax levy which will remain at the 2020 level of \$5,481,747. The portion of the tax levy that is attributable to new construction is \$33,163 which is calculated by applying the 0.707436 estimated tax rate against the projected new construction EAV of \$4,687,736.

Therefore, the total estimated amount to be levied for corporate and special purpose property taxes for 2021 is \$5,514,910 which is a 0.6% increase from the 2020 tax extension of \$5,481,747. The 2021 tax levies for debt service for SSA#51 for G.O. Bonds Series 2019 in the amount of \$107,550 and in the Airport Fund for G.O. Bonds Series 2012 in the amount of \$71,400 are proposed to be abated entirely for a total of \$178,950 in abatements so those totals are not included in the proposed 2021 levy amount.

Besides capturing new construction growth, one other change from prior years' levies is reducing all components of the levy except for the Corporate levy to a placeholder amount of \$1,000 and levying the majority of the levy in the Corporate levy. This method provides the Village with the greatest flexibility in how those funds can be spent as the Corporate levy can be spent on any lawful purpose whereas the restricted levies for IMRF, Police Protection, Police Pension, Audit, Liability Insurance, Social Security, and Workers Compensation can only be spent on each of those specific purposes. This results in no impact to the total dollar amount but eases restrictions on how tax levy proceeds can be utilized.

The proposed 2021 levy of \$5,514,910 can be summarized as follows:

<b>Levy</b>	<b>Amount</b>
<b><u>Existing Property</u></b>	
Corporate	\$ 5,474,747
IMRF	\$ 1,000
Police Protection	\$ 1,000
Police Pension	\$ 1,000
Audit	\$ 1,000
Liability Insurance	\$ 1,000
Social Security	\$ 1,000
Workers Compensation	\$ 1,000
Sub-Total Existing Property	\$ <b>5,481,747</b>
<b><u>New Construction</u></b>	
Corporate	\$ 33,163
Sub-Total New Construction	\$ <b>33,163</b>
<b>Total 2021 Tax Levy</b>	<b>\$ 5,514,910</b>

Pursuant to the Truth in Taxation Act, since the estimated levy for 2021 does not exceed the levy extension or abatement for 2020 by more than 5%, a public hearing is not required prior to the adoption of the levy for 2021. A Resolution Estimating the Amount of the Tax Levy for 2021 is attached along with the 2021 levy distribution and property tax trend analysis.

#### **FINANCIAL IMPACT**

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The estimated property tax levy for 2021 to be collected in 2022 of \$5,514,910 will be approximately 28% of the entire projected General Fund budgeted revenues for FY22 of \$19.4 million.

#### **ATTACHMENTS**

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1. Resolution Estimating the Amount of the Tax Levy for 2021
2. 2021 Proposed Levy Distribution and Trend Analysis
3. McHenry County Assessor Estimated EAV Report

#### **RECOMMENDED MOTION**

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Motion to approve the attached Resolution Estimating the Amount of the Tax Levy for 2021.

**VILLAGE OF LAKE IN THE HILLS**

**Resolution No. 2021 - \_\_\_\_\_**

**A Resolution Estimating the Amount of the Tax Levy for 2021**

Be it resolved by the President and Board of Trustees of the Village of Lake in the Hills, pursuant to the Truth in Taxation Act (35 ILCS 200/18-55 et seq.) as follows:

1. The total amount of the Levy to be received in Fiscal Year 2022 covering real estate assessed for the calendar year 2021 in the Village of Lake in the Hills is estimated to be \$5,514,910.00 or a 0.6% increase from the amount actually extended or abated for the 2020 assessment year of \$5,481,722.43.
2. Pursuant to the Truth in Taxation Act, since the estimated Levy for 2021 does not exceed the amount of the Levy extended or abated for 2020 by more than 5%, a public hearing is not required prior to the adoption of the Levy for 2021.

Passed this 9th day of November, 2021 by roll call vote as follows:

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

APPROVED THIS 9TH DAY OF NOVEMBER, 2021:

\_\_\_\_\_  
Village President, Ray Bogdanowski

(SEAL)

ATTEST: \_\_\_\_\_  
Village Clerk, Shannon DuBeau

Published: \_\_\_\_\_

**VILLAGE OF LAKE IN THE HILLS**  
**Proposed 2021 Levy Distribution**

Levy	Limiting Rate Per Statues	Estimated 2021 Rate	Proposed Levy
Corporate	None	0.706538	\$ 5,507,910
IMRF	None	0.000128	\$ 1,000
Police Protection	None	0.000128	\$ 1,000
Police Pension	None	0.000128	\$ 1,000
Audit	None	0.000128	\$ 1,000
Liability Insurance	None	0.000128	\$ 1,000
Social Security	None	0.000128	\$ 1,000
Workers Compensation	None	0.000128	\$ 1,000
<b>Total</b>		<b>0.707436</b>	<b>\$ 5,514,910</b>

Notes:

- 1) Based on estimated EAV of \$779,563,478.
- 2) Rates are per \$100 of EAV and are expressed as a percentage.
- 3) Based on a projected 2021 tax rate of 0.707436 per \$100 of EAV, the tax rate is projected to have decreased by over -28.6% since 1991.

<b>Village of Lake in the Hills Property Tax Trend Analysis</b>								
Year	Levy Extension on Base EAV	% Inc. (Dec.)	Levy Extension on New Construction EAV	Total Levy Extension	EAV	% Inc. (Dec.)	Tax Rate	% Inc. (Dec.)
1991 Actual	623,240				62,863,441		0.991400	
1992 Actual	756,154	21.3%			80,006,058	27.3%	0.945100	-4.7%
1993 Actual	979,094	29.5%			103,540,172	29.4%	0.945600	0.1%
1994 Actual	1,277,088	30.4%			151,618,879	46.4%	0.842300	-10.9%
1995 Actual	1,636,066	28.1%			203,997,661	34.5%	0.802000	-4.8%
1996 Actual	2,010,462	22.9%			262,359,059	28.6%	0.766300	-4.5%
1997 Actual	2,373,765	18.1%			315,407,653	20.2%	0.752600	-1.8%
1998 Actual	2,618,374	10.3%			353,320,313	12.0%	0.740800	-1.6%
1999 Actual	2,829,078	8.0%			384,124,305	8.7%	0.736500	-0.6%
2000 Actual	3,136,877	10.9%			430,829,910	12.2%	0.728100	-1.1%
2001 Actual	3,471,982	10.7%			478,234,115	11.0%	0.726000	-0.3%
2002 Actual	3,677,022	5.9%			525,062,963	9.8%	0.700300	-3.5%
2003 Actual	3,952,276	7.5%			581,472,987	10.7%	0.679700	-2.9%
2004 Actual	4,251,099	7.6%			645,572,336	11.02%	0.658500	-3.1%
2005 Actual	4,658,103	9.6%			713,775,474	10.56%	0.652600	-0.9%
2006 Actual	4,884,529	4.9%			773,725,560	8.40%	0.631300	-3.3%
2007 Actual	5,156,731	5.6%			829,056,353	7.15%	0.622000	-1.5%
2008 Actual	5,408,776	4.9%			845,433,071	1.98%	0.639764	2.9%
2009 Actual	5,627,859	4.1%			837,906,529	-0.89%	0.671657	5.0%
2010 Actual	5,627,827	0.0%			737,383,217	-12.00%	0.763216	13.6%
2011 Actual	5,560,280	-1.2%			707,118,817	-4.10%	0.786329	3.0%
2012 Actual	5,493,550	-1.2%			621,887,649	-12.05%	0.883367	12.3%
2013 Actual	5,483,629	-0.2%			579,598,035	-6.80%	0.946109	7.1%
2014 Actual	5,481,695	0.0%			559,768,458	-3.42%	0.979279	3.5%
2015 Actual	5,481,691	0.0%			574,643,551	2.66%	0.953929	-2.6%
2016 Actual	5,481,688	0.0%			612,565,991	6.60%	0.894873	-6.2%
2017 Actual	5,481,723	0.0%			647,914,863	5.77%	0.846056	-5.5%
2018 Actual	5,481,747	0.0%			688,569,936	6.27%	0.796106	-5.9%
2019 Actual	5,481,777	0.0%			737,600,981	7.12%	0.743190	-6.6%
2020 Actual	5,481,772	0.0%			761,745,562	3.27%	0.719633	-3.2%
<b>2021 Proposed</b>	<b>5,481,747</b>	<b>0.0%</b>	<b>33,163</b>	<b>5,514,910</b>	<b>779,563,478</b>	<b>2.34%</b>	<b>0.707436</b>	<b>-1.7%</b>

## Assessor Estimated EAV Report by Tax District McHenry County

Tax Year: 2021

### VCLI - LAKE IN THE HILLS VILLAGE

Totals		New Construction	
Board of Review Abstract	847,538,236	Commercial	3,467,576
- Exemptions	67,974,758	Farm	0
- Under Assessed	0	Industrial	70,512
+ State Assessed	0	Local Rail Road	0
Total EAV	779,563,478	Mineral	0
- Tif Increment / Ezone	0	Residential	1,149,648
Rate Setting EAV	779,563,478	Total	4,687,736

Exemption Category	Commercial		Farm		Industrial		Local Rail Road		Mineral		Residential		State Rail Road		Totals	
	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count
Parcel Count		351		14		106		0		25		10,313		0		10,809
Board of Review Abstract	58,954,510		402,564		21,629,857		0		3,638,840		762,912,465		0		847,538,236	
- Home Improvement	0	0	0	0	0	0	0	0	0	0	129,440	32	0	0	129,440	32
- Veteran's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
+ State Assessed	0		0		0		0		0		0		0		0	
= EAV	<b>58,954,510</b>	<b>0</b>	<b>402,564</b>	<b>0</b>	<b>21,629,857</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,638,840</b>	<b>0</b>	<b>762,783,025</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>847,408,796</b>	<b>33</b>
- Senior Assessment Freeze	0	0	0	0	0	0	0	0	0	0	5,201,480	313	0	0	5,201,480	313
- Owner Occupied	0	0	0	0	0	0	0	0	0	0	50,267,695	8,381	0	0	50,267,695	8,381
- Senior Citizen's	0	0	0	0	0	0	0	0	0	0	6,651,917	1,331	0	0	6,651,917	1,331
- Disabled Person	0	0	0	0	0	0	0	0	0	0	246,000	123	0	0	246,000	123
- Disabled Veteran	0	0	0	0	0	0	0	0	0	0	5,401,612	83	0	0	5,401,612	83
- Returning Veteran	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Natural Disaster	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Fraternal Freeze	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Vet Freeze	76,614	1	0	0	0	0	0	0	0	0	0	0	0	0	76,614	1
- Under Assessed	0		0		0		0		0		0		0		0	
- E-Zone	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- TIF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
= Taxable Value	<b>58,877,896</b>		<b>402,564</b>		<b>21,629,857</b>		<b>0</b>		<b>3,638,840</b>		<b>695,014,321</b>		<b>0</b>		<b>779,563,478</b>	



# REQUEST FOR BOARD ACTION

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**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Finance

**SUBJECT:** Village of Lake in the Hills Police Pension Fund FY22 Funding Request

## EXECUTIVE SUMMARY

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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 \$1,435,317. This represents a decrease of \$199,065 or 12.18% from the prior year levy for the Police Pension Fund contribution.

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 be the required Village contribution for FY22. This can be found on page 4 of the attached Actuarial Funding Report/ Actuarial Valuation as of January 1, 2021.

In prior years, the Village has funded the required municipal contribution through the tax levy process. However, for 2021 and future years, it is being proposed that all non-Corporate levies, including the Police Pension levy, be reduced to a nominal amount to provide the Village with the greatest flexibility on how property tax funds can be utilized. That will not relieve the Village of its obligation to fund the Police Pension Fund to statutory minimum levels (currently 90% funded by the year 2040) or to the Village's more fiscally prudent target of 100% funding by the year 2033. It will simply shift the funding source for Police Pension purposes from a dedicated levy for that specific purpose to any readily available and unrestricted funds such as the Corporate levy, sales taxes, incomes taxes, etc.

## FINANCIAL IMPACT

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The recommended actuarial contribution of \$1,435,317 is \$199,065 less than the prior year's amount and will be included as part of the FY22 General Fund expenditure budget request.

## ATTACHMENTS

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1. 2021 Tax Levy Request Memorandum approved by the Police Pension Fund Board of Trustees.
2. Actuarial Funding Report/ Actuarial Valuation Report as of January 1, 2021 prepared by Lauterbach & Amen, LLP.
3. Illinois Department of Insurance Actuarial Valuation Report as of January 1, 2021.

## RECOMMENDED MOTION

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Motion to deny the Village of Lake in the Hills Police Pension Fund's request for a \$1,435,317 tax levy for 2021 and, in lieu of a property tax levy, approve funding for 2022 at the requested level of \$1,435,317 from any readily available and unrestricted General Fund revenue source.



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# MEMORANDUM

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**TO:** Village President and Board of Trustees  
**FROM:** Stan W. Helgerson, Vice President Lake In The Hills Police Pension Fund  
**DATE:** July 2, 2021  
**RE:** 2021 Tax Levy Request

The Police Pension Fund Board is hereby requesting that the Village Board levy \$1,435,317 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

Actuarial Funding Report

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LAKE IN THE HILLS POLICE  
PENSION FUND

Actuarial Valuation  
as of January 1, 2021

For the Contribution Year January 1, 2021 to December 31, 2021

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***LAUTERBACH & AMEN, LLP***

# Actuarial Valuation – Funding Recommendation

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Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

## LAKE IN THE HILLS POLICE PENSION FUND

**Contribution Year Ending: December 31, 2021**

Actuarial Valuation Date: January 1, 2021

Utilizing Data as of December 31, 2020

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**Submitted by:**

Lauterbach & Amen, LLP  
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Naperville, IL 60563  
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**Contact:**

Todd A. Schroeder  
Director  
April 15, 2021

***LAUTERBACH & AMEN, LLP***



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## 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 Contribution, under the selected Funding Policy and Statutory Minimum guidelines, for the Contribution Year January 1, 2021 to December 31, 2021. 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 consultants of Lauterbach & Amen, LLP, with actuarial credentials, meet 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

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

Robert L. Rietz, Jr., FCA, EA, MAAA





## MANAGEMENT SUMMARY

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

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## MANAGEMENT SUMMARY

### RECOMMENDED CONTRIBUTION

	Prior Valuation	Current Valuation
Recommended Contribution	\$1,634,382	\$1,435,317
Expected Payroll	\$3,883,196	\$4,035,691
Recommended Contribution as a Percent of Expected Payroll	42.09%	35.57%

*The Recommended Contribution has Decreased by \$199,065 from the Prior Valuation.*

### FUNDED STATUS

	Prior Valuation	Current Valuation
Normal Cost	\$1,034,205	\$1,058,107
Market Value of Assets	\$34,188,258	\$39,376,812
Actuarial Value of Assets	\$32,852,080	\$36,665,313
Actuarial Accrued Liability	\$42,911,314	\$43,698,195
Unfunded Actuarial Accrued Liability/Surplus	\$10,059,234	\$7,032,882
<u>Percent Funded</u>		
Actuarial Value of Assets	76.56%	83.91%
Market Value of Assets	79.67%	90.11%

*The Percent Funded has Increased by 7.35% on an Actuarial Value of Assets Basis.*



## MANAGEMENT SUMMARY

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### 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 the *Actuarial Recommended Contribution – Reconciliation* section of this report 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 Fund 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 Members 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 Fund asset growth was positive by approximately \$5.2 million.

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. We assess and project all future benefit payments as part of the determination of liability. The assessment is made on all current Members of the Fund, both active and inactive. For active Members, the assessment includes the probability that Members terminate or retire and begin receiving benefits. In the next 5 years, benefit payments are anticipated to increase 70-75%, or approximately \$820,000. In the next 10 years, the expected increase in benefit payments is 170-175%, or approximately \$1.9 million. The estimated increase in benefit payments is being compared against the benefits paid to inactive Members during the fiscal year, excluding any refunds of Member Contributions.



## MANAGEMENT SUMMARY

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Furthermore, plans with a large number of inactive Members have an increased “Longevity Risk”. Longevity Risk is the possibility that inactive Members may live longer than projected by the Plan’s mortality assumption. As shown in the previous paragraph, benefit payments are expected to increase over the next 5-year and 10-year horizons. The projected increases assume that current inactive Members pass away according to the Plan’s mortality assumption. To the extent that current inactive Members live longer than expected, the future 5-year and 10-year benefit projections may be larger than the amounts disclosed in the previous paragraph. 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 \$250,000 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 5-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 \$2.7 million in gains on the Market Value of Assets. These are asset gains that will be recognized in upcoming periods, independent of the future performance of the Market Value of Assets.



## MANAGEMENT SUMMARY

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### *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 Percent Funded.

For example, two different Pension Funds could have the same Percent Funded, but have completely different risk profiles. One Fund might mostly cover active Members with little to no Members in pay status, whereas a second Fund might mostly cover inactive Members 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, Percent Funded over time.

It is 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 Percent Funded will decline, while future Recommended Contributions will increase.

### *Benefit Payment Risk:*

Ideally, plans in a sound financial position will have the ratio of annual benefits payments to the Market Value of Assets to be less than the Expected Rate of 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 Member Contributions made to the Fund will be used to pay for future benefit accruals and pay down the existing Unfunded Liability. To the extent that the ratio of the annual benefit payments to the Market Value of Assets increases to above the Expected Rate of Return on Investments 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 2.82%. 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 Percent Funded.

### Fund 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.



## MANAGEMENT SUMMARY

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The current Fund assets are audited.

The Actuarial Value of Assets under the Funding Policy is equal to the 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 *Actuarial Funding Policies* section of this report.

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



## MANAGEMENT SUMMARY

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### Demographic Data

Demographic factors can change from year to year within the Pension Fund. Changes in this category include hiring new Members, Members retiring or becoming disabled, inactive Members 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 Member changes do not meet our long-term expectation. For example, if no Members become disabled during the year, we would expect a liability gain. If more Members become disabled than anticipated during the year, we would expect a liability loss. Generally, we expect short-term fluctuations in demographic experience to create gains or losses of 1%-3% of the Actuarial Accrued Liability in any given year, but to balance out in the long-term.

“Demographic Risk” occurs when Plan demographic 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 Members 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:

*Mortality:* As inactive Members age and continue to collect benefits, the Fund liability will increase. In the current year, there were 19 inactive Members who maintained their benefit collection status throughout the year. The increase in the Recommended Contribution in the current year due to the mortality experience is approximately \$3,000.

*Salary Increases:* Salary increases were less than anticipated in the current year. This caused a decrease in the Recommended Contribution in the current year of approximately \$9,000.

