PUBLIC MEETING NOTICE AND AGENDA
COMMITTEE OF THE WHOLE MEETING

JULY 25, 2023
7:30 P.M.
AGENDA

1. Call to Order

2. Pledge of Allegiance

3. Audience Participation
   The public is invited to make an issue-oriented comment on any matter of public concern. The public comment may be no longer than 3 minutes in duration.

4. Staff Presentations
   A. Administration
      1. Informational Item concerning Presentation from Hillside Restaurant & Lounge (Liquor License & Video Gaming)
      2. Waiver of Section 43.09, “Noise”, of the Lake in the Hills Municipal Code for Boulder Ridge Country Club Annual Outdoor Party
      3. Ordinance Permitting Sale of Alcoholic Beverages for Designated Areas - Melody Living’s Shared Facilities

   B. Finance
      1. Informational Item concerning Review of Actuarial Valuations

   C. Community Development
      1. Ordinance Granting a Variation and Conditional Use for Stix & Noodles Restaurant at 1201 Crystal Lake Road

   D. Public Works
      1. Award a contract for the Village Hall and Well 15 Roof and Window Replacement project and Ordinance approving Budget Amendments to Operating Budget for FY ending December 31, 2023
      2. Ordinance approving a Ground Lease for PAP-17 with Hangartime, LLC
      3. Ordinance approving a Ground Lease for PAP-23 with Hangartime, LLC

   E. Parks & Recreation
      1. Resolution to approve an Intergovernmental Agreement with the Cary Park District

5. Board of Trustees

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) 960-7400 [TDD (847) 658-4511] promptly to allow the Village to make reasonable accommodations for those persons.

Posted by: _________________________ Date:_________________ Time:________________

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AGENDA ITEM NO: 4.A.1

INFORMATIONAL MEMORANDUM

MEETING DATE: July 25, 2023

DEPARTMENT: Administration

SUBJECT: Presentation from Hillside Restaurant & Lounge (Liquor License & Video Gaming)

EXECUTIVE SUMMARY

Attached please find information regarding a proposed Restaurant and Lounge. The owner, Peter Alevras, will be seeking a Liquor License and Video Gaming License in order to open up Hillside Restaurant & Lounge at 2102-2104 W. Algonquin Road. There will be two spaces, a restaurant on one side and a lounge area on the other side, with one main entrance.

Business Model:

- Providing an exceptional dining experience in the restaurant space, emphasizing personalized service, quality food, and a refined ambiance.
- Creating a relaxing and engaging atmosphere in the lounge area, with a focus on comfort, socialization, and entertainment.
- Implementing a robust marketing and branding strategy to build awareness, attract customers, and establish a strong presence in the community.
- Recruiting and training a great team who are knowledgeable and dedicated to delivering outstanding customer service.
- Procuring high-quality ingredients from trusted suppliers to ensure the freshness and flavor of our dishes.

A representative from Hillside Restaurant & Lounge will be in attendance at the July 25, 2023 Committee of the Whole meeting.

FINANCIAL IMPACT

In addition to the license fees of $500 per machine, the Village would also receive the required payment of $500 for the terminal operator.

ATTACHMENTS

1. Business plan, floor plan, and sample menu

SUGGESTED DIRECTION

Staff is seeking the Board's direction and feedback on the proposed video gaming machines at this location.

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HILLSIDE

Restaurant & Lounge

2102- 2104 West Algonquin Road

Lake In The Hills, Illinois, 60102

Did you know that 1 out of every 3 restaurants that opens...CLOSES in the first year? This is very frightening...UNLESS you know how to start and operate a successful restaurant.

Peter Alevras, the driving force behind Hillside, was born and raised in the hospitality industry. My father owned Alemars Restaurant in Palatine, Marilyns Restaurant in Morton Grove and Rainbow Restaurant in Elmhurst that all were open over 20 years and were staples in the community. From a young age I have experienced first hand what it takes to be a successful operator. I have acquired the knowledge and wisdom that can only be gained through hands-on experience.

My wife Michelle's family as well still owns several successful restaurants one of which has been in business since 1958- Johnnies Beef. Our family restaurants have flourished during recessions and the major pandemic.

Growing up I spent two months every year in Greece with a large family of restauranteurs learning about our culture, how to prepare fresh authentic meals, and the importance of cooking with the finest ingredients. We also learned how to celebrate events within the community.

From a young age I was interacting with people from all over the world, visiting countries and businesses and discovering many secrets to the importance of cooking delicious foods, entertaining guests, hiring the right staff, and becoming a valued member of the community.

My father and mother taught me the most critical points about running a successful business, which was far beyond knowing how to prepare excellent meals. While I was attending college my father passed away and I ran the family business continuing to discover the secrets of success. After several years I decided to open more restaurants- each with a different concept. Corner Grill in Genoa, Il, Bomba Grill in East Dundee, Il, Hungry Mule in Lake Zurich, Il, Tropicana Club in Loves Park, Il, Chums Shrimp Shack In East Dundee (relocated to St. Charles) and all of them have been successful.

We have no doubt that Hillside Restaurant and Lounge, will become a very successful, enjoyable and prominent dining establishment in LITH.

Thank you for your time today. For more details we have provided a brief business plan for your review.

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Executive Summary:

As you step through our doors, the tantalizing aroma of grilled goodness will embrace you. The warm ambiance, inspired by both modern aesthetics and timeless steakhouse charm, creates the perfect setting for a memorable meal.

Hillside Restaurant & Lounge aims to provide a unique and memorable dining experience by combining a beautiful dining room and a cozy lounge area. Our establishment will be divided into two spaces: a restaurant space and a lounge area for fun times and relaxation.

Key highlights of our business include:

Prime location in Lake in the Hills, Illinois, with easy accessibility and ample parking.

A well-designed dining room featuring elegant décor, offering a comfortable and inviting atmosphere.

A small bar with 12 stools, providing a cozy space for guests to enjoy classic cocktails, wines, and other beverages.

A carefully crafted menu showcasing a variety of appetizers, fresh salads, homemade soups, and a selection of chicken, meats, chops, and seafood cooked on a traditional Greek charcoal rotisserie.

The lounge area featuring slot machines, along with comfortable seating arrangements and a small bar to cater to guests looking for a relaxed and social environment.

Business Model: **Our business model is centered around the following strategies:**

***Providing an exceptional dining experience in the restaurant space, emphasizing personalized service, quality food, and a refined ambiance.**

***Creating a relaxing and engaging atmosphere in the lounge area, with a focus on comfort, socialization, and entertainment.**

***Implementing a robust marketing and branding strategy to build awareness, attract customers, and establish a strong presence in the community.**

***Recruiting and training a great team who are knowledgeable and dedicated to delivering outstanding customer service.**

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Procuring high-quality ingredients from trusted suppliers to ensure the freshness and flavor of our dishes.

Market Analysis:

Our market analysis has revealed the following key findings:

Lake in the Hills, Illinois, presents a thriving market with a diverse population and a growing dining scene.

Limited direct competition in the immediate area, offering an opportunity to capture a significant market share.

The demand for high-quality dining experiences, classic cocktails, and a social atmosphere is evident among the local population.

The incorporation of a Charcoal Rotisserie adds a unique and authentic touch to our offerings, setting us apart from other restaurants in the vicinity.

Marketing and Sales:

To promote Hillside Restaurant & Lounge, we will employ a variety of marketing tactics, including:

Create an appealing website highlighting the restaurant's menu, ambiance, and promotions. Engage customers on social media platforms like Instagram, Facebook, and Twitter to share visuals, offers, and promptly address inquiries and reviews.

Utilizing targeted advertising campaigns through online and offline channels, such as print media, radio, and local events.

Branding and Positioning:

Develop a strong and cohesive brand identity for Hillside Restaurant & Lounge, including a captivating logo, color scheme, and visual elements that reflect the restaurant's upscale and contemporary image.

Position Hillside as the premier dining destination in Lake in the Hills, Illinois, offering a unique blend of high-quality food, exceptional service, and a sophisticated ambiance.

Targeted Advertising:

Implement targeted online advertising campaigns to reach the local audience, focusing on platforms like Google Ads, social media ads, and local food blogs/websites.

Collaborate with local influencers and food bloggers to generate buzz, attract new customers, and increase brand awareness.

Place advertisements in local publications, such as newspapers and magazines, to reach a broader audience within the community.

Email Marketing:

Develop an email list by offering incentives, such as a newsletter subscription or exclusive promotions, to capture customer contact information.

Regularly send engaging and personalized emails to subscribers, featuring updates on menu offerings, special events, promotions, and loyalty programs.

Use email marketing to re-engage past customers and encourage repeat visits through exclusive offers or personalized recommendations.

Community Engagement:

Establish partnerships with local organizations, such as charities, schools, or sports teams, to sponsor events or donate a portion of proceeds to a worthy cause.

Participate in local community events, festivals, or food fairs to increase visibility and connect with potential customers.

Collaborate with neighboring businesses to cross-promote and attract a broader customer base.

Customer Loyalty Program:

Implement a customer loyalty program to reward frequent patrons and encourage repeat visits. Offer incentives such as discounts, freebies, or exclusive access to special events.

Utilize a customer relationship management (CRM) system to collect customer data, preferences, and purchase history to personalize offers and improve customer experience.

Online Reviews and Reputation Management:

Encourage customers to leave reviews on popular review platforms like Yelp, Google, and TripAdvisor.

Monitor and respond to customer reviews promptly, addressing both positive feedback and any concerns or complaints professionally and attentively.

Implement a customer feedback system to collect suggestions and insights, demonstrating a commitment to continuous improvement.

Special Events and Promotions:

Host special events, such as wine tasting nights, themed dinners, or live music performances, to attract new customers and create buzz. Offer limited-time promotions, such as prix-fixe menus, happy hour specials, or seasonal discounts, to drive traffic during slower periods.

Collaborations with Local Businesses:

Partner with local wineries, breweries, or distilleries to create unique dining experiences or showcase local products.

Collaborate with neighboring businesses, such as hotels or theaters, to offer exclusive packages or discounts, encouraging cross-promotion and attracting new customers.

By consistently delivering exceptional dining experiences and executing effective marketing initiatives, Hillside Restaurant & Lounge can establish a strong presence in the local market and become a sought-after destination for food enthusiasts.

An Unwavering Promise:

Our promise to you, the community and our valued patrons, is rooted in the unwavering commitment to excellence that defines Hillside Restaurant & Lounge. Our team stands united in delivering remarkable dining experiences that exceed your expectations. We pledge to honor our legacy of success by consistently pushing boundaries, embracing innovation, and fostering an environment where passion and expertise collide.

Elevating the Menu:

At Hillside, our menu is a testament to culinary exploration. We reimagine classic dishes and introduce innovative creations. From succulent cuts of meat to delectable seafood and vegetarian options, our menu invites you on a journey of tantalizing flavors and textures.

Hillside will offer a diverse menu, catering to a range of palates. Our menu will feature the following:

A selection of classic cocktails, wines, and other beverages to complement our dining experience.

A variety of small plates/appetizers that tantalize the taste buds and stimulate the appetite.

Fresh salads & sides made with locally sourced ingredients to provide a healthy and flavorful option.

Homemade soups prepared with care and attention to detail.

Chicken, Meats, Chops, Seafood & Vegetables all cooked over Premium Charcoal on our imported Charcoal Rotisserie, infusing the dishes with unique flavors and tenderness.

Our Commitment to You:

Above all, we are committed to your satisfaction. Our team at Hillside Restaurant & Lounge is driven by a passion for culinary excellence and a dedication to delivering unparalleled dining experiences. We promise to listen to your feedback, adapt to your preferences, and continuously innovate to exceed your expectations.

Unleashing the Power of Fire: Embracing the Flame at The Charhaus:

Our secret weapon lies in the roaring flames of our imported charcoal rotisserie/grill. This time-honored cooking method infuses our food with an irresistible smoky essence, enhancing the natural flavors of our ingredients. Our menu celebrates the art of grilling and the pursuit of flavor, showcasing the remarkable potential of simple ingredients.

Imported Extra Virgin Olive Oil:

We cherish the liquid gold that is extra virgin olive oil. At Hillside Restaurant & Lounge, we exclusively use imported extra virgin olive oil to enhance our dishes. This precious elixir adds depth, richness, and a touch of Mediterranean heritage to every bite.

Celebrating Unique and Flavorful Homemade Fries:

We believe that exceptional fries start with exceptional ingredients. By carefully selecting Idaho Potatoes known for their superior flavor and texture, we ensure that every fry delivers a delightful experience. Our commitment to perfection means hand-cutting each fry with precision. This attention to detail ensures consistent size and shape, resulting in fries that are crispy on the outside and fluffy on the inside. We employ a unique cooking technique that involves soaking the cut fries in water and then double frying them in olive oil. This method not only enhances their flavor and texture but also makes them a healthier choice compared to traditional frying methods. Our homemade fries offer a flavor that is both distinctive, healthier and exclusive to our establishment. Experience a fry that is not only better for you but also a true culinary delight, exclusive to our establishment and the community we proudly serve.

Join us on this journey as we celebrate the flame, the freshness, and the authenticity that define Hillside Restaurant & Lounge.

We welcome the opportunity to discuss our business plan in more detail and address any questions you may have. Thank you for considering Hillside Restaurant & Lounge as a valuable addition to Lake In The Hills' dining and entertainment landscape. We look forward to the chance to bring our vision to life.

Attached we have provided an aerial rendering that shares our vision and a draft of our Menu.