### Assumption Changes

The assumptions were not changed from the prior valuation.

### Funding Policy Changes

The Funding Policy was not changed from the prior valuation.



## *MANAGEMENT SUMMARY*

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### **ACTUARIAL RECOMMENDED CONTRIBUTION – RECONCILIATION**

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

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

	<u>Actuarial Liability</u>	<u>Recommended Contribution</u>
Prior Valuation	\$ 42,911,314	\$ 1,634,382
Expected Changes	<u>2,794,488</u>	<u>53,117</u>
Initial Expected Current Valuation	<u>\$ 45,705,802</u>	<u>\$ 1,687,499</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 that Unfunded Liability increases or decreases unexpectedly, the contribution towards Unfunded Liability will also change unexpectedly.

	<u>Actuarial Liability</u>	<u>Recommended Contribution</u>
Salary Increases Less than Expected	\$ (120,530)	\$ (8,919)
Actuarial Experience	(1,887,077)	(180,914)
Asset Return Greater than Expected*	-	(70,830)
Contributions Less than Expected	<u>-</u>	<u>8,481</u>
Total Increase/(Decrease)	<u>\$ (2,007,607)</u>	<u>\$ (252,182)</u>
Current Valuation	<u>\$ 43,698,195</u>	<u>\$ 1,435,317</u>

\*Impact on the Recommended Contribution due to asset return is on an Actuarial Value of Assets basis.

In the current valuation, we have updated the Actuarial Valuation software used to determine Actuarial Liability. The Actuarial Experience can be attributable to several factors including Actuarial Valuation software changes, demographic changes, and benefit payment experience compared to expectation. Key demographic changes were discussed in the *Demographic Data* section of this report.

Key demographic changes were discussed in the *Demographic Data* section of this report.





## 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

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## VALUATION OF FUND ASSETS

### MARKET VALUE OF ASSETS

#### Statement of Assets

	Prior Valuation	Current Valuation
Cash and Cash Equivalents	\$ 530,693	\$ 521,612
Money Market	385,757	455,409
Fixed Income	12,754,595	12,679,388
Mutual Funds	20,439,672	25,590,841
Receivables (Net of Payables)	77,541	52,192
<b>Total Market Value of Assets</b>	<b>\$ 34,188,258</b>	<b>\$ 39,299,442</b>

*The Total Market Value of Assets has Increased by Approximately \$5,189,000 from the Prior Valuation.*

#### Statement of Changes in Assets

Total Market Value of Assets - Prior Valuation	\$ 34,188,258
Plus - Employer Contributions	1,484,407
Plus - Member Contributions	439,448
Plus - Return on Investments	4,426,285
Less - Benefit Payments and Refunds	(1,111,062)
Less - Other Expenses	(50,524)
<b>Total Market Value of Assets - Current Valuation</b>	<b>\$ 39,376,812</b>

*The Rate of Return on Investments on a Market Value of Assets Basis for the Fund was Approximately 12.65% Net of Administrative Expense.*

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 prior and current 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

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### MARKET VALUE OF ASSETS (GAIN)/LOSS

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

Total Market Value of Assets - Prior Valuation	\$ 34,188,258
Employer and Member Contributions	1,923,855
Benefit Payments and Refunds	(1,111,062)
Expected Return on Investments	<u>2,335,139</u>
Expected Total Market Value of Assets - Current Valuation	37,336,190
Actual Total Market Value of Assets - Current Valuation	<u>39,376,812</u>
Current Market Value of Assets (Gain)/Loss	<u>\$ (2,040,622)</u>
Expected Return on Investments	\$ 2,335,139
Actual Return on Investments (Net of Expenses)	<u>4,375,761</u>
Current Market Value of Assets (Gain)/Loss	<u>\$ (2,040,622)</u>

*The Actual Return on Investments on a Market Value of Assets Basis was Greater than Expected for the Current Year.*

The (Gain)/Loss on the current Market Value of Assets has been determined based on the Expected Rate of 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 of Assets - Current Valuation		\$ 39,376,812
Adjustment for Prior (Gains)/Losses		
	Full Amount	Deferral
FYE 2020	\$ (2,040,622)	(1,632,498)
FYE 2019	(3,641,365)	(2,184,819)
FYE 2018	3,396,396	1,358,558
FYE 2017	(1,263,698)	(252,740)
Total Deferred (Gain)/Loss		(2,711,499)
Initial Actuarial Value of Assets - Current Valuation		\$ 36,665,313
Less Contributions for the Current Year and Interest		-
Less Adjustment for the Corridor		-
Total Actuarial Value of Assets - Current Valuation		\$ 36,665,313

*The Actuarial Value of Assets is Equal to the Market Value of Assets with Unanticipated (Gains)/Losses Recognized Over 5 Years. The Actuarial Value of Assets is 93.11% of the Market Value of Assets.*

### ACTUARIAL VALUE OF ASSETS (GAIN)/LOSS

Total Actuarial Value of Assets - Prior Valuation		\$ 32,852,080
Plus - Employer Contributions		1,484,407
Plus - Member Contributions		439,448
Plus - Return on Investments		3,050,964
Less - Benefit Payments and Refund		(1,111,062)
Less - Other Expenses		(50,524)
Total Actuarial Value of Assets - Current Valuation		\$ 36,665,313

*The Rate of Return on Investments on an Actuarial Value of Assets Basis for the Fund was Approximately 9.02% Net of Administrative Expense.*

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



## VALUATION OF FUND ASSETS

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### 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.

	Market Value of Assets	Actuarial Value of Assets
FYE 2020	12.65%	9.02%
FYE 2019	19.61%	5.99%
FYE 2018	(4.92%)	3.75%
FYE 2017	11.72%	6.13%
FYE 2016	5.80%	5.07%
FYE 2015	(0.48%)	5.29%

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

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

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



## VALUATION OF FUND ASSETS

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### Expected Rate of Return on Investments Assumption

The Expected Rate of Return on Investments for this valuation is 6.75%. Lauterbach & Amen, LLP does not provide investment advice. We look at a variety of factors when reviewing the Expected Rate of Return on Investments assumption selected by the Board. These factors include: historical Rates of Return on Investments, capital market projections performed by the Fund's investment advisors, the Fund's investment policy, capital market forward-looking benchmark expected returns by independent investment companies, rates used by comparable pension systems, and other factors identified in the Actuarial Standards of Practice.

Generally speaking, the ideal assumption for Expected Rate of Return on Investments is one that has a 50% chance of being met over the long-term. If actual returns going forward come in less than expected, the pension system risks deferring contributions to the future that should be made today, and creating additional contribution volatility. Reducing the Expected Rate of Return on Investments by 25 basis points produces a Recommended Contribution that is 16.28% higher than currently shown.

"Investment Risk" is the potential that actual Return on Investments will be different from what is expected. The selected Expected Rate of 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 Rate of Return on Investments assumption may be dependent on the 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 Rate of Return on Investments, actuarial losses will be produced, thus increasing the Plan's Unfunded Liability and, subsequently, future Recommended Contributions.

"Asset/Liability Mismatch" risk is a similar concept as Investment Risk, as it relates to setting the Expected Rate of 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 Rate of 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 that 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 Percent Funded. 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 Rate of 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 Breakdown  
Schedule of Amortization – Unfunded Actuarial Accrued Liability  
Actuarial Methods – Recommended Contribution

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## *RECOMMENDED CONTRIBUTION DETAIL*

### ACTUARIAL ACCRUED LIABILITY

	Prior Valuation	Current Valuation
Active Members	\$ 23,168,099	\$ 22,664,241
Inactive Members		
Terminated Members*	419,316	494,254
Retired Members	13,916,127	14,969,282
Disabled Members	5,407,772	5,570,418
Other Beneficiaries	-	-
Total Inactive Members	19,743,215	21,033,954
Total Actuarial Accrued Liability	\$ 42,911,314	\$ 43,698,195

*The Total Actuarial  
Accrued Liability  
has Increased by  
Approximately  
\$787,000 from the  
Prior Valuation.*

\*Terminated Members Actuarial Accrued Liability for the current valuation includes non-vested terminated Members entitled to a refund of Employee Contributions that was not included in the prior valuation.

### FUNDED STATUS

	Prior Valuation	Current Valuation
Total Actuarial Accrued Liability	\$ 42,911,314	\$ 43,698,195
Total Actuarial Value of Assets	32,852,080	36,665,313
Unfunded Actuarial Accrued Liability	\$ 10,059,234	\$ 7,032,882
Total Market Value of Assets	\$ 34,188,258	\$ 39,376,812
<u>Percent Funded</u>		
Actuarial Value of Assets	<u>76.56%</u>	<u>83.91%</u>
Market Value of Assets	<u>79.67%</u>	<u>90.11%</u>

*The Percent Funded  
as of the Actuarial  
Valuation Date is  
Subject to Volatility  
on Assets and  
Liability in the  
Short-Term.*





## *RECOMMENDED CONTRIBUTION DETAIL*

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### DEVELOPMENT OF THE EMPLOYER NORMAL COST

	Prior Valuation	Current Valuation
Total Normal Cost	\$ 1,034,205	\$ 1,058,107
Estimated Member Contributions	(384,825)	(393,542)
Employer Normal Cost	<u>\$ 649,380</u>	<u>\$ 664,565</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	\$ 3,883,196	\$ 4,035,691
Member Normal Cost Rate	<u>9.910%</u>	<u>9.910%</u>
Employer Normal Cost Rate	<u>16.72%</u>	<u>16.31%</u>
Total Normal Cost Rate	<u>26.63%</u>	<u>26.22%</u>

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

### RECOMMENDED CONTRIBUTION BREAKDOWN

	Prior Valuation	Current Valuation
Employer Normal Cost*	\$ 693,213	\$ 709,423
Amortization of Unfunded Accrued Liability/(Surplus)	<u>941,169</u>	<u>725,894</u>
Recommended Contribution	<u>\$ 1,634,382</u>	<u>\$ 1,435,317</u>

*The  
Recommended  
Contribution has  
Decreased by  
12.18% from the  
Prior Valuation.*

\*Employer Normal Cost Contribution includes interest through the end of the Fiscal 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
Investment (Gain)/Loss	\$ (796,324)	12/31/2020	\$ (796,324)	15	\$ (70,830)
Actuarial (Gain)/Loss	(1,981,480)	12/31/2020	(1,981,480)	15	(176,244)
Contribution Experience	13,620	12/31/2020	13,620	15	1,211
Investment (Gain)/Loss	203,010	12/31/2019	198,656	14	18,644
Actuarial (Gain)/Loss	(54,624)	12/31/2019	(53,454)	14	(5,017)
Contribution Experience	1,851	12/31/2019	1,811	14	170
Assumption Changes	80,604	12/31/2019	78,876	14	7,402
Plan Changes	153,208	12/31/2019	149,923	14	14,070
Investment (Gain)/Loss	833,320	12/31/2018	793,963	13	79,017
Actuarial (Gain)/Loss	(264)	12/31/2018	(250)	13	(25)
Contribution Experience	1,169	12/31/2018	1,114	13	111
Investment (Gain)/Loss	218,428	12/31/2017	201,449	12	21,385
Actuarial (Gain)/Loss	(404,665)	12/31/2017	(373,208)	12	(39,618)
Contribution Experience	1,044	12/31/2017	962	12	102
Initial Unfunded Liability	<u>\$ 9,522,215</u>	12/31/2016	<u>\$ 8,797,224</u>	13	<u>\$ 875,516</u>
 Total	 <u><u>\$ 7,791,112</u></u>		 <u><u>\$ 7,032,882</u></u>		 <u><u>\$ 725,894</u></u>

The Actuarial (Gain)/Loss can be attributable to several factors including Actuarial Valuation software changes, demographic changes, Employer Contribution timing, Member Contribution experience, benefit payment experience, and salary increase experience compared to expectation.

The equivalent single amortization period based on the layered amortization of Unfunded Liability is 12.42 years for the current valuation.



## ***RECOMMENDED CONTRIBUTION DETAIL***

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### **ACTUARIAL METHODS – RECOMMENDED CONTRIBUTION**

Actuarial Valuation Date	January 1, 2021
Data Collection Date	December 31, 2020
Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Amortization Target	Layered - See Previous Page
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 data furnished, using the Actuarial Cost Method described. The Actuarial Cost and Amortization Methods allocate the projected obligations of the Plan over the working lifetimes of the Plan Members.

The Recommended Contribution amount shown in this report is based on the methods summarized above. The *Actuarial Funding Policies* section of this 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

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## *ILLINOIS STATUTORY MINIMUM CONTRIBUTION*

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### STATUTORY MINIMUM CONTRIBUTION

	Prior Valuation	Current Valuation
Statutory Minimum Contribution	\$1,120,710	\$968,159
Expected Payroll	\$3,883,196	\$4,035,691
Statutory Minimum Contribution as a Percent of Expected Payroll	28.86%	23.99%

*The Statutory  
Minimum  
Contribution has  
Decreased by  
\$152,551 from the  
Prior Valuation.*

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### FUNDED STATUS – STATUTORY MINIMUM

	Prior Valuation	Current Valuation
Normal Cost	\$1,205,303	\$1,105,862
Market Value of Assets	\$34,188,258	\$39,376,812
Actuarial Value of Assets	\$32,852,080	\$36,665,313
Actuarial Accrued Liability	\$40,415,630	\$43,948,696
Unfunded Actuarial Accrued Liability/(Surplus)	\$7,563,550	\$7,283,383
<u>Percent Funded</u>		
Actuarial Value of Assets	81.29%	83.43%
Market Value of Assets	84.59%	89.60%

*The Statutory  
Minimum Percent  
Funded has  
Increased by 2.14%  
on an Actuarial  
Value of Assets  
Basis.*



## *ILLINOIS STATUTORY MINIMUM CONTRIBUTION*

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The Statutory Minimum Contribution is based on Actuarial Funding Methods and funding parameters in the Illinois State Statutes for pension funding. The resulting contribution is lower than the Recommended Contribution for the current 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. Members – 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 Members

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 Recommended Contributions that are less likely to be manageable.



## *ILLINOIS STATUTORY MINIMUM CONTRIBUTION*

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### **ACTUARIAL METHODS – ILLINOIS STATUTORY MINIMUM CONTRIBUTION**

Actuarial Valuation Date	January 1, 2021
Data Collection Date	December 31, 2020
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Amortization Target	90% Funded Over 20 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 data furnished, using the Actuarial Cost Method described. The Actuarial Cost and Amortization methods allocate the projected obligations of the Plan over the working lifetimes of the Plan Members.

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 Members  
Inactive Members  
Summary of Monthly Benefit Payments

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## *ACTUARIAL VALUATION DATA*

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### ACTIVE MEMBERS

	Prior Valuation	Current Valuation
Tier I	30	30
Tier II	9	9
Total Active Members	39	39
Total Payroll	\$ 3,821,103	\$ 3,971,160

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### INACTIVE MEMBERS

	Prior Valuation	Current Valuation
Terminated Members*	2	3
Retired Members	12	12
Disabled Members	7	7
Other Beneficiaries	0	0
Total Inactive Members	21	22

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\*Terminated Members for the current valuation includes non-vested terminated Members entitled to a refund of Employee Contributions who were not included in the prior valuation.

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### SUMMARY OF MONTHLY BENEFIT PAYMENTS

	Prior Valuation	Current Valuation
Retired Members	64,171	66,695
Disabled Members	26,479	26,702
Other Beneficiaries	-	-
Total Inactive Members	\$ 90,650	\$ 93,397

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## ACTUARIAL FUNDING POLICIES

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

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# *ACTUARIAL FUNDING POLICIES*

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## **ACTUARIAL COST METHOD**

The Actuarial Cost Method allocates the projected obligations of the Plan over the working lifetimes of the Plan Members.

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 Member'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



## ACTUARIAL FUNDING POLICIES

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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.

The Government Finance Officers 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 on 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.

The equivalent single amortization period based on the layered amortization of Unfunded Liability is 12.42 years for the current valuation.

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



## *ACTUARIAL FUNDING POLICIES*

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### **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 of Assets. 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 Exposures  
Limitations of Risk Analysis  
Assessment and Use of Actuarial Models  
Actuarial Assumptions Utilized

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# ACTUARIAL ASSUMPTIONS

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## 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 census 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 data furnished, using the Actuarial Cost Method described in the *Actuarial Funding Policies* section of this report.

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

- Expected Rate of Return on Investments
- Patterns of Pay Increases for Members
- Rates of Mortality Among Active and Inactive Members
- Rates of Termination Among Active Members
- Rates of Disability Among Active Members
- Age Patterns of Actual Retirements

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 Actuarial Assumption 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

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## 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 actuarial 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 in the *Management Summary* section of this report
- Review any material changes in the census as summarized in the *Actuarial Valuation Data* section of this report
- Provide and discuss the Actuarial Assumption Summary document highlighting the rationale for each key assumption chosen by the Board
- Identify potential Cash Flow Risk by highlighting expected benefit payments over the next 5-year and 10-year periods in the *Asset Growth* section in the *Management Summary* section of this report
- Describe the impact of any assumption, method, or policy change in the *Management Summary* section of this report
- Utilize supplemental information, such as the GASB Discount Rate sensitivity disclosures to understand, for example, what impact an alternative Expected Rate of 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 the 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

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## ASSESSMENT AND USE OF ACTUARIAL MODELS

Actuarial Valuations rely upon the use of actuarial modeling software to predict the occurrence of future events, which include specific demographic and financial potential outcomes. Actuarial assumptions are established to provide a guideline to use for such modeling.

- The model used in this Actuarial Valuation is intended to determine the Recommended Contribution, under the selected Funding Policy. The actuarial assumptions used were developed with this goal in mind.
- There are no known material limitations or inconsistencies among the actuarial assumptions or methods.
- The output from the model is reasonable based on the individual actuarial assumptions and based on the actuarial assumptions in the aggregate.
- The actuarial software used to calculate plan liabilities has been purchased from an outside vendor. We have performed thorough testing of the software, including review of sample participants, to ensure the intended purpose of the model, the operation of the model, sensitivities and dependencies, and strengths and limitations of the model are sufficient for this purpose.
- Census data and financial information have been provided by client professionals, financial advisors, and/or auditors, who are known to be experts in their respective fields. We rely on the fact that the information provided by these experts has been given for the intended purpose of this Actuarial Valuation.
- Where applicable, certain actuarial assumptions and Funding Policy may be required as prescribed by law. In such instances, we have followed legal guidance to ensure conformity.
- The Expected Rate of Return on Investments assumption has been chosen using input from several sources; including, but not limited to: client professionals, financial advisors, auditors, and other capital market outlooks. We have relied on the information provided, in the aggregate, to settle on the selected Expected Rate of Return on Investments assumption.