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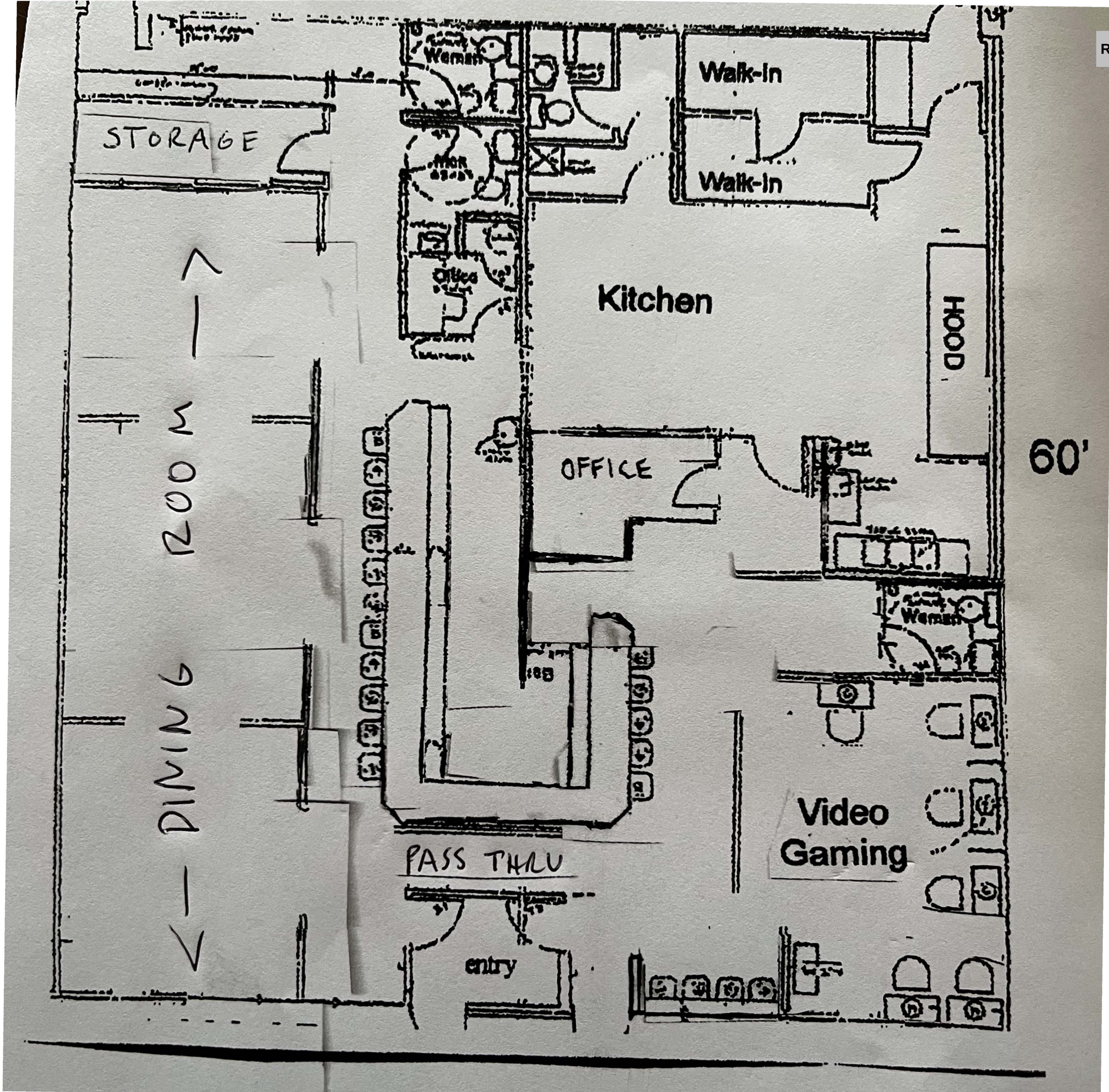

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HILLSIDE

• Charcoal Restaurant & Lounge •

SMALL PLATES

SPINACH ARTICHOKE DIP 10
Pita Wedges

SMOKED SAUSAGE & HALLOUMI 10
Beef Sausage, Grilled Halloumi Cheese, XVOO, Herbs, Spices, Lemon

SPICY FETA 8
Pita Wedges

HUMMUS 12
Carrots, Celery, Pita Chips

BRUSCHETTA 4
Grilled Bread, Bruschetta, SHAVED PARMESAN, Balsamic Glaze

CRISPY CALAMARI 12
Italian Giardinera, Horseradish Cocktail

FRIED JUMBO SHRIMP ½lb 10 1lb 20
Horseradish Cocktail

SHRIMP COCKTAIL 20
Premium Gulf Shrimp, Horseradish Cocktail, Lemon Wedge

CRABCAKE 15
Arugula, Pickled Red Onions, Crabby Sauce

OLIVE OIL FRIES 7
SEA SALT

GREEK FRIES 10
Greek Oregano- Imported Feta- Fresh Squeezed Lemon- Tzatziki

FRESH SALADS

• add chicken +$5, add salmon, shrimp, steak +$8 •

HOUSESALAD 5
Crisp Lettuce Mix, Sliced Radish, Tomato, Cukes, Shredded Cheese, Carrot Ribbons

CEASAR 10
Crisp Romaine, Croutons, Caesar Dressing, Shaved Italian Blend, Asiago Crisp

GREEK 12
Tomatoes, Cukes, Onions, Peppers, Kalamata Olives, Imported Feta, XVOO

AVOCADO, ARTICHOKE & FETA 10
Romaine, Artichoke Hearts, Tomatoes, Green Onions, Avocado, Feta & Lemon Dill Vinagrette

SOUTHWEST CHICKEN SALAD 15
mixed greens, tomatoes, corn & black bean salsa, avocado, Tortilla Strips, chipotle ranch

SALMON LEMONATO 15
Shredded Romaine, Cucumbers, Cherry Tomatos, Crumbled Feta, Grilled Salmon, Lemon Dill Vinaigrette

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SIGNATURE SANDWICHES

CHEESESTEAK DIP *15*
Prime Ribeye, Imported Provolone, Horseradish Sauce, Au Jus

REUBEN *16*
Tender Corned Beef- Swiss Cheese- Kraut- Thousand Island- Marble Rye

EGGPLANT PARM *16*
Breaded Eggplant, Red Sauce, Italian Cheeses, Fresh Basil

HAVANA *15*
Spicy Brown Mustard- Sliced Pickles- Pulled Pork- Black Forest Ham- Swiss Cheese- Italian Bread

COAL FIRED ENTRÉES

BONE IN RIBEYE *48*
20oz. Bone In Ribeye

FILET MIGNON *6 OZ/ 32* *10 OZ/ 48*

GREEK SKIRT STEAK *30*
Grass Fed Skirt Steak, Onions, Tomatoes, Tzatziki Sauce, Fries, Feta all wrapped in a Pita

GRILLED JUMBO SHRIMP *22*
Rice or Garlic Mashed, Spinach, Red Peppers, White Wine Garlic, Crumbled Feta

GRILLED ALASKAN SALMON *22*
Garlic Mashed, Spinach, Salmon, Lemon Butter, Tomato Salad

CHARCOAL CHICKEN *20*
Greek Fries- Tomato Salad- Pita Wedges

SIDES

OVEN ROASTED RICE PILAF *3*
Slow-cooked with Veggies, Herbs & Spices

GRILLED VEGGIE (3) *6.99*
Mushrooms, Onions, Roasted Peppers, Crumbled Feta

PASTA SALAD/SLAW (16OZ) *2.29*

ROASTED VEGGIES (SEASONAL)

HOMEMADE SLAW (8OZ) *1.69*

FRESH FRUIT *5*
Seasonal Blend

DESSERTS

TRADITIONAL LOUKOUMADES *12/ $8*
Indulge in our Greek Doughnuts! Golden, bite-sized orbs, crispy outside, fluffy inside, coated in honey syrup, and topped with cinnamon & nuts.

NUTELLA BLISS *10*
Filled with creamy Nutella, creating a heavenly blend of chocolate and hazelnut flavors. Topped with a drizzle of Nutella and dusted with powdered sugar.

KIDS MENU

KIDS BURGER *4.99*
Add Cheese $1

SPAGHETTI
Buttered, Marinara, Meat Sauce

KIDS GRILLED CHEESE *4.99*

KIDS HOT DOG *4.99*

KIDS TENDERS *5.99*

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BREAKFAST

BUTTERMILK PANCAKES *Short (3) 4 Full(4) 6*
Premium Blend served with Whipped Maple Butter

POTATO PANCAKES(4) *8*
Served with Homemade Applesauce & Sour Cream. Add Bacon $5

PIGS IN A BLANKET *7*
Two Sausage Links wrapped in Buttermilk Pancakes

FRENCH TOAST *Short (2) 5 Full(3) 8*
Thick Toast battered & grilled served with Whipped Maple Butter

STUFFED FRENCH TOAST *10*
Sweet Cheese Filling, Fresh Fruit Mixed Berry, Strawberry, Blueberry, Banana

MINI WAFFLES *7*
Served w/ MAPLE BUTTER

- ADD: Strawberry, Blueberry, Bananas

CHICKEN 'N' WAFFLE *15*
Buttermilk Fried Chicken, Fresh Waffle Honey Butter

GREEK MUFFIN

LOX 'N' BAGEL *18*
Nova Scotia Lox, Cream Cheese, Sliced Tomatoes, Sliced Raw Onion, Capers

BREAKFAST OF CHAMPIONS *20*
Pancakes, French Toast, Maple Syrup, Crispy Bacon, Sausage, Cheese Blend, Hashbrowns all stacked together, baked and topped with eggs

STEAK N EGGS

SKIRT STEAK 'N' EGGS *21*
USDA Choice Skirt Steak Tenderized, Seasoned & Grilled

FILLET MEDALLIONS 'N' EGGS *25*
THREE EGGS, CHOICE FILET, HASHBROWNS, TOAST OR PANCAKES

CHOPPED STEAK 'N' EGGS *12*
Fresh Angus Chuck 10oz. Patty Hand Formed, Seasoned and Grilled Juicy

OFF THE BONE HAM 'N' EGGS *14*
Slow Roasted Sweet Ham Butchered Off the Bone then Grilled to Perfection

HOMEMADE HASH 'N' EGGS *14*
Slow Roasted Corned Beef, Fresh Roasted & Diced Potatos, Seasoning and lots of love!

SAUSAGE PATTIES *2.5*

SAUSAGE LINKS *2.5*

BEVERAGES

FRESH SQUEEZED ORANGE JUICE *3*

SPECIALTY SODAS & DRINKS *3*

COKE PRODUCTS *3*
Coke, Diet Coke, Sprite, Pink Lemonade, Iced Tea, Fanta Orange

DOMESTIC BEER *4*

IMPORTED OR CRAFT BEER

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AGENDA ITEM NO: 4.A.2

REQUEST FOR BOARD ACTION

MEETING DATE: July 25, 2023

DEPARTMENT: Administration

SUBJECT: Waiver of Section 43.09, "Noise", of the Lake in the Hills Municipal Code for Boulder Ridge Country Club Annual Outdoor Party

EXECUTIVE SUMMARY

Boulder Ridge Country Club is requesting the Village Board to waive the provisions of Section 43.09 of the Municipal Code for their annual Outdoor Party on Friday, July 28, 2023 for their members and invited guests. The entertainment for the event is "Seventh Heaven". The band will perform from 7:30pm to 9:30pm on their outdoor patio. Staff recommends extending the time until 10:30pm, in case the band performs beyond 9:30pm.

FINANCIAL IMPACT

None.

ATTACHMENTS

1. Boulder Ridge Country Club Letter

RECOMMENDED MOTION

Motion to waive the provisions of Section 43.09, Noise, of the Lake in the Hills Municipal Code, to allow Boulder Ridge Country Club to host their Annual Outdoor Party until 10:30pm on Friday, July 28, 2023.

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Clubhouse:
350 Boulder Drive, Lake in the Hills, IL 60156
(847) 854-3010
Fax (847) 854-1081
www.boulderridge.com

June 30, 2023

Ms. Shannon Andrews
Village Administrator
600 Harvest Gate
Lake in the Hills, IL 60156

Re: Request for Variance of Village Code 43.09. NOISE

Dear Ms. Andrews,

Boulder Ridge Country Club is requesting a variance of Village Code 43.09, NOISE. The country club is hosting our annual outdoor concert on Friday July 28, 2023 for our members and their invited guests. The entertainment for this private outdoor event is "Seventh Heaven" a local cover band. They are well known in the Chicagoland area performing at many clubs and festivals. The band is scheduled to perform from 7:30 to 9:30 pm.

I hope the village board would look favorably upon my request and if there is any additional information required, I would be more than willing to provide that to you. Thank you in advance for your consideration.

Regards,

Stefan J Sperlich

Stefan Sperlich
General Manager
Boulder Ridge Country Club

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AGENDA ITEM NO: 4.A.3

REQUEST FOR BOARD ACTION

MEETING DATE: July 25, 2023

DEPARTMENT: Administration

SUBJECT: Ordinance Permitting Sale of Alcoholic Beverages for Designated Areas – Melody Living's Shared Facilities

EXECUTIVE SUMMARY

The operation of Melody Living's facilities is actually being conducted under two business entities, the managing member PFT Asset Co., LLC ("PFT") and Melody Living Associates-IL, LLC. While the buildings are physically connected, each has a separate address (525 and 555 Harvest Gate) and is owned by separate LLC's for financial purposes. At the time of initial application, the Village issued a Class A-3 Liquor License to the managing member, PFT, which allowed the sale of alcoholic beverages in designated shared spaces of both facilities, including outdoor patio areas.

Unfortunately, PFT has been unable to obtain necessary state licensing due to state requirements related to the operation of the facilities being conducted by the two business entities. PFT has requested the Village's assistance in updating the liquor license to be issued to only one of the two business entities, specifically Melody Living Associates-IL, LLC.

With the approval of the proposed Ordinance, a Class A-3 liquor license would be issued to Melody Living Associates-IL, LLC, who would be permitted to sell alcoholic beverages at 525 and 555 Harvest Gate in the areas designated as "bistro," "lounge," "lobby," "community life room," "theater," "serving areas," "dining areas," and "patio," in accordance with their request letter and floor plans. In addition, possession and consumption of alcoholic beverages would be permitted in those areas, as well as any connecting corridors.

The Ordinance also grants Melody Living Associates-IL, LLC a one-time waiver of the initial liquor license fee, as PFT had previously paid a full year's fee for the same intended use on the shared premises. Upon approval of the Ordinance, the license issued to PFT would be terminated simultaneously with the issuance of the license to Melody Living Associates-IL, LLC.

FINANCIAL IMPACT

None.

ATTACHMENTS

1. Ordinance
2. Request Letter and Floor Plans

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RECOMMENDED MOTIONS

Motion to Approve an Ordinance Permitting Sale of Alcoholic Beverages for Designated Areas at Melody Living's Shared Facilities.

VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2023-_____

An Ordinance Permitting Sale of Alcoholic Beverages for Designated Areas at Melody Living's Shared Facilities

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

WHEREAS, 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 the public health, safety, morals, and welfare; and

WHEREAS, a liquor license is currently issued to the managing member, PFT Asset Co., LLC, of the two business entities, with connecting facilities but separate addresses (525 and 555 Harvest Gate), commonly operating under the name Melody Living, to allow the sale of alcoholic beverages in designated shared spaces of both facilities, including outdoor patio areas; and

WHEREAS, PFT Asset Co., LLC has been unable to obtain necessary state licensing due to state requirements related to the operation of the facilities actually being conducted by the two business entities and has requested that the liquor license be issued to one of the two business entities, specifically Melody Living Associates-IL, LLC.; and

WHEREAS, the liquor licenses issued pursuant to Lake in the Hills Municipal Code Section 33.08 would generally prohibit the sale of alcoholic beverages for onsite consumption on property not controlled by the licensee, as well as to areas outside of an enclosed building, as well as to premises also used for dwelling or lodging purposes pursuant to Section 33.19; and

WHEREAS, the Village wishes to assist local businesses to operate successfully and provide amenities for the betterment of their patrons.

NOW, THEREFORE, BE IT ORDAINED by the President and Board of Trustees of the Village of Lake in the Hills, Illinois, pursuant to its home rule authority, as follows:

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SECTION 1: In conjunction with the approval of a Class A-3 liquor license, the business entity Melody Living Associates-IL, LLC is permitted to sell alcoholic beverages at 525 and 555 Harvest Gate in the areas designated as "bistro," "lounge," "lobby," "community life room," "theater," "serving areas," "dining areas," and "patio," in accordance with the attached request letter with five pages of floor plans, and that possession and consumption of such alcoholic beverages is permitted in those areas, as well as any connecting corridors, notwithstanding what would otherwise be the restrictions in the Lake in the Hills Municipal Code Sections 33.08(A)&(F) and 33.19.

SECTION 2: The licensee is granted a one-time waiver of the initial liquor license fee, based on a full year's fee having already been paid by the managing member for the same intended use on the shared premises, with the license issued to PFT Asset Co., LLC being terminated simultaneously with the issuance of the license to Melody Living Associates-IL, LLC described herein, with the number of liquor licenses available in the Village of Lake in the Hills unchanged.