As stated in the *Limitations of Risk Analysis* section, future experience may never be precisely as assumed. As a result, the funding methods and actuarial assumptions used in the model may create volatility in the results when compared year after year. A more detailed evaluation of this volatility is beyond the scope and nature of the annual Actuarial Valuation process. In such cases, additional 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, may be performed to determine a range of reasonable results.



## *ACTUARIAL ASSUMPTIONS*

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### ACTUARIAL ASSUMPTIONS UTILIZED

<b>Expected Rate of Return on Investments</b>	6.75% Net of Administrative Expense
<b>CPI-U</b>	2.25%
<b>Total Payroll Increases</b>	3.25%
<b>Individual Pay Increases*</b>	3.75% - 10.77%

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

Service	Rate	Service	Rate
0	10.77%	8	3.75%
1	10.10%	9	3.75%
2	9.53%	10	3.75%
3	9.04%	15	3.75%
4	8.61%	20	3.75%
5	8.23%	25	3.75%
6	7.89%	30	3.75%
7	7.59%	35	3.75%

\*Individual pay increases for active Members hired at age 40 or older are assumed annual increases at the ultimate rate reduced by 50 basis points, without adjustments in early service years.



## *ACTUARIAL ASSUMPTIONS*

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### **Retirement Rates**

100% of the L&A Assumption Study for Police 2020 Cap Age 65.  
Sample rates are as follows:

Age	Rate	Age	Rate
50	11.00%	58	16.25%
51	11.55%	59	16.25%
52	12.13%	60	16.25%
53	12.73%	61	16.25%
54	13.37%	62	18.00%
55	14.04%	63	20.00%
56	14.74%	64	20.00%
57	15.48%	65	100.00%

### **Termination Rates**

100% of the L&A Assumption Study for Police 2020. Sample rates are as follows:

Age	Rate	Age	Rate
25	8.00%	40	2.17%
30	3.40%	45	1.56%
35	2.79%	50	0.46%

### **Disability Rates**

100% of the L&A Assumption Study for Police 2020. Sample rates are as follows:

Age	Rate	Age	Rate
25	0.00%	40	0.38%
30	0.06%	45	0.53%
35	0.18%	50	0.48%

65% of active Members who become disabled are assumed to be in the Line of Duty.



## ACTUARIAL ASSUMPTIONS

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### Mortality Rates

Active Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

50% of active Member deaths are assumed to be in the Line of Duty.

Retiree Mortality follows the L&A Assumption Study for Police 2020. These rates are experience weighted with the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates. These rates are then improved fully generationally using MP-2019 Improvement Rates.

Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

Spouse Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010(A) Study for contingent survivors. For all rates not provided there (ages 45 and younger) the PubG-2010 Study for general employees was used. Mortality improvement uses MP-2019 Improvement Rates applied on a fully generational basis.

### Marital Assumptions

*Active Members:* 80% of active Members are assumed to be married. Female spouses are assumed to be 3 years younger than male spouses.

*Retiree and Disabled Members:* Actual spousal data was utilized for retiree and disabled Members.





## SUMMARY OF PRINCIPAL PLAN PROVISIONS

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

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## ***SUMMARY OF PRINCIPAL PLAN PROVISIONS***

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### **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.

### **MEMBER CONTRIBUTIONS**

Members 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 greater 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 1<sup>st</sup> thereafter.



## ***SUMMARY OF PRINCIPAL PLAN PROVISIONS***

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### **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 48 consecutive months of service within the last 60 months of service in which total pensionable salary was the highest, by the number of months of service in that period (or 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, if greater). Annual salary for this purpose will not exceed the salary cap, indexed by the lesser of 3% or the CPI-U for the 12 months ending with the September preceding each November 1<sup>st</sup>. The salary cap will not decrease.

*Annual Increase in Benefit:* The initial increase date will be the latter of the January 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases will be granted every January 1<sup>st</sup> 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 1<sup>st</sup>.

### **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 1<sup>st</sup> after the pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases will be granted every January 1<sup>st</sup> 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 1<sup>st</sup>.





## *SUMMARY OF PRINCIPAL PLAN PROVISIONS*

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### **SURVIVING SPOUSE BENEFIT**

#### Hired Prior to January 1, 2011

*Eligibility:* Married to an active police officer with at least 8 years of creditable service, a disabled pensioner at the time of death, or 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 Member with 20+ Years of Service:* An eligible surviving spouse is entitled to the police officer's eligible benefit at the time of death.

*Active Member with 10-20 Years of Service:* An eligible surviving spouse is entitled to receive 50% of the police officer's pensionable salary attached to rank held on the last day of service, unless the pensionable salary was greater 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:* None.

#### Hired on or After January 1, 2011

*Eligibility:* Married to an active police officer with at least 8 years of creditable service, a disabled pensioner at the time of death, or 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, Active Member with 20+ Years of Service, and Active Member with 10-20 Years of service:* An eligible surviving spouse is entitled to receive the greater of 66⅔% of the police officer's earned pension benefit at the time of death or 54% of the police officer's monthly salary at the time of death.

*Annual Increase in Benefit:* The initial increase date will be the January 1<sup>st</sup> after the surviving spouse turns age 60. Subsequent increases will be granted every January 1<sup>st</sup> 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 1<sup>st</sup>.



## *SUMMARY OF PRINCIPAL PLAN PROVISIONS*

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### **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 greater 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 first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1<sup>st</sup> thereafter.

#### Hired on or After January 1, 2011

None.



## ***SUMMARY OF PRINCIPAL PLAN PROVISIONS***

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### **DISABILITY BENEFIT**

#### Hired Prior to January 1, 2011

*Eligibility:* Duty or Non-Duty Disability or Occupational Disease Disability with at least 5 years of creditable service.

*Benefit:* For a duty disability or an occupational disease disability with at least 5 years of creditable service, 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 1<sup>st</sup> after following pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1<sup>st</sup> thereafter.

#### Hired on or after January 1, 2011

*Eligibility:* Duty or Non-Duty Disability or Occupational Disease Disability with at least 5 years of creditable service.

*Benefit:* For a duty disability or an occupational disease disability with at least 5 years of creditable service, 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 1<sup>st</sup> after following pensioner turns age 60 or the January 1<sup>st</sup> after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1<sup>st</sup> thereafter.





## GLOSSARY OF TERMS

Glossary of Terms

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## ***GLOSSARY OF TERMS***

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### **GLOSSARY OF TERMS**

***Actuarial Accrued Liability*** – The Actuarial Present Value of future benefits based on Members’ 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 Members.

***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 Plan Sponsor meet their goal of working in the best interest of the Plan Members.

***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 Members 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

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CERTIFIED PUBLIC ACCOUNTANTS

**LAKE IN THE HILLS POLICE PENSION FUND**  
**Actuarial Valuation Report**

**Showing Assets and Liabilities of the Fund in**  
**Accordance with Actuarial Reserve Requirements**  
**as of January 1, 2021**

**Summary**

Accrued Liability	\$44,453,106	
Actuarial Value of Assets	\$36,436,476	
Unfunded Accrued Liability	\$8,016,630	

Funded Ratio 82%

**Liabilities**

Reserves for Annuities and Benefits in Force

	Head Count:	Present Value:	
Retirement Annuities	12	14,458,373	
Disability Annuities	7	5,455,281	
Surviving Spouse Annuities	0	0	
Minor Dependent Annuities	0	0	
Deferred Retirement Annuities	2	463,910	
Handicapped Dependent Annuities	0	0	
Dependent Parent Annuities	0	0	
Terminated Liabilities	1	208	
Total:	22	\$20,377,772	

Accrued Liabilities for Active Members	39	\$24,075,334	
Total Accrued Liabilities		\$44,453,106	
Total Normal Cost for Active Members		\$1,351,983	
Total Normal Cost as a Percentage of Payroll		34%	

Total Annual Payroll \$3,971,160

Amortization of Unfunded Liabilities:

Total Accrued Liability	\$44,453,106
90% Funded Ratio Target	\$40,007,795
Actuarial Value of Assets	\$36,436,476
Liabilities Subject to Amortization	\$3,571,319
Amortization Period	20 years
Amortization Payment, Beginning of Year	\$231,104

This report is provided to the Board and Municipality as part of the Public Pension Division advisory services under Section 1A-106 of the Illinois Pension Code. This report should not be relied upon for purposes other than determining the current tax levy required under the Illinois Pension Code. The assumptions have been set based on expectations for all Article 3 funds in the State of Illinois. The actuarial methods are prescribed by the Illinois Pension Code and do not necessarily represent the approach recommended by either the actuary or the Department of Insurance. This report was prepared under the direct supervision of the undersigned:

Brad Lee Armstrong (Enrolled Actuary #17-5614)  
Lance Weiss (Enrolled Actuary #17-2468)  
GRS

Deputy Director  
Public Pension Division  
Illinois Department of Insurance

**LAKE IN THE HILLS POLICE PENSION FUND**  
**Actuarial Valuation Report**

**Assets**

Actuarial Value of Assets

Current Year Gain/(Loss):

Market value of assets as of December 31, 2019	\$34,188,258
Benefit payments during fiscal year 2020	(1,111,062)
Administrative expense during fiscal year 2020	(50,524)
Total contributions during fiscal year 2020	1,923,855
Expected return during fiscal year 2020	2,247,011
Expected market value of assets as of December 31, 2020	\$37,197,538
Actual market value of assets as of December 31, 2020	\$39,376,812
Investment gain/(loss) during the fiscal year	\$2,179,274

Development of Actuarial Value of Assets (market value less unrecognized amounts):

Market value of assets as of December 31, 2020	\$39,376,812
Unrecognized gain/(loss) from fiscal 2020	1,743,419
Unrecognized gain/(loss) from fiscal 2019	2,255,383
Unrecognized gain/(loss) from fiscal 2018	(1,311,206)
Unrecognized gain/(loss) from fiscal 2017	252,740
Actuarial value of assets as of December 31, 2020	\$36,436,476

**Actuarially Determined Employer Contributions**

Actuarially determined amount to provide the employer normal cost based on the annual payroll of active participants as of January 1, 2021.	\$958,441
Amount necessary to amortize the unfunded accrued liability as determined by the State of Illinois Department of Insurance over the remaining 20 years as prescribed by Section 3-125 of the Illinois Pension Code.	\$231,104
Interest to the end of the fiscal year.	\$77,320
Total suggested amount of employer contributions to arrive at the annual requirements of the fund as prescribed by Section 3-125 of the Illinois Pension Code. *	\$1,266,865

\*The above figure is the suggested amount which should be obtained by the fund from the municipality exclusive of any other items of income, such as interest on investments, contributions from participants, etc. These items have already been taken into consideration in arriving at this amount.



# LAKE IN THE HILLS POLICE PENSION FUND

## Actuarial Valuation Report

### Actuarial Information

The following methods have been prescribed in accordance with Section 3-125 of the Illinois Pension Code.

Funding method	Projected Unit Credit
Amortization method	Normal cost, plus an additional amount (determined as a level percentage of payroll) to bring the plan's funded ratio to 90% by the end of fiscal year 2040.
Asset valuation method	Investment gains and losses are recognized over a 5-year period.

### Actuarial Assumptions

Interest rate	6.50%
Interest rate, prior fiscal year	6.50%
Healthy mortality rates - Male	RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Healthy mortality rates - Female	RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Disability mortality rates - Male	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, males
Disability mortality rates - Female	115% of RP-2014 Healthy Annuitant with Blue Collar Adjustment, females
Decrements other than mortality	Experience tables
Rate of service-related deaths	10%
Rate of service-related disabilities	60%
Salary increases	Service-related table with rates grading from 11.00% to 3.50% at 33 years of service
Payroll growth	3.50%
Tier 2 cost-of-living adjustment	1.25%
Marital assumptions for active members	80% of members are assumed to be married; male spouses are assumed to be 3 years older than female spouses.

The actuarial assumptions used for determining the above amounts are based on experience for all Article 3 funds for the State of Illinois in aggregate. The Department of Insurance has approved the above actuarial assumptions. Contact the Department of Insurance for complete experience tables.

### Data and Fund Information

The above valuation uses personnel data as reported to the Department of Insurance in the Schedule P. Specifically, the following data items have been determined as of the date of the Actuarial Valuation Report: attained age, annual salary or pension, completed years of service of each individual participant.

The fund specific information used in the production of this document was provided to the Department of Insurance by your pension fund board of trustees through the fund's annual statement filing.

Additional critical information regarding actuarial assumptions and methods, and important actuarial disclosures are provided in the Actuarial Valuation Report Disclosures Document located on the following Illinois DOI Website (<https://insurance.illinois.gov/Applications/Pension/FOIAReporting/FOIAPortal.aspx>)



# REQUEST FOR BOARD ACTION

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**MEETING DATE:** November 9, 2021  
**DEPARTMENT:** Public Works  
**SUBJECT:** Approval to Purchase Trees in 2022

## EXECUTIVE SUMMARY

---

Staff seeks Board approval for the purchase of trees from Goodmark Nurseries for fiscal year 2022, in an amount not-to-exceed \$22,200.00.

On February 11, 2020, the Village Board awarded Goodmark Nursery a three-year (2020-2022) contract for the purchase of trees. Village staff were pleased with the service Goodmark provided in 2020 and 2021. As such, staff recommends approval of a motion allowing the Village to spend \$22,200.00 with Goodmark Nurseries in 2022 for the purchase of trees under the previously approved three-year contract.

## FINANCIAL IMPACT

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The proposed FY 2022 Village Budget includes \$14,000.00 in the General Fund and \$8,200.00 total across all of the Special Service Area Funds for the purchase of trees. The total expense for 2022 is \$22,200.00 and staff will purchase the trees in 2022.

## ATTACHMENTS

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1. Bid Certification Form
2. Recommendation Memo

## RECOMMENDED MOTION

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Motion to approve the purchase of trees with Goodmark Nurseries for fiscal year 2022, in an amount not-to-exceed \$22,200.00.

APPENDIX 4  
 VILLAGE OF LAKE IN THE HILLS  
**BID CERTIFICATION FORM**  
 Tree Purchase Services

CONTRACTOR'S NAME: Boonmaric Nurseries  
 ADDRESS: 8920 Howe Road  
Waukegan Lake IL 60097  
 PHONE NUMBER: 815-653-9293

SCIENTIFIC NAME	COMMON NAME	COST PER TREE @ 2 INCHES		COST PER TREE @ 2.5 INCHES		COST PER TREE @ 3 INCHES	
		One year agreement	Three year agreement	One year agreement	Three year agreement	One year agreement	Three year agreement
		January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2022	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020
Acer miyabei 'Morton'	State Street Maple	\$182	\$182	\$209	\$209	\$ -	\$ -
Acer miyabei 'Royal Red'	Royal Red Maple	\$172	\$172	\$ -	\$ -	\$ -	\$ -
Aesculus x carnea 'Ft McNair'	Fort McNair Horsechestnut	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aesculus flava	Yellow Buckeye	\$200	\$200	\$ -	\$ -	\$ -	\$ -
Alnus glutinosa	Common/Black Alder	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Carpinus caroliniana	American Hornbeam	\$162	\$162	\$217	\$217	\$247	\$247
Catalpa speciosa	Northern Catalpa	\$142	\$142	\$ -	\$ -	\$ -	\$ -
Celtis occidentalis	Common Hackberry	\$162	\$162	\$217	\$217	\$247	\$247
Cercis Canadensis	Eastern Redbud	\$162	\$162	\$200	\$200	\$ -	\$ -
Fagus grandifolia	American Beech	\$237	\$237	\$ -	\$ -	\$ -	\$ -
Fagus sylvatica	European Beech	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ginko biloba	Ginko	\$299	\$299	\$ -	\$ -	\$ -	\$ -

SCIENTIFIC NAME	COMMON NAME	COST PER TREE @ 2 INCHES		COST PER TREE @ 2.5 INCHES		COST PER TREE @ 3 INCHES	
		One year agreement	Three year agreement	One year agreement	Three year agreement	One year agreement	Three year agreement
		January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2022	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2022	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2022
Gymnocladus Dioicus	Kentucky Coffeetree	\$162	\$162	\$ —	\$ —	\$ —	\$ —
Larix decidua	Common Larch	\$172	\$172	\$ —	\$ —	\$ —	\$ —
Liriodendron tulipifera	Tulip Tree	\$142	\$142	\$182	\$182	\$194	\$194
Nyssa sylvatica	Black Tupelo	\$236	\$236	\$ —	\$ —	\$ —	\$ —
Platanus x acerifolia 'Morton Circle'	Exclamation London Planetree	\$152	\$152	\$188	\$188	\$205	\$205
Populus tremuloides	Aspen	\$162	\$162	\$209	\$209	\$ —	\$ —
Pyrus Calleryana 'Aristocrat'	Aristocrat Pear	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Pyrus Calleryana 'Glenn's Form'	Chanticleer Pear	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Quercus bicolor	Swamp White Oak	\$162	\$162	\$200	\$200	\$ —	\$ —
Quercus macrocarpa	Bur Oak	\$150	\$150	\$190	\$190	\$ —	\$ —
Quercus mehlenbergii	Chinkapin Oak	\$172	\$172	\$ —	\$ —	\$ —	\$ —
Quercus robur x 'Alba Crimschmidt'	Crimson Spire Oak	\$172	\$172	\$ —	\$ —	\$ —	\$ —
Quercus rubra	Red Oak	\$172	\$172	\$ —	\$ —	\$ —	\$ —
Taxodium distichum	Bald Cypress	\$162	\$162	\$182	\$182	\$197	\$197
Tilia cordata 'Greenspire'	Greenspire Linden	\$172	\$172	\$220	\$220	\$ —	\$ —

SCIENTIFIC NAME	COMMON NAME	COST PER TREE @ 2 INCHES		COST PER TREE @ 2.5 INCHES		COST PER TREE @ 3 INCHES	
		One year agreement	Three year agreement	One year agreement	Three year agreement	One year agreement	Three year agreement
		January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2022	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2022	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2022
Ulmus x Accolade	Accolade Elm	\$ 145	\$ 145	\$ 177	\$ 177	\$ 217	\$ 217
Ulmus carpinifolia 'New Horizon'	New Horizon Elm	\$ 145	\$ 145	\$ 177	\$ 177	\$ 217	\$ 217
Ulmus frontier	Frontier Elm	\$ 152	\$ 152	\$ 217	\$ 217	\$ -	\$ -
Ulmus 'Morton Glossy'	Triumph Elm	\$ 145	\$ 145	\$ 177	\$ 177	\$ 217	\$ 217
<b>6' HEIGHT MINIMUM</b>							
Picea pungens	Colorado Spruce	\$ 165	\$ 165	\$ -	\$ -	\$ -	\$ -
Pinus nigra var. nigra	Austrian Pine	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pinus strobus	White Pine	\$ 145	\$ 145	\$ -	\$ -	\$ -	\$ -
<b>6' CLUMP MINIMUM</b>							
	Sargent Crabapple	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Adams Crabapple	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Shadblow Serviceberry	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Pagoda Dogwood	\$ 117	\$ -	\$ -	\$ -	\$ -	\$ -
	River Birch	\$ 117	\$ -	\$ -	\$ -	\$ -	\$ -
	Whitespire Birch	\$ 117	\$ -	\$ -	\$ -	\$ -	\$ -

**1. COST OF WORK:**

The undersigned, having familiarized [himself/herself] with conditions affecting the cost of the work and its performance and having carefully examined and fully understood the INSTRUCTION TO BIDDERS, hereby affirms and agrees to enter into a contract with the Village of Lake In The Hills, Illinois;

The undersigned hereby also certifies that in accordance with 710 ILC'S 7/33E-11 that the Bidder is not barred from submitting a bid for this contract as a result of a violation of either Section 33E-3 or Section 33E-4 concerning bid rigging, bid rotating, kickbacks, bribery and other interference with public contracts;

Dated at Chase Bank this 7<sup>th</sup> day of January, 2020.