SECTION 3: The waiver of Code requirements granted to Melody Living Associates-IL, LLC in Section 1 of this Ordinance shall attach to the initial issuance of such liquor license without providing any additional or vested right by the licensee to the continuation of such waiver, and that the Liquor Commissioner has discretion to continue or cease the waiver with any and all subsequent requests for renewal of a liquor license; further, the waiver will automatically terminate upon any condition of abandonment, non-renewal, suspension, or revocation of the liquor license.

SECTION 4: In all other respects, the requirements of the Village Code and liquor license for the establishment shall remain in full force and effect.

SECTION 5: 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 6: All ordinances or parts of ordinances in conflict herewith are temporarily superseded to the extent of such conflict with this Ordinance, without otherwise affecting, impairing, or amending them.

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SECTION 7: This Ordinance shall be in full force and effect immediately upon its approval, notwithstanding its publication in pamphlet form (which publication is hereby authorized) as provided by law, due to the exigency of the requested timeframe.

Passed this 27th day of July, 2023 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 27TH DAY OF JULY, 2023

____
Village President, Ray Bogdanowski

(SEAL)

ATTEST: _______________________________
Village Clerk, Shannon DuBeau

Published: ___________________________

Cedarwood Development

July 18, 2023

VIA: Federal Express
and e-mail (nsujet@LITH.org)

Village of Lake in the Hills
600 Harvest Gate
Lake in the Hills, IL 60156
Attn: Nancy Sujet

RE: ***Melody Living Associates-IL, L.L.C. ("Melody") 2023-2024 Liquor License Fee Waiver Request concerning Melody Living of Lake in the Hills***

Dear Nancy:

Please accept this letter in response to your e-mail of July 14, 2023 seeking a request for a fee waiver for the 2023-2024 license year. As you may be aware, we are soon to open the Independent Living phase of our Melody Living senior living facility in Lake in the Hills.

To refresh your memory, early this year, you, Attorney Stewart, Ron Dinardo of our company, and I had discussed ways of utilizing the liquor license held by Melody Living Associates-IL, L.L.C. to provide alcohol to the Independent Living phase once opened. Melody Living Associates-IL, L.L.C. opened the Assisted Living-Memory Care facility at 525 Harvest Gate in 2019. While the buildings that house the Assisted and Independent Living facilities are physically connected and share common areas and amenities, including their kitchen facilities, for financing purposes, each facility is owned and operated by separate limited liability companies that are under common control. Both facilities will be served by the same Team of employees including the Executive Director, and the food and beverage services will be run by the same food service Team. In March of this year, we had agreed that the liquor license could be held in the name of PFT Asset Co., LLC, which is the managing member of both of the Melody operating entities. That is how the Village issued the License.

Unfortunately, the State of Illinois Liquor Control Commission did not agree with our approach, and we have elected to unwind the name change and return to using Melody Living Associates-IL, L.L.C. as the licensee. That entity will manage the food and alcohol services for the combined facility which will require extension of the liquor license area into the dining and lounge areas of the new Independent Living facility.

In addition to requesting the fee waiver, we additionally request an exemption to serve alcohol at both addresses (525 and 555 Harvest Gate). I have enclosed floor plans that show the area previously served by the liquor license and the areas that we wish to add. As the Exhibits will show, even though each facility uses its own address, the Independent Living dining areas and lounge are fully integrated into the overall common area structure of the combined facility. Page 1 of the Exhibits is a site plan showing the geographical integration of the two facilities. Pages 2 and 3 are floor plans of the ground floor showing the Assisted Living facility's Bistro, Lounge, Lobby, Community Life Room, Theater, and outdoor courtyard patios as well as the corridors connecting said spaces (Page 3 being an enlarged view of certain of those spaces). We wish to serve or have alcohol permitted in all of those spaces. Pages 4 and 5 show what would be the 2nd floor of the Assisted Living facility which, due to a change in elevation, is the ground floor of the Independent Living wing. Those pages depict the spaces that are shared between the Assisted and Independent Living and facilities including food storage, preparation, serving and dining areas, including lounges and patios on that level. Again, we wish to serve or have alcohol permitted in all of those spaces (Page 5 being an enlarged view of certain of those spaces).

Thank you for your assistance, I apologize for the stutter step. Hopefully we can resolve this to yours and the State's satisfaction relatively quickly. Please let me know if there is anything I can do to move the process forward.

Sincerely,

Gary T. Gardner, Esq., Vice President, Legal Counsel Cedarwood Development, Inc. on behalf of Melody Living Associates-IL, L.L.C.

cc: R. Dinardo
D. Haueter
G. Nebel

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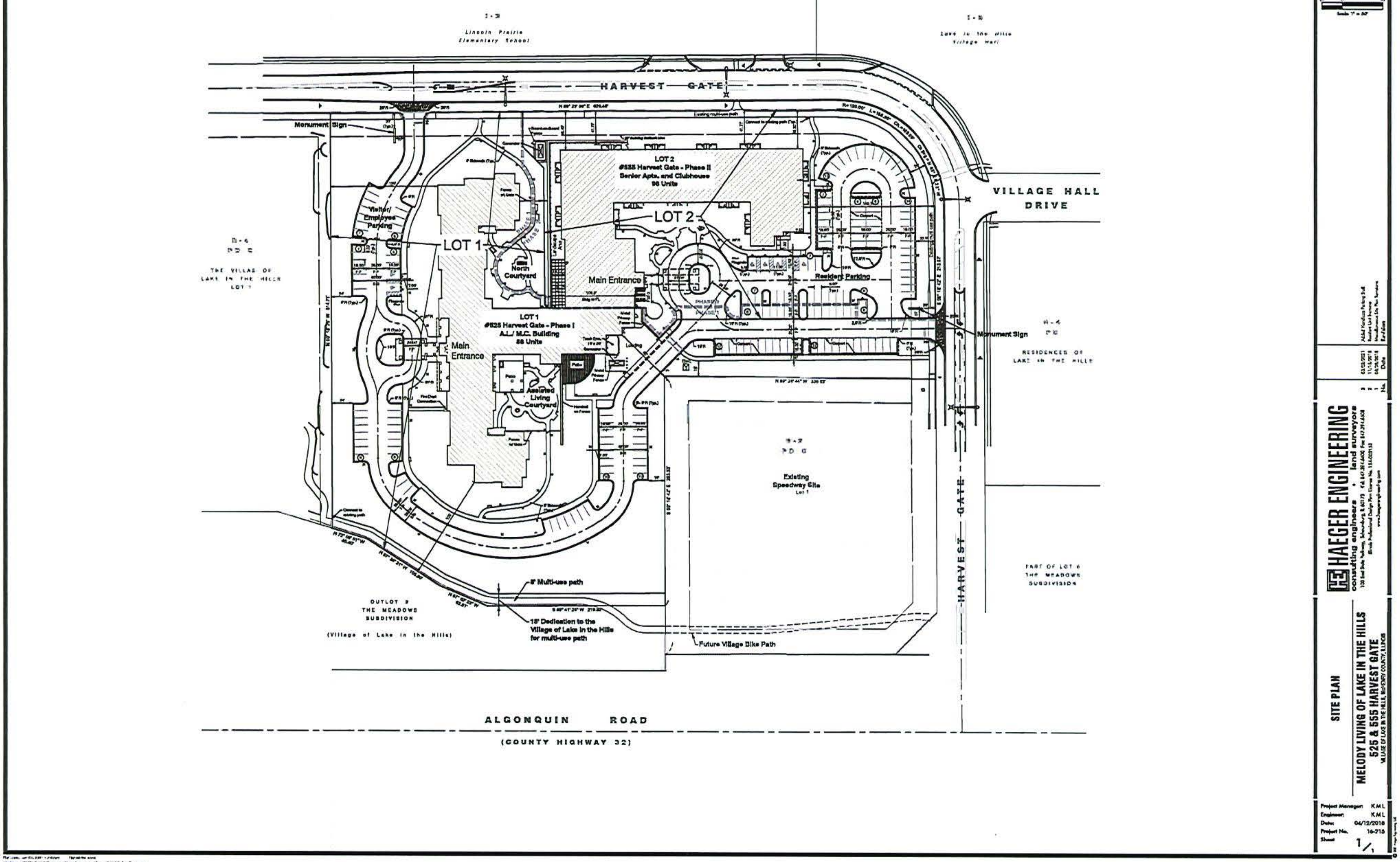
EXHIBIT A