By: Paul M Ayers  
(signature)

Its: Nurseries, manager  
Title

Paul M Ayers, being duly sworn, deposes and states that he/she is the  
Manager of Goodmark Nurseries and that the statement above is

true and correct. Subscribed and sworn before me this 07<sup>th</sup> day of January, 2020



Felicia Rotaru  
Notary Public

(NOTARY STAMP)

**VILLAGE OF LAKE IN THE HILLS**

Accepted this 13 day of February, 2020

By: [Signature]  
(signature)

Title: Village President

Lake in the Hills Public Works Department

MEMORANDUM

---

**To:** Tom Migatz, Public Works Director  
**From:** Guy Fehrman, Streets Superintendent  
**Date:** November 3, 2021  
**Subject:** Recommendation to purchase of right of way trees in 2022 with Goodmark Nurseries under the existing three-year contract

On February 11, 2020, the Village Board awarded Goodmark Nurseries the 2020-2022 tree purchase contract. Public Works was pleased with the tree purchase services Goodmark provided in 2020 and 2021. As such, I recommend spending \$22,200.00 with Goodmark Nurseries in 2022 for the purchase of right of way trees under the previously approved three-year tree purchase contract.



# REQUEST FOR BOARD ACTION

---

**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Public Works

**SUBJECT:** Waive the Competitive Bidding Process and Award a Pavement Rejuvenator Contract

## EXECUTIVE SUMMARY

---

Staff seeks Board approval to award a contract to Corrective Asphalt Materials of Sugar Grove, IL, for the 2022 Pavement Rejuvenator Project in the amount of \$70,000.00.

The Village is in the sixth year of applying a pavement rejuvenator product to help prolong the life cycle of Village streets. An asphalt rejuvenator is a maltene-based petroleum product designed to penetrate and seal the surface, thereby preventing raveling and stripping. The Village, along with the Village of Algonquin and the Cities of McHenry and Woodstock, have partnered together through the McHenry County Municipal Partnering Initiative since 2017 to jointly procure pavement rejuvenator application services. The Village applies the product to 100% of all resurfaced roadways from the previous year.

Staff assessed program effectiveness in 2021 having provided a period of time since initial application at the onset of the program. Those observations indicated a significant decline in the amount of surface cracking normally present in untreated roadways within a similar time period following resurfacing. Attributing this observation to the application of pavement rejuvenator, staff estimates a one to two-year extension of pavement life as a result.

Corrective Asphalt Materials (CAM) is the sole provider of this product. In 2020, CAM provided the McHenry County Partnering Initiative with pricing for 2020, 2021 and 2022. The cost for 2022 is \$0.94 per square yard and includes sweeping, cleanup, traffic control and resident notification. If the contract award is approved, Village staff will hire CAM to apply their pavement rejuvenator product to all sections of pavement that were resurfaced in 2021, estimated to total 74,460 square yards.

## FINANCIAL IMPACT

---

The FY 2022 Village Budget contains \$70,000.00 in the General Fund for pavement rejuvenator application services and the total expense for 2022 will not exceed \$70,000.00.

## ATTACHMENTS

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1. Schedule of Prices
2. List of roadways receiving pavement rejuvenator in 2022



**RECOMMENDED MOTION**

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Motion to waive the competitive bidding process and award a contract to Corrective Asphalt Materials of Sugar Grove, IL, for the 2022 Pavement Rejuvenator Project in the amount of \$70,000.00.

THIS PAGE IS MANDATORY

**MCHENRY COUNTY MUNICIPAL PARTNERING INITIATIVE  
2020 PAVEMENT REJUVENATOR JOINT CONTRACT PROPOSAL  
SCHEDULE OF PRICES**

**Company Name:** Corrective Asphalt Materials, LLC

**Address:** 300 Daniel Boone Trail

South Roxana, IL 62087

**Contact Person:** Angela Vantrease- Administrative Assistant

For providing, performing, and completing all Work, the sum of the products resulting from multiplying the number of acceptable units of Unit Price Items listed below incorporated in the Work by the Unit Price set forth below for such Unit Price Item:

ITEM NO.	PAY ITEM	TOTAL EST. QUANTITY	UNIT PRICE	ANNUAL COST
		SQ YD REJUVENATOR APPLIED		
Basic Period (2020-2021)	RECLAMITE EMULSIFIED MALTENE BASED REJUVENATOR	204,000 SQ YD	\$ 0.88	\$ 179,520.00
First Option Year (2021-2022)	RECLAMITE EMULSIFIED MALTENE BASED REJUVENATOR	237,000 SQ YD	\$ 0.91	\$ 215,670.00
Second Option Year (2022-2023)	RECLAMITE EMULSIFIED MALTENE BASED REJUVENATOR	227,000 SQ YD	\$ 0.94	\$ 213,380.00

*Individual quantities for each agency in the joint contract proposal are included in the contract special provisions*



9010 Haligus Road  
Lake in the Hills, IL 60156

(847) 960-7500  
Fax: (847) 960-7501  
[www.lith.org](http://www.lith.org)

## Village of Lake in the Hills 2022 Pavement Rejuvenator Locations

**The Village plans to hire a contractor to apply a pavement rejuvenator product to the following sections of pavement in 2022:**

Street	Beginning Street	Ending Street
Alexandria Drive	Annandale Dr (North)	Annandale Dr (North)
Avalon Lane	Danbury Cir	Geneva Ln
Avalon Lane	Geneva Ln	Montrose Dr
Baldwin Lane	Baldwin Ct	Thistle Ln
Baldwin Lane	Albrecht Rd	Baldwin Ct
Banbury Court	Banbury Ln	End
Banford Circle	Banford Ct	Margate Ct
Barharbor Court	Barharbor Dr	End
Barharbor Drive	Barharbor Ct	Mackinac St
Barharbor Drive	Heron Dr	Barharbor Ct
Barharbor Drive	Mackinac St	Mackinac St
Barharbor Drive	Mackinac St	Saginaw St
Cadbury Circle	Albrecht Rd	Albrecht Rd
Camden Court	Melbourne Ln	End
Chancery Way	Annandale Dr (North)	End
Chancery Way	Wright Dr	Winslow Way
Chantilly Circle	Annandale Dr (North)	Annandale Dr (North)
Cherokee Trail	Delaware Dr	Hiawatha Dr
Danbury Circle	Geneva Ln	Avalon Ln
Geneva Court	Geneva Ln	End
Geneva Lane	Danbury Cir	Avalon Ln
Hayward Lane	Hayward Ct	Banbury Ln
Hayward Lane	Miller Rd	Hayward Ct
Hilltop Drive	Willow St	Cheyenne Dr
Hilltop Drive	Cheyenne Dr	Pawnee Dr
Hilltop Drive	Pawnee Dr	Bernyce St
Indian Trail	Acorn Ln (East)	Hickory Rd
Indian Trail	Wander Way	Acorn Ln (East)
Indian Trail	Hickory Rd	Pheasant Trl
Indian Trail	Locust	Wander Way
Indian Trl	Crystal Lake Rd	Meadow Ln

<b>Street</b>	<b>Beginning Street</b>	<b>Ending Street</b>
Indian Trl	Meadow Ln	Locust St
Margate Court	Banford Cir	End
McKenzie Court	End	McKenzie Dr
McKenzie Drive	Sienna Dr	McKenzie Ct
Melbourne Court	Waterford Ln	End
Montclair Court	Princeton Ln	Princeton Ln
Stanton Circle	Raxburg Ct	Sussex Ct
Stanton Circle	Wexford Ln	Stanton Ct
Stanton Circle	Sussex Ct	Wexford Ln
Stanton Circle	Stanton Ct	Miller
Stanton Court	Stanton Cir	End
Trinity Drive	Virginia Rd	Illinois Route 31
Willow Street	Seminole Trl	Huron Trl
Willow Street	Huron Trl	Pyott Rd



# REQUEST FOR BOARD ACTION

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**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Public Works

**SUBJECT:** Award a Contract for the Purchase of Bulk Rock Salt for Village Street Snow and Ice Control

## EXECUTIVE SUMMARY

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Staff requests authority to purchase up to 1,440 tons of rock salt during the 2021-2022 winter season through the State bidding process.

The Village purchases rock salt for snow and ice operations each year through the State of Illinois joint purchasing program, a competitively bid road salt program coordinated by the Illinois Department of Central Management Services (CMS). The Village's participation in this program is exempt from the normal bidding process as stated in Section 9.13 of the Village Municipal Code.

Part of the process allows the requesting agency to purchase as little as eighty percent (80%) up to one-hundred twenty percent (120%) of the initial request. For Lake in the Hills, that corresponds to a range of one thousand one hundred fifty-two (1,152) tons to one thousand seven hundred twenty-eight (1,728) tons on a base request of one thousand four hundred forty (1,440) tons.

Although the Village was in a renewal window for rock salt through CMS, the State required that the product go out for bid for the upcoming season. That bid came in at \$63.27/ton for the Village's 2021-2022 rock salt needs. That price represents an increase of \$16.79 or ~36% over the former price of \$46.48.

## FINANCIAL IMPACT

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The proposed FY22 Village Budget includes \$105,000.00 for the purchase of road salt in the General Fund. The total expense for 2022 is \$91,108.80 at a base quantity of 1,440 tons.

## ATTACHMENTS

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1. Central Management Services Contract
2. Central Management Services Pricing

## RECOMMENDED MOTION

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Motion to approve the purchase of up to 1,440 tons of rock salt in 2022 through the Central Management Services contract, for a total cost not to exceed \$91,108.80.

**STATE OF ILLINOIS  
CONTRACT**

Central Management Services  
JPMC Rock Salt Bulk, FY22  
22-416CMS-BOSS4-P-30920

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The Parties to this contract are the State of Illinois acting through the undersigned Agency (collectively the State) and the Vendor. This contract, consisting of the signature page and numbered sections listed below and any attachments referenced in this contract, constitute the entire contract between the Parties concerning the subject matter of the contract, and in signing the contract, the Vendor affirms that the Certifications and Financial Disclosures and Conflicts of Interest attached hereto are true and accurate as of the date of the Vendor’s execution of the contract. This contract supersedes all prior proposals, contracts and understandings between the Parties concerning the subject matter of the contract. This contract can be signed in multiple counterparts upon agreement of the Parties.

Contract includes BidBuy Purchase Order? (The Agency answers this question prior to contract filing.)

- Yes
- No

Contract uses Illinois Procurement Gateway Certifications and Disclosures?

- Yes (IPG Certifications and Disclosures including FORMS B)
- No

- 1. DESCRIPTION OF SUPPLIES AND SERVICES**
- 2. PRICING**
- 3. TERM AND TERMINATION**
- 4. STANDARD BUSINESS TERMS AND CONDITIONS**
- 5. STATE SUPPLEMENTAL PROVISIONS**
- 6. STANDARD CERTIFICATIONS**
- 7. FINANCIAL DISCLOSURES AND CONFLICTS OF INTEREST**
- 8. CONTRACT SPECIFIC CERTIFICATIONS AND DISCLOSURES – “FORMS B” (IF APPLICABLE)**
- 9. PURCHASE ORDER FROM BIDBUY (IF APPLICABLE)**

In consideration of the mutual covenants and agreements contained in this contract, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the terms and conditions set forth herein and have caused this contract to be executed by their duly authorized representatives on the dates shown on the following CONTRACT SIGNATURES page

**STATE OF ILLINOIS  
CONTRACT**

Central Management Services  
JPMC Rock Salt Bulk, FY22  
22-416CMS-BOSS4-P-30920

**VENDOR**

Vendor Name: Compass Minerals America Inc.	Address (City/State/Zip): 9900 W. 109 <sup>th</sup> St., Overland Park, KS 66210
Signature: 	Phone: 800-323-1641
Printed Name: Sean Lierz	Fax: 913-338-7945
Title: Sr. Manager Highway Sales	Email: highwaygroup@compassminerals.com
Date: September 20, 2021	Orders email: highwayorders@compassminerals.com

**STATE OF ILLINOIS**

Procuring Agency: Central Management Services	Phone: 866-455-2897
Street Address: 1000 E Converse St	
City, State ZIP: Springfield, IL 62702	
Official Signature: 	Date: 10/22/21
Printed Name: Janél L. Forde, Director	
Official's Title: by Krysti Rinaldi, Agency Purchasing Officer	

**AGENCY USE ONLY**

**NOT PART OF CONTRACTUAL PROVISIONS**

- Agency Reference #: 21-416CMS-BOSS4-R-89309
- Project Title: JPMC Rock Salt Bulk, FY22
- Contract #: 22-416CMS-BOSS4-P-30920
- Procurement Method (IFB, RFP, Small Purchase, etc.): IFB
- BidBuy Reference #: 22-416CMS-BOSS4-B-24795
- BidBuy Publication Date: 9/9/21
- Award Code: A
- Subcontractor Utilization?  Yes  No      Subcontractor Disclosure?  Yes  No
- Funding Source:
- Obligation #:
- Small Business Set-Aside?  Yes  No      Percentage:
- Minority Owned Business?  Yes  No      Percentage:
- Women Owned Business?  Yes  No      Percentage:
- Persons with Disabilities Owned Business?  Yes  No      Percentage:
- Veteran Owned Small Business?  Yes  No      Percentage:
- Other Preferences?



## 1. DESCRIPTION OF SUPPLIES AND SERVICES

- 1.1. **GOAL:** It is the intent of the State of Illinois to establish a Joint Purchase Master Contract for bulk rock salt on an as-needed basis during the contract period.

This Joint Purchase Master Contract (JPMC) may be utilized by all Governmental Units as defined in Section 5 of this Contract.

**Note:** Participation in this contract is based upon an annual survey that defines the BidBuy line items and additional participation in the resultant contract is not allowed.

### 1.2. SUPPLIES AND/OR SERVICES REQUIRED:

#### 1.2.1. Rock Salt Specification Requirements:

1.2.1.1 Rock Salt shall comply with the requirements of The American Association of State Highway and Transportation Officials (AASHTO) SPECIFICATION M143, SODIUM CHLORIDE TYPE 1, GRADE 1.

1.2.1.2 Rock Salt shall be free flowing fresh stock, reclaimed or re-crushed rock salt will not be accepted and shall be rejected by delivery site.

1.2.2. Quantity Commitments: All participants who complete the annual survey will have the option to choose between a minimum of 80% or 100% purchase commitment and will be allowed a maximum of 120% purchase commitment as defined below. All minimum purchase commitments will be defined in the line item description within BidBuy.

1.2.2.1 Minimum 80% Commitment: Some participants identified from the annual survey have chosen a minimum purchase commitment of 80%. That means that if the participant estimates a quantity of 100 ton, the participant is only obligated to order 80 ton. That is 80% of the estimated quantity. The participant shall have no further liability to the Vendor for further remaining quantities.

1.2.2.2 Minimum 100% Commitment: Some participants identified from the annual survey have chosen a minimum purchase commitment of 100%. That means that if the participant estimates a quantity of 100 ton, the participant is obligated to order 100 ton. That is 100% of the estimated quantity.

1.2.2.3 Maximum 120% Commitment: The Vendor shall agree to provide up to 120% of the bid quantity estimated tonnage at the same contract price.

That means that all participants who estimate a quantity of 100 ton can order up to 120 ton at the same contract price.

1.2.2.4 Quantities Exceeding 120% Maximum: In some instances, a participant may require quantities that would exceed the maximum commitment of the Vendor; in such instances, any delivery shall be made upon the mutual agreement of all parties.

1.2.2.5 Purchase Percentages for IDOT: The Illinois Department of Transportation (IDOT) has provided estimated quantities for individual locations. Quantities purchased from each Vendor shall be computed on a District by District basis (not by location). For example, if a Vendor has 2 locations in a District with estimated quantities of 100 and 200 tons with a minimum 80% commitment. Then the 80% commitment will be met once the  $300(0.8) = 240$  tons has been purchased between the two locations. This may include all 240 tons purchased from one location.

1.2.3. Weights and Measures Requirements and Adjustments:

1.2.3.1 Weights and Measures: All measurements for weight shall be from scales meeting the requirements of The Weights and Measures Act of the State of Illinois. The Vendor shall provide accurate weights of materials delivered to governmental units. These weights shall be documented on delivery tickets which shall identify the source of the material, type of material, the date and time the material was loaded, the release number, the net weight, the tare weight, and the identification of the transporting vehicle.

The State reserves the right to conduct random, independent vehicle weight checks for salt deliveries. This will require that trucks occasionally be directed to a scale near the delivery point.

Should the vehicle weight check result in the net weight of material on the vehicle to exceed the net weight of material shown on the delivery ticket by 600 pounds or more, the State will document the independent vehicle weight check and immediately furnish a copy of the results to the Vendor. No adjustment in pay quantity will be made.

Should the vehicle weight check result in the net weight of material shown on the delivery ticket to exceed the net weight of material on the vehicle by the tolerance of 600 pounds or more, the State will document the independent vehicle weight check (IWC1), immediately furnish a copy of the results to the Vendor, and immediately perform a second

independent weight check (IWC2). If the second independent weight check is within the 600-pound tolerance, then a third independent weight check (IWC3) will be performed. If the third independent weight check is within tolerance, no pay adjustments will be made, and random independent weight checks will resume. If the second or third independent weight check confirms the net weight of the material shown on the delivery ticket exceeds the net weight of material on the vehicle by 600 pounds or more, the State will adjust the net weight shown on the delivery ticket for IWC1 to the checked delivered net weight as determined by the independent vehicle weight checks.

1.2.3.2 Method of Measurement: The State will also adjust the method of measurement for IWC2, IWC3 (when applicable) and subsequent truck loads using the same scale based on the out-of-tolerance independent weight checks. The net weight of rock salt delivered to the State from this source, will be adjusted by applying a correction factor "A" as determined by the following formula:

$$A = 1.0 - (B - C) / B; \text{ Where } A < 1.0 \text{ and } B - C > 600$$

Where:           A = Adjustment factor  
                      B = Net weight shown on the delivery ticket from IWC1  
                      C = Net weight on the vehicle determined from  
                              independent weight check from IWC1

The adjustment factor will be applied as follows:  
Adjusted Net Weight = A x Delivery Ticket Net Weight

The adjustment factor will be imposed until the cause of the deficient weight is identified and corrected by the Vendor to the satisfaction of the State. If the cause of the deficient weight is not identified and corrected within seven calendar days, the State reserves the right to immediately, and without notice to Vendor, take action to remedy Vendor failure. This action may include the termination of the order and purchase of salt from other sources, or other action to ensure ice control availability for public safety purposes. Note that any or all additional costs may be collected from the original Vendor, in addition to the applied weight adjustments.

At the Vendor's option, the vehicle may be weighed on a second independent Department of Agriculture certified scale to verify accuracy of the scale used for the independent weight check. The freight for this

additional weigh will be charged to the party that is proven to be negligent.

1.2.3.3 **Deductions:** The State reserves the right to assess, and apply if applicable, invoice deductions for the following:

Moisture Content: Deductions by percentage for moisture content based on total weight shall be determined by the following ranges:

<b>Moisture Content (%)</b>	<b>Deduction in Price (Per Truckload)</b>
0.00 TO 2.00	NO DEDUCTION
2.01 TO 2.50	10% DEDUCTION
2.51 TO 3.00	15% DEDUCTION
3.01 TO 3.50	20% DEDUCTION
3.51 TO 4.00	25% DEDUCTION
GREATER THAN 4.01	REJECTION OF LOAD

Sodium Chloride (NACL) Content: The State reserves the right to accept delivery of rock salt which, according to the analysis by The Illinois Department of Transportation, has a Sodium Chloride (NACL) content of less than 95.0 percent, but not less than 90.0 percent. When such reservation is applied, final payment will be made on the following basis:

- 1) When NACL content is between 94.0 and 94.9 percent, the price to be paid shall be the contract price less \$5.00 per ton.
- 2) When NACL content is between 90.0 and 93.9 percent, the price paid shall be contract price less \$10.00 per ton.
- 3) When the NACL content is less than 90.0 percent, the load will be rejected.

#### 1.2.4 Ordering

1.2.4.1 **Order Placement:** Orders may be placed with the Vendor (Monday-Friday) via telephone, with a written electronic communication (e-mail) or fax confirmation to follow. All State agency orders will contain a purchase order generated from BidBuy in addition to an electronic communication (e-mail). Vendors shall arrange for immediate shipment upon receipt of order from an authorized participating agency representative.

All other governmental units will use their own purchase order system.

- 1.2.4.2 **Order Quantities:** Orders shall be scheduled in amounts that make up full (22-25 ton) truckloads, orders for less than truckload will not be accepted.
- 1.2.4.3 **Initial Orders:** The Illinois Department of Transportation requires Vendors to ship initial fill-up orders prior to October 31<sup>st</sup> of the current year. If this date has passed prior to execution, we ask that the Vendor(s) start shipping as soon as contract has been executed. Please see the attached file within BidBuy titled "Initial Orders". Vendor(s) shall notify each destination entity when initial shipments are to begin.
- 1.2.4.4 **Seasonal Orders:** Non-State agencies reserve the right to purchase up to 50% of the estimated order requirements prior to November 30<sup>th</sup> of the current year. Vendor shall notify each delivery point of when shipment is to begin.
- 1.2.4.5 **Order Timeline:** For an order placed prior to 9:00 a.m. on a given day, that day would be considered as the first calendar day of the seven (7) day delivery period. For an order placed after 9:00 a.m. on a given day, the day following would be considered as the first calendar day of the seven (7) day delivery period, or as amended by order guidelines in Section 1.2.4.6.
- 1.2.4.6 **Order Guidelines:** An agency may order up to 20% of their 100% contracted tonnage in any given week and Vendor shall deliver within 7 working days after receipt of order. Quantities ordered above the 20 percent threshold shall have an extended delivery time of one-working-day for each one percentage-point above the 20% guideline. For example, if an agency orders 25% of their awarded total 100 tons, delivery of the first 20 tons (20%) shall be within 7 working days after receipt of order and the remaining 5 tons shall be delivered within 12 working days after receipt of the order.
- 1.2.4.7 **Peak Season Orders:** After hours and weekend delivery arrangements are encouraged during severe seasonal weather events to provide Vendor additional ability to maintain a prompt order delivery schedule. Orders placed during peak season should be in accordance with projected requirements and not in excess of the order guidelines, thereby hindering a Vendor's ability to maintain a prompt order delivery schedule.
- 1.2.4.8 **Post Season Orders:** All orders for Rock Salt shall be placed by the end of July for the previous season's estimated usage. If the location does not



have adequate capacity to hold the rock salt, the Vendor may elect to add a storage charge per ton/day.

Storage Charge: \$ \_\_\_\_\_/ton/day

1.2.5. The Districts are defined as follows:

District 1: Counties of Cook, DuPage, Kane, Lake, McHenry, and Will.

District 2: Counties of Boone, Carroll, Henry, JoDaviess, Lee, Ogle, Rock Island, Stephenson, Whiteside, and Winnebago.

District 3: Counties of Bureau, DeKalb, Ford, Grundy, Iroquois, Kankakee, Kendall, LaSalle, and Livingston.

District 4: Counties of Fulton, Henderson, Knox, Marshall, McDonough, Mercer, Peoria, Putnam, Stark, Tazewell, Warren, and Woodford.

District 5: Counties of Champaign, DeWitt, Douglas, Edgar, McLean, Piatt, and Vermilion.

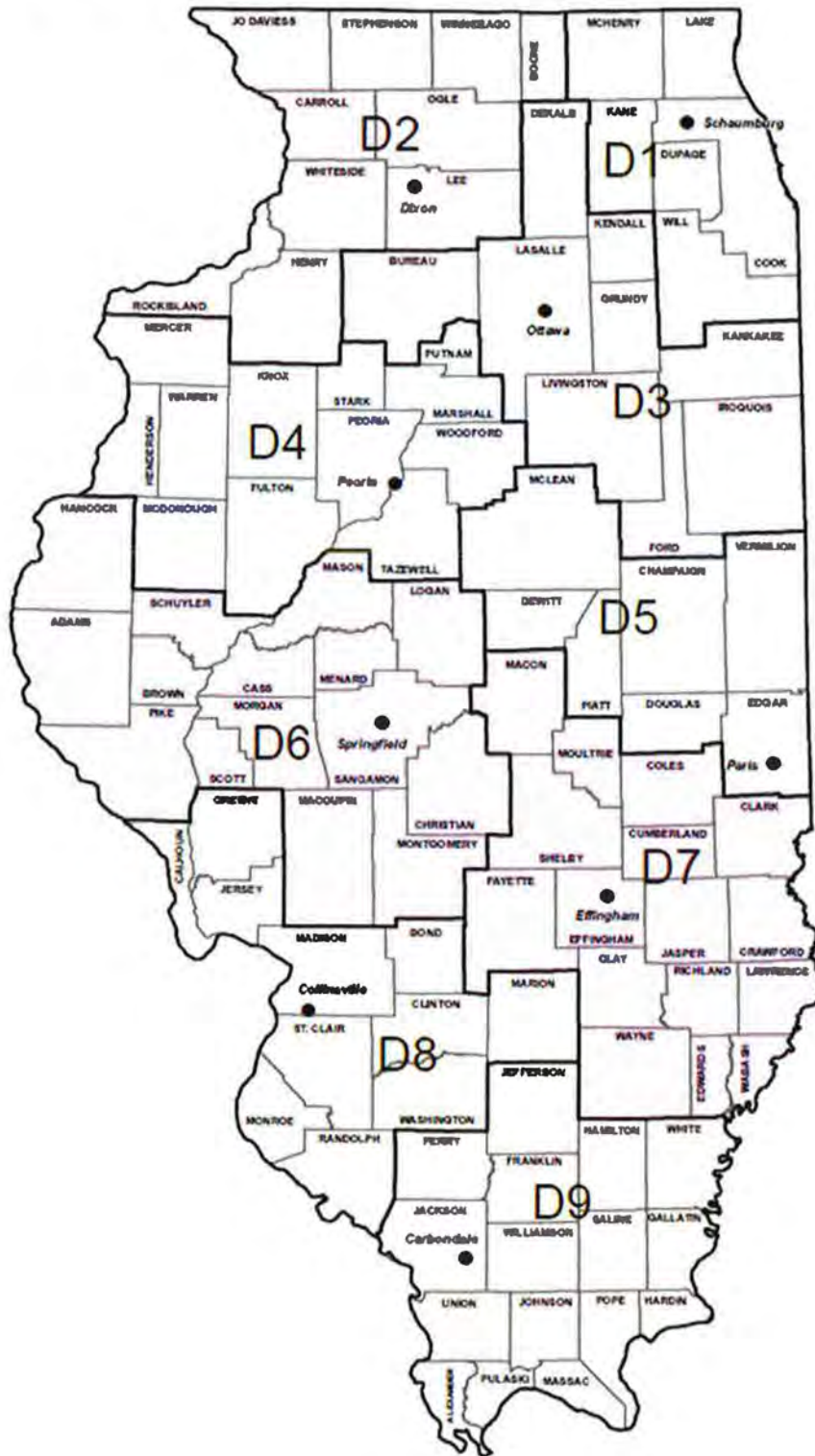
District 6: Counties of Adams, Brown, Cass, Christian, Hancock, Logan, Macoupin, Mason, Menard, Montgomery, Morgan, Pike, Sangamon, Schuyler, and Scott.

District 7: Counties of Clark, Clay, Coles, Crawford, Cumberland, Edwards, Effingham, Fayette, Jasper, Lawrence, Macon, Moultrie, Richland, Shelby, Wabash and Wayne.

District 8: Counties of Bond, Calhoun, Clinton, Greene, Jersey, Madison, Marion, Monroe, Randolph, St. Clair and Washington.

District 9: Counties of Alexander, Franklin, Gallatin, Hamilton, Hardin, Jackson, Jefferson, Johnson, Massac, Perry, Pope, Pulaski, Saline, Union, White and Williamson.

1.2.6. Map



For procurements conducted in BidBuy, the State may include in this contract the BidBuy Purchase Order as it contains the agreed Supplies and/or Services.

**1.3. MILESTONES AND DELIVERABLES:**

1.3.1. The Vendor will report to the Department of Central Management Services Bureau of Strategic Sourcing (BOSS) an annual Contract Usage Report. This report shall be in a tab-delimited text file or an Excel spreadsheet that references the BidBuy Purchase Order (PO) number, time period being reported, and must include the following:

PO Line Number, Quantity, Unit of Measure, and Delivery Address.

The report will be sent to the following email address:  
[CMS.BOSS.Sourcing@illinois.gov](mailto:CMS.BOSS.Sourcing@illinois.gov).

1.3.2. Stockpile and Order Status Reports: Vendor shall provide stockpile and order status reports upon request and as requested to CMS Bureau of Strategic Sourcing for use in its contract administration effort. Failure to comply in timely manner may be considered a breach of contract.

1.3.3. Delivery Invoices: Vendor invoices shall show the date orders were placed with the Vendor and the dates and amounts of salt delivered.

**1.4. VENDOR / STAFF SPECIFICATIONS:**

1.4.1. Vendor Meetings:

1.4.1.1 The Vendor shall participate in a pre-season meeting with IDOT Central Bureau of Operations. This meeting will be scheduled after the execution of the contract(s).

1.4.1.2 The Vendor shall participate in weekly calls with IDOT Central Bureau of Operations throughout the winter season.

1.4.1.3 The Vendor shall participate in a post-season meeting with IDOT Central Bureau of Operations that will be scheduled between April to June.

1.4.2. Stockpile and Delivery Performance:

1.4.2.1 Delivery Performance: Freezing of waterways and the impact on delivery must be reasonably anticipated by the Vendor and is not a cause to claim Force Majeure.



1.4.2.2 STOCKPILE AVAILABILITY: Successful Vendors shall have stockpiles of Rock Salt in Illinois or near its boundaries in quantities that are sufficient to satisfy the State of Illinois contractual requirements and stockpile staging requirements shall be as follows:

- a. 100% at upper MISSISSIPPI RIVER STOCKPILE locations, DISTRICT-1, DISTRICT-2, DISTRICT-3, and DISTRICT-4 by December 1<sup>st</sup>.
- b. 50% at all other Downstate Stockpile locations by December 1<sup>st</sup> and 100% by January 1<sup>st</sup>.

Such stockpiles must be near enough to delivery points to allow for timely delivery as required by the State of Illinois contractual requirements.

Vendors may also be required to furnish a list of rock salt commitments against these stockpiles as a result of other contractual agreements.

1.4.2.3 STOCKPILE INSPECTIONS: The State reserves the right to inspect and/or test the rock salt provided at the Vendor's stockpile points or at the salt storage facility destination, whichever is most convenient to the State.

1.4.2.4 VENDOR NOTIFICATION – Illinois Waterway Consolidated Lock Closures: Various lock closures will be occurring on the Illinois waterway over the next few years. Vendors should prepare accordingly and thereby such is not a cause to claim Force Majeure. Information on the lock closures including scheduling can be found at:

<https://www.mvr.usace.army.mil/Missions/Navigation/Navigation-Status/>

1.4.3. Vendor must be registered in BidBuy before entering into the resulting Contract with the State of Illinois.

## 1.5. TRANSPORTATION AND DELIVERY:

1.5.1. Delivery Time: Deliveries are to be made within seven (7) working days, or as extended by order guidelines in Section 1.2.4.6. For all orders placed by contract participants on or after December 1 and prior to May 1st of any year, order delivery performance shall be subject to application of Liquidated Damages as stated in Section 1.5.10 below.

1.5.2. Delivery Schedule: Salt order deliveries will be accepted only during regular workdays (Monday thru Friday) and work hours (7:30 a.m. - 3:30 p.m.) excluding

state holidays, except where special arrangements are made in advance with an appropriate representative at the delivery site.

- 1.5.3. Delivery Locations: All delivery locations are listed within each line item in BidBuy. Specific delivery notes for other governmental units will be given at the time of order.
- 1.5.4. Payment of Tolls: The Vendor shall be required to pay the full amount of tolls, if any, incurred during the duration of the contract. Said tolls will not be refunded by the ordering agency.
- 1.5.5. Delivery Tickets: Each delivery ticket shall be a direct entry (no manual entries) certified scale ticket indicating gross, tare, and net weight of each truckload of rock salt. Unless otherwise directed, delivery ticket must also be signed by an authorized agency representative at the delivery location point to verify that agency has accepted the material. The Vendor shall include the release order number and the date of delivery on each delivery ticket. The Vendor shall ensure all weights and measures shown on all tickets are correct.
- 1.5.6. Delivery Requirements: All truck loads shall be covered with approved weatherproof material. Vendor shall ensure the delivery person inspects the inside of the trailer and all salt is removed from the trailer before leaving a delivery point. Pre-loading trucks prior to the date of delivery is not allowed and may be rejected at the delivery site. In the event any agency discovers preloaded rock salt already dumped at its location, the salt may be reloaded onto the cartage hauler's truck by the agency and returned for credit and the Vendor shall immediately ship a conforming load of replacement Rock Salt, or at agencies' option to issue a refund consistent with the dollar amount of the original order
- 1.5.7. Delivery Method: All deliveries will be on the basis of the "End-Dumping" method. Vendors shall be governed by the specific delivery instructions, as to unloading point, issued by an applicable agency when they place their order for a particular location.
- 1.5.8. Weights and Measures: Governmental units reserve the right to require that trucks may occasionally be directed to a scale in the vicinity of the delivery point as a check on delivered truckloads. The governmental units reserve the right to take action to remedy Vendor's failure to provide accurate weights and measures.
- 1.5.9. Foreign Materials: All truck loads shall be free of any foreign material such as mud, rocks, grader teeth, wood, tarpaulins, etc. or the load may be rejected. In the event any agency discovers foreign material in truckloads of rock salt already

dumped at its location, the salt and foreign matter may be reloaded onto the cartage hauler's truck by the agency and returned for credit and the Vendor shall immediately ship a conforming load of replacement Rock Salt, or at agencies' option to issue a refund consistent with the dollar amount of original order.

- 1.5.10. Damages: Governmental units reserve the right to take action against Vendor delivery failure as follows:

Liquidated Damages: From December 1 through May 1 of the current season, if the Vendor is unable to make delivery within the authorized delivery time, the governmental units shall assess and have the right to retain as Liquidated Damages, and not as a penalty, 5 percent per working day on the undelivered portion of the order, but not to exceed 50 percent of the total order. Governmental units and Vendor agree that at the time of contracting, the amount of actual damages is uncertain. Governmental units and Vendor further agree that the amount of Liquidated Damages in this Section is reasonable and bears relation to the damages which may be sustained in the event of a breach.

Delivery Failure Damages: If after seven (7) days' assessment of Liquidated Damage claims, a Vendor has still failed to deliver as required, governmental units reserve the right to immediately, and without notice to Vendor, take action to remedy Vendor failure. This may include the termination of the order and purchase of salt from other sources, or other action to ensure ice control availability for public safety purposes. Note that any or all additional costs may be collected from the original Vendor, in addition to the applied Liquidated Damages.

For procurements conducted in BidBuy, the State may include in this contract the BidBuy Purchase Order as it contains the agreed Supplies and/or Services.

## 1.6. SUBCONTRACTING

Subcontractors are allowed.

- 1.6.1. Will subcontractors be utilized?  Yes  No

A subcontractor is a person or entity that enters into a contractual agreement with a total value of \$50,000 or more with a person or entity who has a contract subject to the Illinois Procurement Code pursuant to which the person or entity provides some or all of the goods, services, real property, remuneration, or other monetary forms of consideration that are the subject of the primary State contract, including subleases from a lessee of a State contract.

All contracts with subcontractors must include Standard Certifications completed and signed by the subcontractor.

1.6.2. Please identify below subcontracts with an annual value of \$50,000 or more that will be utilized in the performance of the contract, the names and addresses of the subcontractors, and a description of the work to be performed by each.

- Subcontractor Name: Please see Attached list.

Amount to Be Paid:

Address:

Description of Work:

- Subcontractor Name:

Amount to Be Paid:

Address:

Description of Work:

**If additional space is necessary to provide subcontractor information, please attach an additional page.**

1.6.3. All contracts with the subcontractors identified above must include the Standard Certifications completed and signed by the subcontractor.