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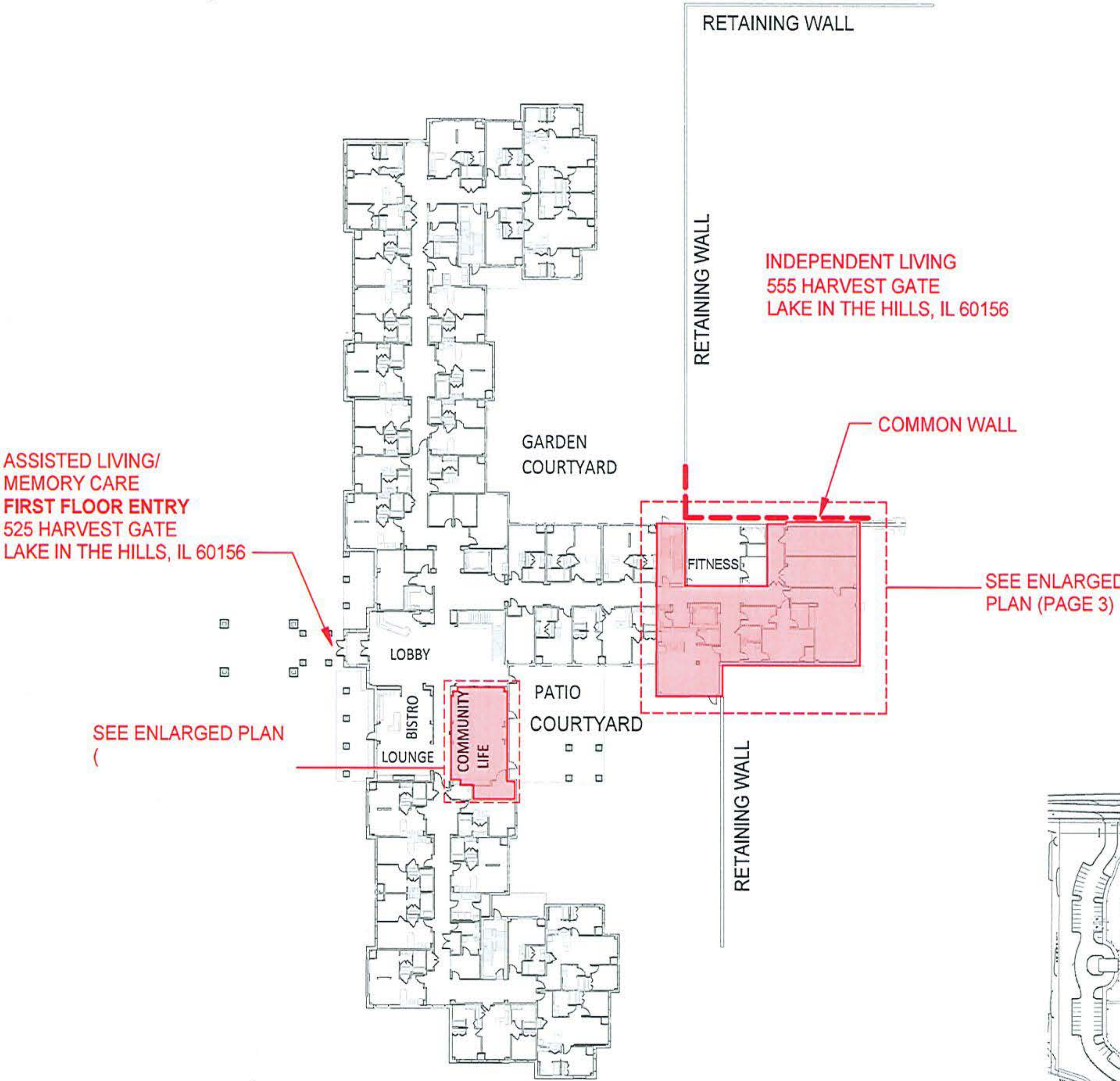
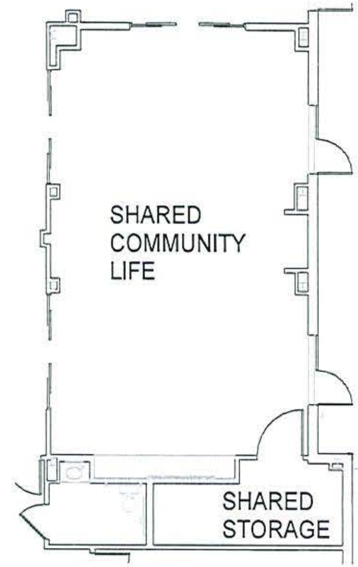
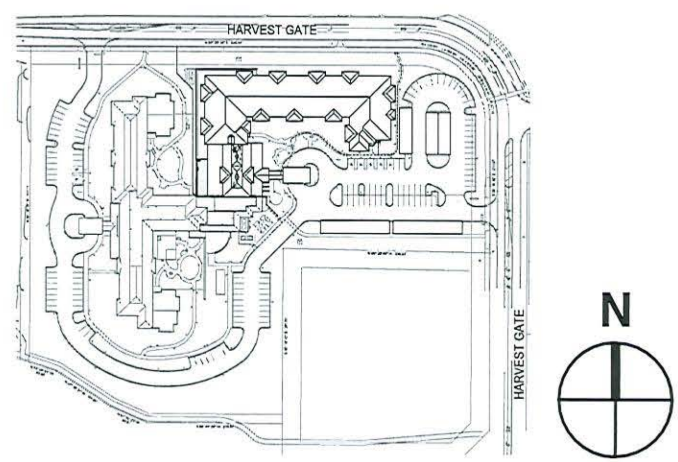




SHARED COMMUNITY LIFE ROOM ENLARGEMENT



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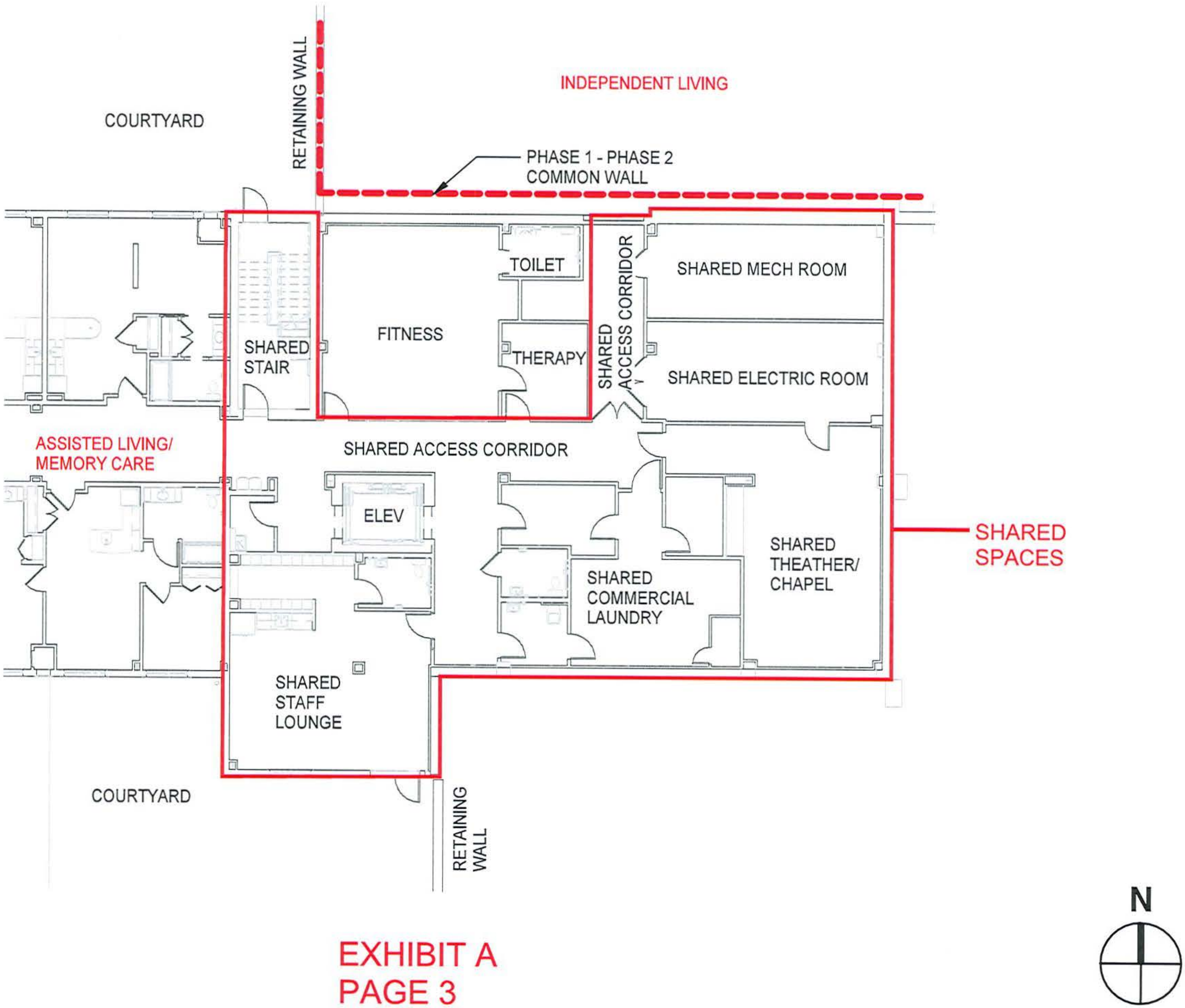

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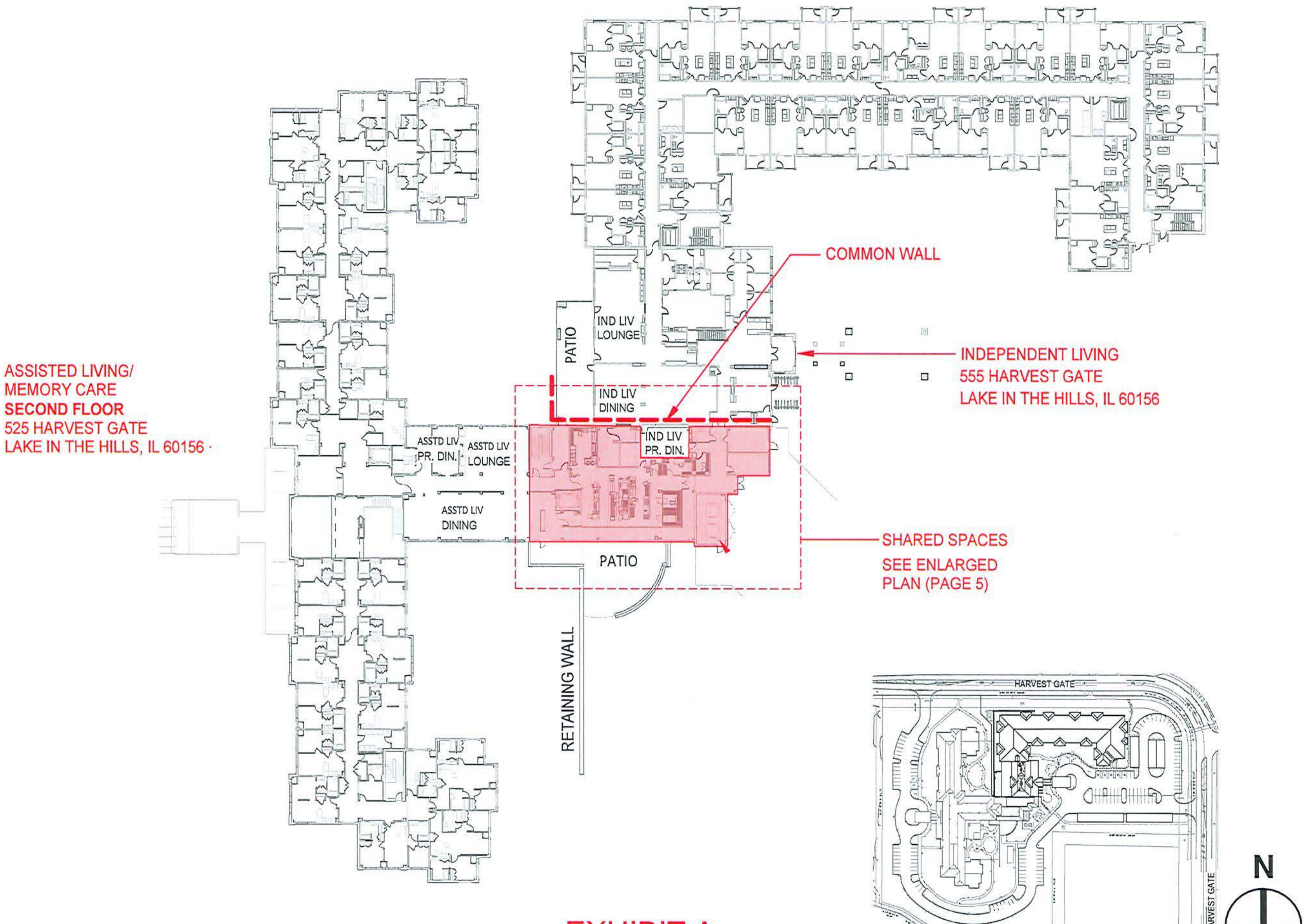