1.6.4. If the annual value of any the subcontracts is more than \$50,000, then the Vendor must provide to the State the Financial Disclosures and Conflicts of Interest for that subcontractor.

1.6.5. If at any time during the term of the Contract, Vendor adds or changes any subcontractors, Vendor is required to promptly notify, in writing, the State Purchasing Officer or the Chief Procurement Officer of the names and addresses and the expected amount of money that each new or replaced subcontractor will receive pursuant to this Contract. Any subcontracts entered into prior to award of this Contract are done at the sole risk of the Vendor and subcontractor(s).

## 1.7. SUCCESSOR VENDOR

Yes  No This contract is for services subject to 30 ILCS 500/25-80. Heating and air conditioning service contracts, plumbing service contracts, and electrical service contracts are not subject to this requirement. Non-service

contracts, construction contracts, qualification-based selection contracts, and professional and artistic services contracts are not subject to this requirement.

- 1.8. WHERE SERVICES ARE TO BE PERFORMED:** Unless otherwise disclosed in this section all services shall be performed in the United States. If the Vendor performs the services purchased hereunder in another country in violation of this provision, such action may be deemed by the State as a breach of the contract by Vendor.

Vendor shall disclose the locations where the services required shall be performed and the known or anticipated value of the services to be performed at each location. If the Vendor received additional consideration in the evaluation based on work being performed in the United States, it shall be a breach of contract if the Vendor shifts any such work outside the United States.

- Location where services will be performed: Please see attached list.

Value of services performed at this location: Please see attached list.

## **2. PRICING**

### **2.1 FORMAT OF PRICING:**

2.1.1 Vendor shall submit pricing in the format shown below, based on the terms and conditions set forth in section 1 of this Contract.

2.1.2 Pricing shall be submitted in the following format: Enter the cost per unit of measurement on the line items in BidBuy.

**2.2 TYPE OF PRICING:** The Illinois Office of the Comptroller requires the State to indicate whether the contract price is firm or estimated at the time it is submitted for obligation. The total price of this contract is estimated.

**2.3 EXPENSES ALLOWED:** Expenses are not allowed.

**2.4 DISCOUNT:** The State may receive a 0 % discount for payment within 0 days of receipt of correct invoice. This discount will not be a factor in making the award.

**2.5 VENDOR'S PRICING:** For procurements conducted in BidBuy, the State may include in this Contract the BidBuy Purchase Order as it contains the agreed pricing.

**2.6 MAXIMUM AMOUNT:** This Joint Purchase Master Contract is an indefinite quantity contract.



### 3. TERM AND TERMINATION

- 3.1 TERM OF THIS CONTRACT:** This contract has an initial term of up to one (1) year commencing upon the last dated signature of the Parties to September 30, 2022.

For procurements conducted in BidBuy, the State may include in this contract the BidBuy Purchase Order as it contains the agreed term.

3.1.1 In no event will the total term of the contract, including the initial term, any renewal terms and any extensions, exceed ten (10) years. 30 ILCS 500/20-60

3.1.2 Vendor shall not commence billable work in furtherance of the contract prior to final execution of the contract except when permitted pursuant to 30 ILCS 500/20-80.

- 3.2 RENEWAL: N/A**

- 3.3 TERMINATION FOR CAUSE:** The State may terminate this contract, in whole or in part, immediately upon notice to the Vendor if: (a) the State determines that the actions or inactions of the Vendor, its agents, employees or subcontractors have caused, or reasonably could cause, jeopardy to health, safety, or property, or (b) the Vendor has notified the State that it is unable or unwilling to perform the contract.

If Vendor fails to perform to the State's satisfaction any material requirement of this contract, is in violation of a material provision of this contract, or the State determines that the Vendor lacks the financial resources to perform the contract, the State shall provide written notice to the Vendor to cure the problem identified within the period of time specified in the State's written notice. If not cured by that date the State may either: (a) immediately terminate the contract without additional written notice or (b) enforce the terms and conditions of the contract.

For termination due to any of the causes contained in this Section, the State retains its rights to seek any available legal or equitable remedies and damages.

- 3.4 TERMINATION FOR CONVENIENCE:** The State may, for its convenience and with thirty (30) days prior written notice to Vendor, terminate this contract in whole or in part and without payment of any penalty or incurring any further obligation to the Vendor.

Upon submission of invoices and proof of claim, the Vendor shall be entitled to compensation for supplies and services provided in compliance with this contract up to and including the date of termination.

- 3.5 AVAILABILITY OF APPROPRIATION:** This contract is contingent upon and subject to the availability of funds. The State, at its sole option, may terminate or suspend this contract,

in whole or in part, without penalty or further payment being required, if (1) the Illinois General Assembly or the federal funding source fails to make an appropriation sufficient to pay such obligation, or if funds needed are insufficient for any reason (30 ILCS 500/20-60), (2) the Governor decreases the Agency's funding by reserving some or all of the Agency's appropriation(s) pursuant to power delegated to the Governor by the Illinois General Assembly, or (3) the Agency determines, in its sole discretion or as directed by the Office of the Governor, that a reduction is necessary or advisable based upon actual or projected budgetary considerations. Contractor will be notified in writing of the failure of appropriation or of a reduction or decrease.

#### **4. STANDARD BUSINESS TERMS AND CONDITIONS**

##### **4.1 PAYMENT TERMS AND CONDITIONS:**

- 4.1.1 Late Payment: Payments, including late payment charges, will be paid in accordance with the State Prompt Payment Act and rules when applicable. 30 ILCS 540; 74 Ill. Adm. Code 900. This shall be Vendor's sole remedy for late payments by the State. Payment terms contained in Vendor's invoices shall have no force or effect.
- 4.1.2 Minority Contractor Initiative: Any Vendor awarded a contract of \$1,000 or more under Section 20-10, 20-15, 20-25 or 20-30 of the Illinois Procurement Code (30 ILCS 500) is required to pay a fee of \$15. The Comptroller shall deduct the fee from the first check issued to the Vendor under the contract and deposit the fee in the Comptroller's Administrative Fund. 15 ILCS 405/23.9.
- 4.1.3 Expenses: The State will not pay for supplies provided or services rendered, including related expenses, incurred prior to the execution of this contract by the Parties even if the effective date of the contract is prior to execution.
- 4.1.4 Prevailing Wage: As a condition of receiving payment Vendor must (i) be in compliance with the contract, (ii) pay its employees prevailing wages when required by law, (iii) pay its suppliers and subcontractors according to the terms of their respective contracts, and (iv) provide lien waivers to the State upon request. Examples of prevailing wage categories include public works, printing, janitorial, window washing, building and grounds services, site technician services, natural resource services, security guard and food services. The prevailing wages are revised by the Illinois Department of Labor (DOL) and are available on DOL's official website, which shall be deemed proper notification of any rate changes under this subsection. Vendor is responsible for contacting DOL at 217-782-6206 or (<http://www.state.il.us/agency/idol/index.htm>) to ensure understanding of prevailing wage requirements.
- 4.1.5 Federal Funding: This contract may be partially or totally funded with Federal funds. If Federal funds are expected to be used, then the percentage of the good/service paid using Federal funds and the total Federal funds expected to be used will be provided to the awarded Vendor in the notice of intent to award.



4.1.6 Invoicing: By submitting an invoice, Vendor certifies that the supplies or services provided meet all requirements of this contract, and the amount billed and expenses incurred are as allowed in this contract. Invoices for supplies purchased, services performed, and expenses incurred through June 30 of any year must be submitted to the State no later than July 31 of that year; otherwise Vendor may have to seek payment through the Illinois Court of Claims. 30 ILCS 105/25. All invoices are subject to statutory offset. 30 ILCS 210.

4.1.6.1 Vendor shall not bill for any taxes unless accompanied by proof that the State is subject to the tax. If necessary, Vendor may request the applicable Agency's Illinois tax exemption number and Federal tax exemption information.

4.1.6.2 Vendor shall invoice at this completion of the contract unless invoicing is tied in this contract to milestones, deliverables, or other invoicing requirements agreed to in the contract.

Send invoices to:

Agency:	Requesting Agency/Entity
Attn:	Requesting Agency/Entity
Address:	Requesting Agency/Entity
City, State Zip	Requesting Agency/Entity

For procurements conducted in BidBuy, the Agency may include in this contract the BidBuy Purchase Order as it contains the Bill To address.

4.2 **ASSIGNMENT:** This contract may not be assigned or transferred in whole or in part by Vendor without the prior written consent of the State.

4.3 **SUBCONTRACTING:** For purposes of this section, subcontractors are those specifically hired to perform all, or part of the work covered by this contract. Vendor must receive prior written approval before use of any subcontractors in the performance of this contract. Vendor shall describe, in an attachment if not already provided, the names and addresses of all authorized subcontractors to be utilized by Vendor in the performance of this contract, together with a description of the work to be performed by the subcontractor and the anticipated amount of money that each subcontractor is expected to receive pursuant to this contract. If required, Vendor shall provide a copy of any subcontracts within fifteen (15) days after execution of this contract. All subcontracts must include the same certifications that Vendor must make as a condition of this contract. Vendor shall include in each subcontract the subcontractor certifications as shown on the Standard Certification form available from the State. If at any time during the term of the Contract, Vendor adds or changes any subcontractors, then Vendor must promptly notify, by written amendment to the Contract, the State Purchasing Officer or the Chief Procurement Officer of the names and addresses and the expected amount of

money that each new or replaced subcontractor will receive pursuant to the Contract. 30 ILCS 500/20-120.

- 4.4 AUDIT/RETENTION OF RECORDS:** Vendor and its subcontractors shall maintain books and records relating to the performance of this contract and any subcontract necessary to support amounts charged to the State pursuant this contract or subcontract. Books and records, including information stored in databases or other computer systems, shall be maintained by the Vendor for a period of three (3) years from the later of the date of final payment under the contract or completion of the contract, and by the subcontractor for a period of three (3) years from the later of final payment under the term or completion of the subcontract. If Federal funds are used to pay contract costs, the Vendor and its subcontractors must retain their respective records for five (5) years. Books and records required to be maintained under this section shall be available for review or audit by representatives of: the procuring Agency, the Auditor General, the Executive Inspector General, the Chief Procurement Officer, State of Illinois internal auditors or other governmental entities with monitoring authority, upon reasonable notice and during normal business hours. Vendor and its subcontractors shall cooperate fully with any such audit and with any investigation conducted by any of these entities. Failure to maintain books and records required by this section shall establish a presumption in favor of the State for the recovery of any funds paid by the State under this contract or any subcontract for which adequate books and records are not available to support the purported disbursement. The Vendor or subcontractors shall not impose a charge for audit or examination of the Vendor's or subcontractor's books and records. 30 ILCS 500/20-65.
- 4.5 TIME IS OF THE ESSENCE:** Time is of the essence with respect to Vendor's performance of this contract. Vendor shall continue to perform its obligations while any dispute concerning this contract is being resolved unless otherwise directed by the State.
- 4.6 NO WAIVER OF RIGHTS:** Except as specifically waived in writing, failure by a Party to exercise or enforce a right does not waive that Party's right to exercise or enforce that or other rights in the future.
- 4.7 FORCE MAJEURE:** Failure by either Party to perform its duties and obligations will be excused by unforeseeable circumstances beyond its reasonable control and not due to its negligence, including acts of nature, acts of terrorism, riots, labor disputes, fire, flood, explosion, and governmental prohibition. The non-declaring Party may cancel this contract without penalty if performance does not resume within thirty (30) days of the declaration.
- 4.8 CONFIDENTIAL INFORMATION:** Each Party to this contract, including its agents and subcontractors, may have or gain access to confidential data or information owned or maintained by the other Party in the course of carrying out its responsibilities under this contract. Vendor shall presume all information received from the State or to which it gains access pursuant to this contract is confidential. Vendor information, unless clearly marked as confidential and exempt from disclosure under the Illinois Freedom of

Information Act, shall be considered public. No confidential data collected, maintained, or used in the course of performance of this contract shall be disseminated except as authorized by law and with the written consent of the disclosing Party, either during the period of this contract or thereafter. The receiving Party must return any and all data collected, maintained, created or used in the course of the performance of this contract, in whatever form it is maintained, promptly at the end of this contract, or earlier at the request of the disclosing Party, or notify the disclosing Party in writing of its destruction. The foregoing obligations shall not apply to confidential data or information lawfully in the receiving Party's possession prior to its acquisition from the disclosing Party; received in good faith from a third Party not subject to any confidentiality obligation to the disclosing Party; now is or later becomes publicly known through no breach of confidentiality obligation by the receiving Party; or that is independently developed by the receiving Party without the use or benefit of the disclosing Party's confidential information.

- 4.9 USE AND OWNERSHIP:** All work performed or supplies created by Vendor under this contract, whether written documents or data, goods or deliverables of any kind, shall be deemed work for hire under copyright law and all intellectual property and other laws, and the State of Illinois is granted sole and exclusive ownership to all such work, unless otherwise agreed in writing. Vendor hereby assigns to the State all right, title, and interest in and to such work including any related intellectual property rights, and/or waives any and all claims that Vendor may have to such work including any so-called "moral rights" in connection with the work. Vendor acknowledges the State may use the work product for any purpose. Confidential data or information contained in such work shall be subject to the confidentiality provisions of this contract.
- 4.10 INDEMNIFICATION AND LIABILITY:** The Vendor shall indemnify and hold harmless the State of Illinois, its agencies, officers, employees, agents and volunteers from any and all costs, demands, expenses, losses, claims, damages, liabilities, settlements and judgments, including in-house and contracted attorneys' fees and expenses, arising out of: (a) any breach or violation by Vendor of any of its certifications, representations, warranties, covenants or agreements; (b) any actual or alleged death or injury to any person, damage to any real or personal property, or any other damage or loss claimed to result in whole or in part from Vendor's negligent performance; (c) any act, activity or omission of Vendor or any of its employees, representatives, subcontractors or agents; or (d) any actual or alleged claim that the services or goods provided under this contract infringe, misappropriate, or otherwise violate any intellectual property (patent, copyright, trade secret, or trademark) rights of a third party. In accordance with Article VIII, Section 1(a),(b) of the Constitution of the State of Illinois, the State may not indemnify private parties absent express statutory authority permitting the indemnification. Neither Party shall be liable for incidental, special, consequential, or punitive damages.

- 4.11 INSURANCE:** Vendor shall, at all times during the term of this contract and any renewals or extensions, maintain and provide a Certificate of Insurance naming the State as an additionally insured for all required bonds and insurance. Certificates may not be modified or canceled until at least thirty (30) days' notice has been provided to the State. Vendor shall provide: (a) General Commercial Liability insurance in the amount of \$1,000,000 per occurrence (Combined Single Limit Bodily Injury and Property Damage) and \$2,000,000 Annual Aggregate; (b) Auto Liability, including Hired Auto and Non-owned Auto (Combined Single Limit Bodily Injury and Property Damage), in amount of \$1,000,000 per occurrence; and (c) Worker's Compensation Insurance in the amount required by law. Insurance shall not limit Vendor's obligation to indemnify, defend, or settle any claims.
- 4.12 INDEPENDENT CONTRACTOR:** Vendor shall act as an independent contractor and not an agent or employee of, or joint venturer with the State. All payments by the State shall be made on that basis.
- 4.13 SOLICITATION AND EMPLOYMENT:** Vendor shall not employ any person employed by the State during the term of this contract to perform any work under this contract. Vendor shall give notice immediately to the Agency's director if Vendor solicits or intends to solicit State employees to perform any work under this contract.
- 4.14 COMPLIANCE WITH THE LAW:** The Vendor, its employees, agents, and subcontractors shall comply with all applicable Federal, State, and local laws, rules, ordinances, regulations, orders, Federal circulars and all license and permit requirements in the performance of this contract. Vendor shall be in compliance with applicable tax requirements and shall be current in payment of such taxes. Vendor shall obtain at its own expense, all licenses and permissions necessary for the performance of this contract.
- 4.15 BACKGROUND CHECK:** Whenever the State deems it reasonably necessary for security reasons, the State may conduct, at its expense, criminal and driver history background checks of Vendor's and subcontractor's officers, employees or agents. Vendor or subcontractor shall immediately reassign any individual who, in the opinion of the State, does not pass the background check.
- 4.16 APPLICABLE LAW:**
- 4.16.1 PREVAILING LAW:** This contract shall be construed in accordance with and is subject to the laws and rules of the State of Illinois.
- 4.16.2 EQUAL OPPORTUNITY:** The Department of Human Rights' Equal Opportunity requirements are incorporated by reference. 44 Ill. Adm. Code 750.
- 4.16.3 COURT OF CLAIMS; ARBITRATION; SOVEREIGN IMMUNITY:** Any claim against the State arising out of this contract must be filed exclusively with the Illinois Court of



Claims. 705 ILCS 505/1. The State shall not enter into binding arbitration to resolve any dispute arising out of this contract. The State of Illinois does not waive sovereign immunity by entering into this contract.

4.16.4 **OFFICIAL TEXT:** The official text of the statutes cited herein is incorporated by reference. An unofficial version can be viewed at ([www.ilga.gov/legislation/ilcs/ilcs.asp](http://www.ilga.gov/legislation/ilcs/ilcs.asp)).

- 4.17 ANTI-TRUST ASSIGNMENT:** If Vendor does not pursue any claim or cause of action it has arising under Federal or State antitrust laws relating to the subject matter of this contract, then upon request of the Illinois Attorney General, Vendor shall assign to the State all of Vendor's rights, title and interest to the claim or cause of action.
- 4.18 CONTRACTUAL AUTHORITY:** The Agency that signs this contract on behalf of the State of Illinois shall be the only State entity responsible for performance and payment under this contract. When the Chief Procurement Officer or authorized designee or State Purchasing Officer signs in addition to an Agency, he/she does so as approving officer and shall have no liability to Vendor. When the Chief Procurement Officer or authorized designee or State Purchasing Officer signs a master contract on behalf of State agencies, only the Agency that places an order or orders with the Vendor shall have any liability to the Vendor for that order or orders.
- 4.19 EXPATRIATED ENTITIES:** Except in limited circumstances, no business or member of a unitary business group, as defined in the Illinois Income Tax Act, shall submit a bid for or enter into a contract with a State agency if that business or any member of the unitary business group is an expatriated entity.
- 4.20 NOTICES:** Notices and other communications provided for herein shall be given in writing via electronic mail whenever possible. If transmission via electronic mail is not possible, then notices and other communications shall be given in writing via registered or certified mail with return receipt requested, via receipted hand delivery, via courier (UPS, Federal Express or other similar and reliable carrier), or via facsimile showing the date and time of successful receipt. Notices shall be sent to the individuals who signed this contract using the contact information following the signatures. Each such notice shall be deemed to have been provided at the time it is actually received. By giving notice, either Party may change its contact information.
- 4.21 MODIFICATIONS AND SURVIVAL:** Amendments, modifications and waivers must be in writing and signed by authorized representatives of the Parties. Any provision of this contract officially declared void, unenforceable, or against public policy, shall be ignored and the remaining provisions shall be interpreted, as far as possible, to give effect to the Parties' intent. All provisions that by their nature would be expected to survive, shall survive termination. In the event of a conflict between the State's and the Vendor's terms, conditions and attachments, the State's terms, conditions and attachments shall prevail.

**4.22 PERFORMANCE RECORD / SUSPENSION:** Upon request of the State, Vendor shall meet to discuss performance or provide contract performance updates to help ensure proper performance of this contract. The State may consider Vendor's performance under this contract and compliance with law and rule to determine whether to continue this contract, suspend Vendor from doing future business with the State for a specified period of time, or whether Vendor can be considered responsible on specific future contract opportunities.

**4.23 FREEDOM OF INFORMATION ACT:** This contract and all related public records maintained by, provided to, or required to be provided to the State are subject to the Illinois Freedom of Information Act (FOIA) notwithstanding any provision to the contrary that may be found in this contract. 5 ILCS 140.

**4.24 SCHEDULE OF WORK:** Any work performed on State premises shall be performed during the hours designated by the State and performed in a manner that does not interfere with the State and its personnel.

**4.25 WARRANTIES FOR SUPPLIES AND SERVICES:**

4.25.1. Vendor warrants that the supplies furnished under this contract will: (a) conform to the standards, specifications, drawing, samples or descriptions furnished by the State or furnished by the Vendor and agreed to by the State, including but not limited to all specifications attached as exhibits hereto; (b) be merchantable, of good quality and workmanship, and free from defects for a period of twelve months or longer if so specified in writing, and fit and sufficient for the intended use; (c) comply with all federal and state laws, regulations and ordinances pertaining to the manufacturing, packing, labeling, sale and delivery of the supplies; (d) be of good title and be free and clear of all liens and encumbrances and; (e) not infringe any patent, copyright or other intellectual property rights of any third party. Vendor agrees to reimburse the State for any losses, costs, damages or expenses, including without limitations, reasonable attorney's fees and expenses, arising from failure of the supplies to meet such warranties.

4.25.2. Vendor shall ensure that all manufacturers' warranties are transferred to the State and shall provide to the State copies of such warranties. These warranties shall be in addition to all other warranties, express, implied or statutory, and shall survive the State's payment, acceptance, inspection or failure to inspect the supplies.

4.25.3. Vendor warrants that all services will be performed to meet the requirements of this contract in an efficient and effective manner by trained and competent personnel. Vendor shall monitor performances of each individual and shall immediately reassign any individual who does not perform in accordance with

this contract, who is disruptive or not respectful of others in the workplace, or who in any way violates the contract or State policies.

**4.26 REPORTING, STATUS AND MONITORING SPECIFICATIONS:** Vendor shall immediately notify the State of any event that may have a material impact on Vendor's ability to perform this contract.

**4.27 EMPLOYMENT TAX CREDIT:** Vendors who hire qualified veterans and certain ex-offenders may be eligible for tax credits. 35 ILCS 5/216, 5/217. Please contact the Illinois Department of Revenue (telephone #: 217-524-4772) for information about tax credits.

The Vendor is required to report to Central Management Services – Bureau of Strategic Sourcing (BOSS) an annual report on the hiring of Veterans and Ex-Offenders, this report must be sent by September 30<sup>th</sup> of every year. The report shall be attached and sent to the following email address: [CMS.BOSS.Sourcing@illinois.gov](mailto:CMS.BOSS.Sourcing@illinois.gov).

## 5. STATE SUPPLEMENTAL PROVISIONS

- Agency Definitions
  - 5.1. "Chief Procurement Officer" means the chief procurement officer appointed pursuant to 30 ILCS 500/10-20(a)(4).
  - 5.2. "Governmental unit" means State of Illinois, any State agency as defined in Section 1-15.100 of the Illinois Procurement Code, officers of the State of Illinois, any public authority which has the power to tax, or any other public entity created by statute.
- Required Federal Clauses, Certifications and Assurances
- Public Works Requirements (construction and maintenance of a public work) 820 ILCS 130/4.
- Prevailing Wage (janitorial cleaning, window cleaning, building and grounds, site technician, natural resources, food services, security services, and printing, if valued at more than \$200 per month or \$2,000 per year) 30 ILCS 500/25-60.
- Agency Specific Terms and Conditions
  - 5.3. The Chief Procurement Officer for General Services makes this Joint Purchase Master Contract available to all governmental units.
  - 5.4. Vendor agrees to extend all terms and conditions, specifications, and pricing or discounts specified in this Joint Purchase Master Contract for the items in this Joint Purchase Master Contract to all governmental units.
  - 5.5. The supplies or services subject to this Joint Purchase Master Contract shall be distributed or rendered directly to each governmental unit.
  - 5.6. Vendor shall bill each governmental unit separately for its actual share of the costs of the supplies or services purchased.
  - 5.7. The credit or liability of each governmental unit shall remain separate and distinct.
  - 5.8. Disputes between vendors and governmental units shall be resolved between the affected parties.
  - 5.9. All terms and conditions in this Joint Purchase Master Contract apply with full force and effect to all purchase orders.
- Other (describe)
  - 5.10. COVID-19 PROTECTIONS: In response to the COVID-19 pandemic, Governor J.B. Pritzker issued Executive Order 2021-22 and 2021-23. These Executive Orders mandate certain contractors shall use face coverings, have COVID-19 vaccinations, or undergo testing for



COVID-19 when in indoor public places, Health Care Facilities, Schools, Institutions of Higher Education, and State-owned and operated congregate facilities. Vendor shall adhere to the requirements of these Executive Orders as applied by the Agency. The Agency may also implement vaccination or testing requirements that exceed those in the Executive Orders.

Illinois State Bid Subcontractors Totals for Handling and Hauling

Solicitation

21-416CMS-BOSS4-B-24795

CMP - Form 1.6.2

Service Depot	Depot Spend	Freight & Fuel Spend	Vendor Addresses	Forms
<b>Chicago, IL</b>				
Calumet Transload	\$1,722,000		10730 Burley Avenue, Chicago, IL 60617	B
5 Star Hauling		\$800,000	14210 Kenton Ave, Crestwood, IL 60418	B
5366 Logistics		\$640,000	4501 US-12, Richmond, IL 60071	B
Sunset		\$175,000	1320 S Virginia, Crystal Lake, IL 60014	A
Truck King Hauling Contractors, Inc.		\$3,200,000	4600 W 48th St, Chicago. IL 60632	B
<b>Keokuk, IA</b>				
Roquette American Services Inc.	\$110,000		2301 Twin Rivers Road, Keokuk, IA 52632	A
97 Grain and Trucking- dba Midwest Express		\$56,000	10060 E 350 Macomb, IL 61455	B
<b>Commanche, IA</b>				
ADM	\$270,000		1419 N Washington Blvd, Comanche, IA 52730	A
ADM- Transport		\$370,000	4666 Faries Parkway Decatur, IL 62526	A
<b>Louisiana, MO</b>				
Wayne B Smith	\$148,000		10415 Hwy 79, Louisiana, MO 63353	B
George Potterfield Trucking		\$338,000	207 County Line Road, Monroe City, MO 63456	B
<b>Metropolis, IL</b>				
Kotter Ready Mix	\$95,000		1200 E 2nd Street, Metropolis, IL 62960	B
Kotter Ready Mix		\$183,000	1200 E 2nd Street, Metropolis, IL 62960	B
<b>Milwaukee, WI</b>				
Compass Minerals	\$404,000		2001 S Lincoln Memorial, Milwaukee, WI 53207	Compass Form B
CLK Systems Inc		\$261,000	39882 N Mauser Dr Wadsworth, IL 60083	B
Portland		\$104,000	98 E Shore Drive, Random Lake, WI 53075	A
PJ's Trucking		\$104,000	W125S9861 N Cape Road, Muskego, WI 53150	B
Zizzo's		\$104,000	3000 Sheridan Rd., Kenosha, WI 53140	B
<b>Mt. Vernon, IN</b>				
Mulzer Crushed Stone	\$61,000		10700 Hwy 69 S, Mt. Vernon, IN 47620	B
Mulzer Crushed Stone		\$74,900	10700 Hwy 69 S, Mt. Vernon, IN 47620	B
<b>St. Louis, MO (Beelman)</b>				
Beelman Terminal	\$472,000		210 Bremen Ave., Venice, IL 62090	B
Beelman Logistics		\$478,000	#1 Racehorse Drive, E. St. Louis, MO 62205	B
<b>St. Louis, MO (Oakley)</b>				
Bruce Oakley	\$13,000		1 Angelica St. St. Louis, Mo 63353	B
George Potterfield Trucking		\$13,698	207 County Line Road, Monroe City, MO 63456	B
<b>Dubuque, Ia</b>				
Peavey Co, Gavilon Grain	\$25,000		505 East 7th St, Dubuque, IA 52001	Less than \$50K
All Seasons Trucking		\$35,000	7750 Windy Ridge Dubuque, IA 52003	Less than \$50K
<b>Rock Island, Il</b>				
Alter- Rock Island River Terminal	\$291,000		7th Ave MILI Street Rock Island, IL 61201	Subcontractor will submit Forms post bid
Overland Systems		\$368,000	13631 110th Ave Davenport, IA 52804	Subcontractor will submit Forms post bid
<b>Henry - Middle River Marine</b>				
Henry - Middle River Marine	\$268,000		1440 County Road 1500 E, Henry, IL 61537	A
Ozinga Transportation, Inc.		\$485,000	1440 County Road 1500 E, Henry, IL 61537	A
<b>Lemont - Middle River Marine</b>				
Lemont - Middle River Marine	\$309,000		11400 Old Lemont Road, Lemont, IL 60439	A
Ozinga Transportation, Inc.		\$293,600	11400 Old Lemont Road, Lemont, IL 60439	A
<b>Ottawa - Ottawa Barge Terminal</b>				
Ottawa - Ottawa Barge Terminal	\$205,000		1365 N 2803 RD OTTAWA, IL 61350	A
Wiesbrock Trucking		\$296,000	1748 E. 950th Road (PO Box 197) Leonore, IL 61335	A

\*All \$'s are subject to change based on contract award

Lake in the Hills, Village of	9010 Haligus Road Lake in the Hills 60156	9010 Haligus Road	1440	\$63.27 Compass	P-30920	255	lfehrman@lith.org
Lakemoor, Village of	28581 Illinois Route 120, Lakemoor, IL 60051	333 Wegner Road	700	\$63.77 Compass	P-30920	256	mdabrowski@lakemoor.net
Lakewood, Village of	2500 Lake Ave Lakewood IL 60014	6570 Haligus Road	800	\$61.57 Compass	P-30920	257	gzickuhr@village.lakewood.il.us
Marengo Community High School Dist. #154	110 Franks Road, Marengo, IL 60152	816 E. Grant	100	\$65.30 Compass	P-30920	258	swansond@mchs154.org
Marengo Township Hwy. Dept.	4010 N IL RT 23 Marengo IL 60152	4010 N. Route 23	1200	\$62.30 Compass	P-30920	259	mgoroadcom@yahoo.com
Marengo, City of	132 E Prairie Street	835 W. Grant Hwy	700	\$65.30 Compass	P-30920	260	Dstreit@cityofmarengo.com
McHenry High School Dist.156	4716 W. Crystal Lake Rd. McHenry IL 60050	4724 W. Crystal Lake Rd	50	\$63.77 Compass	P-30920	261	flackhugh@dist156.org
McHenry School District 15	1011 N. Green Street, McHenry, IL 60050	5805 W. Route 120	225	\$63.77 Compass	P-30920	262	alund@d15.org
Nunda Township	3518 Bay Road Crystal Lake, IL 60012	3518 Bay Road	2500	\$59.57 Compass	P-30920	263	highway@nundaroaddistrict.com
Prairie Grove, Village of	3125 Barreville Road, Prairie Grove, IL 60012	4507 West Gracy Road	500	\$63.77 Compass	P-30920	264	jsinger@prairiegrove.org
Richmond Township Road Dist.	7812 Route 31, Richmond IL, 60071	7812 S Route 31	700	\$61.93 Compass	P-30920	265	richmondroaddistrict@gmail.com
Riley Towhship Road Dist.	8910 IL Route 23, Marengo, IL 60152	8910 Illinois Route 23	400	\$65.30 Compass	P-30920	266	ddiamond@lrm.org
Seneca Twp.	16506 Gardenvalley rd. Woodstock IL 60098	16506 Garden Valley Road	700	\$63.77 Compass	P-30920	267	traderswany@yahoo.com



# REQUEST FOR BOARD ACTION

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**MEETING DATE:** November 9, 2021  
**DEPARTMENT:** Public Works  
**SUBJECT:** Accept the 2022 Grounds Maintenance Services Bid

## EXECUTIVE SUMMARY

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Staff seeks Board approval of the bid for 2022 grounds maintenance services with Mark I Landscaping of Bartlett, IL, at a cost not to exceed \$483,381.31.

In 2021, the Village issued an RFP for grounds maintenance services at various locations throughout the Village. The RFP requested pricing for services in 2021 2022 and 2023. In March of 2021, the Village Board awarded Mark I Landscaping a contract for grounds maintenance services in 2021. Public Works have been satisfied with the services that Mark I Landscaping performed in 2021 and recommends accepting their bid for ground maintenance services in 2022. The 2022 bid amount of \$483,381.31 represents a 1.1 percent increase from 2021. The bid certification form and a recommendation memo from the Public Works Streets Superintendent are attached for your review and consideration.

## FINANCIAL IMPACT

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The Village's Fiscal Year 2022 Budget includes \$483,381.31 for this contract (\$295,218.40 in the General Fund, \$9,185.15 in the Water Fund, and \$178,977.76 in the Special Service Areas Fund).

## ATTACHMENTS

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1. Recommendation Memo
2. Bid Certification Form

## RECOMMENDED MOTION

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Motion to accept the bid for 2022 grounds maintenance services with Mark I Landscaping of Bartlett, IL, at a cost not to exceed \$483,381.31.

Lake in the Hills Public Works Department

MEMORANDUM

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**To:** Tom Migatz, Public Works Director  
**From:** Guy Fehrman, Streets Superintendent  
**Date:** November 3, 2021  
**Subject:** Recommendation to accept the 2022 bid for grounds maintenance services

On March 25, 2021 the Village Board awarded Mark I Landscaping a contract for grounds maintenance services in 2022. Mark 1's 2022 pricing is approximately 1.1 percent higher than their 2021 pricing. Public Works was pleased with the grounds maintenance services Mark I Landscaping provided in 2021. Their company has done a great job with taking care of the grounds maintenance contract and is quick to respond to any issues that we have had. I recommend accepting their 2022 bid for grounds maintenance services.

**APPENDIX 4**  
**VILLAGE OF LAKE IN THE HILLS**  
**BID CERTIFICATION FORM**  
**Grounds Maintenance Services Contract Rebid**

**CONTRACTOR'S NAME:** Mark I Landscape, Inc.

**ADDRESS:** 1540 Hecht Drive, Unit K  
Bartlett, IL 60103

**1. COST OF WORK:**

The undersigned, having familiarized [himself/herself] with conditions affecting the cost of the work and its performance and having carefully examined and fully understood the INSTRUCTION TO BIDDERS, hereby affirms and agrees to enter into a contract with the Village of Lake in the Hills, Illinois;

The undersigned hereby also certifies that in accordance with 710 ILCS 7/33E-11 that the Bidder is not barred from submitting a bid for this contract as a result of a violation of either Section 33E-3 or Section 33E-4 concerning bid rigging, bid rotating, kickbacks, bribery and other interference with public contracts;

To PROVIDE all supervision, labor, material, equipment, and all other expense items to perform completely the entire work covered by all specifications for the entire work;

**Grounds Maintenance Services**

<b>YEAR</b>	<b>TOTAL COST PER YEAR</b>
2021	\$ 478,173.31
2022	\$ 483,381.31
2023	\$ 500,612.01

**Ordinance Violation Mowing Price per hour:**

<b>YEAR</b>	<b>COST PER HOUR</b>
2021	\$ 70 <sup>00</sup>
2022	\$ 70 <sup>00</sup>
2023	\$ 70 <sup>00</sup>



**VILLAGE OF LAKE IN THE HILLS  
DEAD PLANT REPLACEMENT LIST**

Dead plant replacement price per plant 2021:

<b>PLANT</b>	<b>COST PER REMOVE AND REPLACE</b>
3 Gallon Alpine Currant	\$ 45
3 Gallon Aronia Black	\$ 45
3 Gallon Barberry	\$ 45
3 Gallon Boxwood	\$ 90
3 Gallon Burning Bush	\$ 50
3 Gallon Dwarf Burning Bush	\$ 50
3 Gallon Cotoneaster	\$ 45
1 Gallon Day Lilly	\$ 15
3 Gallon Euonymus	\$ 38
3 Gallon Forsythia	\$ 50
3 Gallon Lilac	\$ 55
3 Gallon Juniper	\$ 45
3 Gallon Potentilla	\$ 45
3 Gallon Frobeli Spirea	\$ 45
3 Gallon Gold Flame Spirea	\$ 45
3 Gallon Arrowwood Viburnum	\$ 50
3 Gallon Lantanna Viburnum	\$ 55
3 Gallon Yew	\$ 85

Dead plant replacement price per plant 2022:

<b>PLANT</b>	<b>COST PER REMOVE AND REPLACE</b>
3 Gallon Alpine Currant	\$ 45
3 Gallon Aronia Black	\$ 45
3 Gallon Barberry	\$ 45
3 Gallon Boxwood	\$ 90
3 Gallon Burning Bush	\$ 50
3 Gallon Dwarf Burning Bush	\$ 50
3 Gallon Cotoneaster	\$ 45
1 Gallon Day Lilly	\$ 15
3 Gallon Euonymus	\$ 45
3 Gallon Forsythia	\$ 38
3 Gallon Lilac	\$ 50
3 Gallon Juniper	\$ 55
3 Gallon Potentilla	\$ 45
3 Gallon Frobeli Spirea	\$ 45
3 Gallon Gold Flame Spirea	\$ 45
3 Gallon Arrowwood Viburnum	\$ 50
3 Gallon Lantanna Viburnum	\$ 55
3 Gallon Yew	\$ 85

Dead plant replacement price per plant 2023:

PLANT	COST PER REMOVE AND REPLACE
3 Gallon Alpine Currant	\$ 45
3 Gallon Aronia Black	\$ 45
3 Gallon Barberry	\$ 45
3 Gallon Boxwood	\$ 90
3 Gallon Burning Bush	\$ 50
3 Gallon Dwarf Burning Bush	\$ 50
3 Gallon Cotoneaster	\$ 45
1 Gallon Day Lilly	\$ 15
3 Gallon Euonymus	\$ 45
3 Gallon Forsythia	\$ 38
3 Gallon Lilac	\$ 50
3 Gallon Juniper	\$ 55
3 Gallon Potentilla	\$ 45
3 Gallon Frobeli Spirea	\$ 45
3 Gallon Gold Flame Spirea	\$ 45
3 Gallon Arrowwood Viburnum	\$ 50
3 Gallon Lantanna Viburnum	\$ 55
3 Gallon Yew	\$ 85

**2. COSTS:**

The undersigned hereby affirms and states that the prices quoted herein constitute the total cost to the Village for all work involved in the respective items and that this cost also includes all insurance, royalties, transportation charges, use of all tools and equipment, superintendence, overhead expense, all profits, and all other work, services, and conditions necessarily involved in the work to be done and materials to be furnished in accordance with the requirements of the contract documents considered severally and collectively. All bids shall be held valid for a period of 60 days after the bid due date.

The undersigned hereby also certifies that this bid is genuine and not collusive or sham; that said Bidder has not colluded, conspired, connived or agreed, directly or indirectly, with any other Bidder or person, to put in a sham bid or to refrain from submitting a bid; and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference with any person, to fix the proposed price elements of said bid, or that of any other Bidder, or to secure any advantage against any other Bidder or any person interested in the proposed contract.

The undersigned hereby also certifies in accordance with 65 ILCS 5/11-42.1-1 that the Bidder is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, unless the amount and/or liability is being properly contested in accordance with the procedures established by the appropriate revenue act

The undersigned hereby also certifies in accordance with 720 ILCS 5/33 E that the Bidder will not participate in bid rigging and/or rotating, kickbacks, bribery, and other related interference with public contracts. The statute requires that a certification by submitted by a bidder specifically attesting to the provisions of 5/33E-3 and 5/33E-4.

The undersigned hereby also certifies in accordance with 775 ILCS 5/2-105 that the Bidder must furnish evidence of adoption of a written policy on sexual harassment pursuant to the statute. The Village's interpretation of this statute is that such a policy does not have to be submitted with the bid, but the Bidder must have one in order to receive a contract.

The undersigned hereby also certifies that the bid is in compliance with all other applicable federal, state, and local laws.



**3. DELIVERY REQUIREMENTS:**

The undersigned hereby affirms and states that the prices listed as "Delivered and Installed" are the unit and total costs for the delivery of item(s) to their designated locations ready for use.

**4. TIME OF COMPLETION:**

The undersigned affirms and declares that if awarded the contract for said **Grounds Maintenance Services Contract Rebid**, [he/she] will completely perform the contract in strict accordance with its terms and conditions.

**5. SPECIFICATIONS:**

The undersigned will furnish all labor, material, equipment, and services necessary for said **Grounds Maintenance Services Contract Rebid**, in accordance with the following specifications and drawings (if required) as attached.

**6. CONDITIONS:**

- A. The Village is exempt from federal excise tax and the Illinois Retailers' Occupation Tax. The undersigned hereby certifies that this proposal does not include any amounts of money for these taxes.
- B. To be valid, bids shall be itemized so that selection for purchase may be made, there being included in the price of each item the cost of delivery, insurance, bonds, overhead, and profit.
- C. The Village shall reserve the right to add to or deduct from the base bid and/or alternate bid any item at the prices indicated in the itemization of bid.

Dated at 1540 Hecht Dr. this 8<sup>th</sup> day of March, 2021.

By: Andrew Moore  
(signature)

Its: President  
Title

Andrew Moore being duly sworn, deposes and states that he/she is the

President of Mark I Landscape, Inc. and that the statement above is

true and correct. Subscribed and sworn before me this 8<sup>th</sup> day of March, 2021

(NOTARY STAMP) Christine G. Simon  
Notary Public



VILLAGE OF Lake in the Hills

Accepted this 25 day of March, 2021

By: Chris Bergsch  
(signature)

Title: Village President



# REQUEST FOR BOARD ACTION

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**MEETING DATE:** November 9, 2021

**DEPARTMENT:** Public Works

**SUBJECT:** Waive the Competitive Bidding and Award a Contract for the Replacement of Water Tower 3 Riser Pipe

## EXECUTIVE SUMMARY

---

Staff seeks Board approval to waive the competitive bidding process and award a contract for the replacement of the Water Tower 3 riser pipe to Maguire Iron in the amount of \$98,475.

On Sunday September 5, the weekend duty operator discovered Water Tower 3 had begun to leak. Given the nature of the situation, staff determined that the best course of action was to have the Village's water tower consultant, Dixon Engineering (Dixon), evaluate the location of the leak and determine the cause. Dixon arrived and conducted the investigation on Thursday, September 9, determining that the column pipe had developed a hole at 19 feet above the ground due to corrosion and metal fatigue. In their opinion, a certified welder could attach a patch on the pipe and seal the leak. Staff hired a certified welder to weld the patch onto the pipe the following week, however, the refilling process revealed additional leaks at 30, 60 & 70 feet above the ground. Dixon did not discover these additional leaks, consisting of holes and fatigued metal during their initial inspection as the entire 137 feet of pipe is insulated and the cost to remove the insulation was several thousand dollars.

Staff arranged for Dixon to return to the site and perform a second inspection, after removing the insulation. Dixon's professional opinion is that the entire riser pipe requires replacement as it will continue to deteriorate elsewhere. Staff searched for vendors that would be willing to provide the Village with a price to replace the riser pipe and Maguire Iron has been willing to provide the Village with a price of \$98,475.

Staff also sought an opinion from Construction Product Marketing to line the existing pipe, thereby eliminating the need for full replacement. Construction Product Marketing responded by providing the Village with a \$104,000 proposal to line the pipe; however, the \$104,000 proposal to line the pipe is higher than the cost to replace the pipe and neither Dixon Engineering or Maguire Iron recommends lining a vertical pipe.

Although an unbudgeted expense, staff believes that performing this project is imperative as Water Tower 3 is needed in order to provide enough water to customers and for fire protection purposes on the far west side of the Village.

## **FINANCIAL IMPACT**

---

The 2021 Village Budget does not include funding for this project as it is unanticipated. Approval will require a \$98,475 budget amendment to the Water Fund.

## **ATTACHMENTS**

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1. Dixon Engineering riser pipe inspection photos
2. Maguire Iron Contract
3. Construction Project Marketing Proposal
4. Recommendation Memo
5. Budget Amendment Ordinance

## **RECOMMENDED MOTIONS**

---

Motion to approve an Ordinance approving a budget amendment to the Water Fund for the fiscal year ending December 31, 2021.

Motion to waive the competitive bidding process and award a contract for the replacement of the Water Tower 3 riser pipe to Maguire Iron in the amount of \$98,475.



**Photo 1**





**Photo 2**



**Photo 3**



**Photo 4** Leak at approximately 30' above the condensate platform.



**Photo 5** Leak at approximately 30' above the condensate platform.



**Photo 6** Leak at approximately 60' above the condensate platform.



**Photo 7** Leak at approximately 60' above the condensate platform.





**Photo 8** Possible leak at approximately 70' above the condensate platform.



**Photo 9**



**Photo 10**



**Photo 11**



**Photo 12**



**Photo 13**



**Photo 14**



**Photo 15**





**Photo 16**



**Photo 17**



**Photo 18**



**Photo 19**

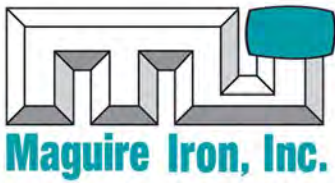


**Photo 20**



**Photo 21**





# WATER TOWER EXPERTS

✉ info@maguireiron.com

📍 1610 N. Minnesota Ave  
Sioux Falls, SD 57104

☎ (605) 334-9749

## CONTRACT FOR SERVICES/LIMITED MAINTENANCE

This contract made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2021 by and between LAKE IN THE HILLS, IL hereinafter called the "Owner" or "Customer" and Maguire Iron, Inc., a South Dakota Corporation with its principal office located in Sioux Falls, South Dakota, hereinafter called the "Contractor" or "Company" for and in consideration of the mutual covenants and promises hereinafter contained.

### WITNESSETH:

Contractor agrees to make the following repairs and improvements on the Owner's water supply tank, and to furnish the necessary equipment, labor, material, as well as Workmen's Compensation Insurance and Contractor's Liability Insurance, and to do the work hereinafter stated in a good and workmanlike manner.

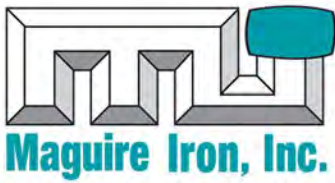
## TOWER 3 1MG PED

### SCOPE OF WORK

1. A date shall be coordinated by both parties for access to the water tank.
2. Removal & replace insulation around the fill pipe
3. Mobilization
4. Removal of the existing riser pipe
5. Install 137' new 18" riser pipe
6. Install new expansion joint
7. Washout will be performed on the interior of the tank
8. A complete inspection of the entire tank will be performed
9. Disinfection of the tank will be done after the washout has been completed
10. Prevailing wages will be paid for this project
11. The pricing for this repair is contingent on accessibility of the site and the ability of Maguire to perform tasks required unobstructed and to complete the tank in one full work day. (\$1,500 for each additional day).

**TOTAL = \$98,475**

*Owner is responsible for disposal or salvage of all remaining material to include spent blast media, paint containers, and other job site related material.*



# WATER TOWER EXPERTS

✉ info@maguireiron.com

📍 1610 N. Minnesota Ave  
Sioux Falls, SD 57104

☎ (605) 334-9749

Owner will inspect the work as it progresses and upon completion and acceptance by Owner of the above work, the sum of \$ 98,475 plus applicable sales, excise, and/or use tax shall become due and payable in full.

**Terms:** Net 30 days from acceptance and invoicing, plus applicable sales, use, excise, transfer or similar taxes required by law. A service charge of 1½% per month (annual rate of 18%) will be charged on past due accounts. During any exterior painting, Owner shall assist in removing any vehicles in the area which might receive paint damage. If there is any sandblasting involved in the work, Owner will be responsible for collection and disposal of any and all blast media. Maguire Iron, Inc. will exercise reasonable care and caution to avoid, but will accept no liability for damage to antenna, communication, telemetry and/or electrical system(s) which may be attached to the structure. Removal, repair and/or replacement of the antenna, communication, telemetry and/or electrical system(s) shall be the responsibility of the Owner. The Parties further agree that Maguire Iron shall have the right to apply a fuel surcharge to reflect the increases in the prices of fuel in accordance with economic conditions.

The owner will be responsible to the Company for the cost (at current market rates) of any work that has been performed prior to termination.

**HAZARDOUS MATERIAL DISCLAIMER:** *In the event that hazardous materials are on the water tank and this information is not addressed in the specification or made known to Maguire Iron, Inc. prior to the price or bid being supplied by Maguire Iron, Inc., any additional means of hazardous material abatement or disposal costs will be born upon the Owner.* Owner and the authorized agents signing this contract as such agents do hereby expressly warrant that Owner has authority to make and enter into this contract and that it becomes a party hereto pursuant to a lawful resolution duly and regularly adopted by the governing board of said Owner pursuant to the applicable statutes of this State. Customer shall reimburse Company for all travel, meal and entertainment expenses incurred by Company and its employees in connection with Company's performance under the contract. To the extent that any meal or entertainment expenses incurred by Company or its employees are subject to the limitation on deductibility under IRC Section 274(n) (1) and the Regulations thereunder, Customer shall be subject to the limitation and shall reduce its deduction accordingly.

This constitutes the entire contract. No verbal agreements or additions will be honored. Any amendments or additions hereto must be in writing and executed by the duly authorized agents and officers of the parties hereto.

IN WITNESS WHEREOF, we have set our hands and seals the day and year above written.

Table Grove, ILLINOIS

Owner: \_\_\_\_\_

**MAGUIRE IRON, INC.**

By: \_\_\_\_\_  
(Name) (Title)

By: \_\_\_\_\_  
(Name) (Title)

By: Darin Clarke 10-22-2021

Date Accepted: \_\_\_\_\_  
Upon acceptance, please provide two (2) signatures and date the agreement.



November 5, 2021

Mr. Ryan McDillion  
Water Distribution Superintendent  
Village of Lake in the Hills  
9010 Haligus Road  
Lake in the Hills, IL 60156

**RE:** 18-inch Reservoir Fill Piping Rehabilitation Using Primus Line

Mr. McDillion,

Construction Product Marketing, LLC (CPM) would like to thank the Village of Lake in the Hills for the opportunity to provide a solution for the rehabilitation of your leaking 18-inch fill water pipe at your Elevated Storage Facility #3 (Attachment A). The material that CPM will provide for this rehabilitation is our Primus Line, which is polyethylene lined and coated Kevlar (Attachment B) with the following characteristics:

- 125LF 18-inch existing steel pipe
  - 15.80-inch OD / 15.30-inch ID medium pressure Primus Line
  - 232psi operating pressure rating; 150psi operating pressure at bends
  - 2 epoxy coated flanged termination fittings for 2 portal locations
  - Installation through up to 90-degree bends in the alignment
- C Factor of 150
- Termination fittings are manufactured by Primus Line
- Material does not bond to host pipe
- 5-year material warranty
- 50+ year design life

The following steps will be required to complete the installation of the Primus Line material:

- Isolate tank from service and dewater (Village of Lake in the Hills)
- Excavate / expose pipe on both ends of rehab and remove 6-foot section of pipe (Contractor)
- Inspect pipe with push camera (CPM)
- Clean pipe to remove any sediment and sharp edges (CPM)
- Pull in Primus Line material and expand with 5psi of air (CPM)
- Install flanges on both access points; welded or flange coupling adaptors (Contractor)
- Install 2 Primus Line termination fittings (CPM)
- Install blind flanges to perform hydrostatic test (Contractor)
- Disinfect / place tank back into service (Village of Lake in the Hills)



The proposed pricing for the delivery of the Primus Line material and termination fittings, as noted includes the following:

<b>Description</b>	<b>Cost</b>
125LF of 18-inch Medium Pressure Primus Line	\$25,000.00
2 Epoxy Coated 18-inch Flanged Termination Fittings	\$24,000.00
Mobilization and Material Shipping	\$15,000.00
Pipe Inspection, Cleaning, Installation Equipment, Material Install	\$40,000.00
Sales Tax (if not tax exempt)	\$0.00
<b>TOTAL COST</b>	<b>\$104,000.00</b>

Thank you again for the opportunity to provide the Village of Lake in the Hills this proposal for Primus Line pressure pipe rehabilitation system for your 18-inch water pipeline. If you have any questions, please do not hesitate to call me at 602-228-5040.

Respectively yours,

Mike Ambroziak, P.E.  
Managing Partner  
Construction Product Marketing

# Lake in the Hills Public Works Department

## MEMORANDUM

---

**To:** Tom Migatz: Public Works Director  
**From:** Ryan McDillon: Water Superintendent  
**Date:** November 5, 2021  
**Subject:** Tower 3 Column Pipe Replacement

It is my recommendation to approve an expenditure of \$98,475 to Maguire Iron to replace the column pipe at Tower #3.

It was determined that the column pipe at Tower 3 began leaking on September 7. The tower was drained and Dixon Engineering was contacted to investigate the source of the leak. After removal of 19 feet of insulation, a hole was found. The hole was due to corrosion and metal fatigue, and Dixon Engineering recommended that a welding company weld a patch over the hole. The repair was completed, but after refilling the tank, a second leak was found to be in the pipe. Dixon returned, removed the entirety of the insulation and three additional holes were found. At this time, Maguire Iron was contacted to offer a second opinion and possible options for the repair. Maguire Iron agreed with Dixon Engineering's evaluation and provided a quote of \$98,475. A third company, Construction Product Marketing, was contacted about the feasibility of lining the riser pipe. Engineering plans for Tower 3 were provided, and Construction Product Marketing provided a quote of \$104,000 to line the existing riser pipe.

I recommend a purchase order of \$98,475.00 for Maguire Iron to perform the replacement project. It is imperative that Tower 3 be brought back on line as it provides vital fire protection and storage to the far west of the Village. The \$98,475.00 is an unbudgeted expense.

In the future, I would like to explore the creation of an asset management plan or inspection plan for the Village's water towers to help anticipate future repairs/expenses. Maguire Iron was open to discussing these concepts with us.

VILLAGE OF LAKE IN THE HILLS

Ordinance 2021-\_\_\_\_\_

**An Ordinance Approving a Budget Amendment  
to the Operating Budget for the  
Fiscal Year Ending December 31, 2021**

WHEREAS, the Village of Lake in the Hills, an Illinois municipal corporation (the "Village"), situated in 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; and

WHEREAS, subject to said Section, a home rule unit may exercise any power and perform any function pertaining to its government and affairs for the protection of public health; and

WHEREAS, the Village of Lake in the Hills acting by and through its President and Board of Trustees has previously approved an Operating Budget for the Fiscal Year ending December 31, 2021 as part of Ordinance No. 2020-36; and

WHEREAS, it is necessary and appropriate to delete, add to, or otherwise change certain sub-classes within object classes and certain object classes themselves in said Operating Budget as provided in Exhibit A to this Ordinance;

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 amendments to the Operating Budget for the Fiscal Year Ending December 31, 2021 are hereby approved in the form and content as provided in Exhibit A which is attached hereto and made a part thereof.

SECTION 2: 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 3: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 4: This Ordinance shall be in full force and effect immediately from and after its passage by a vote of two-thirds of the corporate authorities and approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Passed this 9th day of November, 2021 by roll call vote as follows:

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

APPROVED THIS 9TH DAY OF NOVEMBER 2021

\_\_\_\_\_  
Village President, Ray Bogdanowski

(SEAL)

ATTEST: \_\_\_\_\_  
Village Clerk, Shannon DuBeau

Published:



Exhibit A

11-09-2021

Village of Lake in the Hills  
 Budget Transfer/Amendment  
 For the Fiscal Year Ending December 31, 2021

Account Number	Account Description	Current Budget Amount	Revised Budget Amount	Increase (Decrease)	Amendment Description
<b>WATER FUND</b>					
520.00.00-80.20	Capital Wells & Storage	287,200	385,675	98,475	Replacement of the Water Tower 3 riser pipe.
	<b>TOTAL WATER FUND</b>			<b>98,475</b>	