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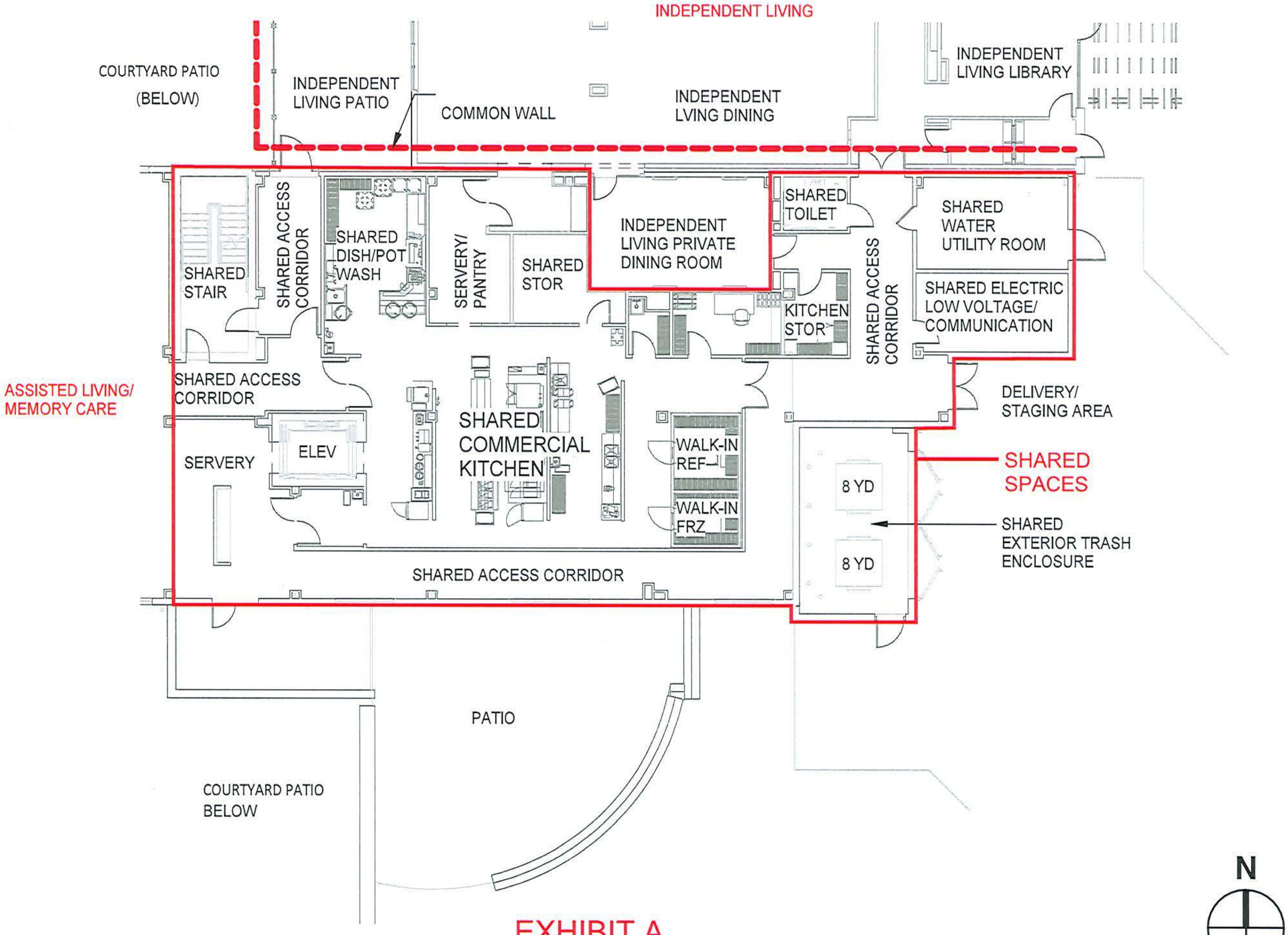

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PAGE 5

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AGENDA ITEM NO: 4.B.1

INFORMATIONAL MEMORANDUM

MEETING DATE: July 25, 2023

DEPARTMENT: Finance

SUBJECT: Review of Actuarial Valuations

EXECUTIVE SUMMARY

Each year, the Village has three actuarial valuation reports performed, the results of which are incorporated into the Annual Comprehensive Financial Report and/or used to determine the recommended amount of contributions to be made into the Lake in the Hills Police Pension Fund. Those reports are:

- Village of Lake in the Hills Postretirement Health Plan Actuarial Valuation
- Lake in the Hills Police Pension Fund GASB 67/68 Report Actuarial Valuation
- Lake in the Hills Police Pension Fund Actuarial Funding Report Actuarial Valuation

The Postretirement Health Plan Actuarial Valuation details the costs of the Village's mandated postretirement health care costs which are comprised of the direct costs of prior employees receiving Public Safety Employee Benefits Act benefits (currently one) as well as the implicit subsidies all retirees receive by only having to contribute the same premium towards health insurance continuation coverage as active employees although retiree health care costs, in general, are more expensive. Both the direct costs and the implicit subsidies are required to be shown as liabilities on the Village's financial statements.

The costs for the latter two reports are shared equally between the Village and the Police Pension Fund and are formally presented to each Board. The Police Pension Board then prepares an annual Municipal Compliance Report that is presented to the Village Board prior to any tax levy being adopted. A representative from Lauterbach & Amen, LLP will be present at the Committee of the Whole meeting to make a presentation on the Police Pension Fund reports and answer questions on any of the three reports.

FINANCIAL IMPACT

None

ATTACHMENTS

1. Lake in the Hills Police Pension Fund Reporting Presentation Slides
2. Lake in the Hills Police Pension Fund Actuarial Funding Report Actuarial Valuation as of January 1, 2023
3. Lake in the Hills Police Pension Fund GASB 67/68 Report Actuarial Valuation as of January 1, 2022
4. Village of Lake in the Hills Postretirement Health Plan Actuarial Valuation as of January 1, 2022

SUGGESTED DIRECTION

Informational item only

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Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Lake in the Hills Police Pension Fund Reporting

For the Contribution Year Ending December 31, 2023 for Funding Purposes
For the Fiscal Year Ending December 31, 2022 for Financial Statement Reporting

Presented by:
Kevin Cavanaugh, Principal

Actuarial

Audit

Financial Services

Pension

Tax

Recommended Contribution & Funded Status

Page 8 in Report

	Prior Valuation	Current Valuation	Difference
Recommended Contribution	$1,256,791	$1,016,887	-$239,904 (19.09% Decrease)
Fair Value of Assets (FVA)	$45,386,100	$43,931,600	($1,454,500)
Actuarial Value of Assets (AVA)	$41,401,600	$48,324,800	$6,923,200
Actuarial Accrued Liability	$45,994,100	$49,844,100	$3,850,000
EAN Unfunded Actuarial Accrued Liability/(Surplus)	$4,592,500	$1,519,300	($3,073,200)
Percent Funded (AVA)	90.02%	96.95%	6.93%
Percent Funded (FVA)	98.68%	88.14%	(10.54%)

Current Funding Policy is Level % Pay Contributions to a 100% Funding Target Over a Layered Amortization Period of 15 Years.

Recommended Contribution Reconciliation

Page 16 in Report

	Actuarial Liability	Recommended Contribution
Expected Changes	$2,760,800	$40,800
Salary Increases Greater than Expected	$125,600	$15,000
Actuarial Experience	$980,600	$67,000
Plan Changes	($16,900)	($8,800)
Investment Return Less than Expected	$0	$78,100
Contributions Greater than Expected	$0	($432,000)
Net Increase/(Decrease)	$3,850,000	($239,900)

Recommended Contribution Breakdown

Page 26 in Report

	Prior Valuation	Current Valuation	Difference
Employer Normal Cost (with interest)	$702,032	$695,669	($6,363)
Amortization of Unfunded Accrued Liability/(Surplus)	$554,759	$321,218	($233,541)
Recommended Contribution	$1,256,791	$1,016,887	($239,904)

The Recommended Contribution has Decreased by 19.09% from the Prior Valuation.

Demographic Changes

Page 13-14 in Report

- There were 6 Members who were hired during the year. This increased the Recommended Contribution by approximately $56,700.
- There were 3 Members who retired during the year. This increased the Recommended Contribution by approximately $34,800.
- There was 1 Member who terminated employment during the year. This decreased the Recommended Contribution by approximately $13,300.
- There were 21 inactive Members who continued to collect benefits. This increased the Recommended Contribution by approximately $4,700.
- Other demographic changes experienced during the year were minimal.

Age and Service Distribution

Page 35 in Report

1/1/2023 Age and Service Distribution - Tier 1|Tier 2 Active Members												
	Service	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Age												
Under 25		0|1										0|1
25 to 29		0|1	0|4									0|5
30 to 34		0|2	0|2	0|2								0|6
35 to 39		0|2	0|1	0|1	1|0	1|0						2|4
40 to 44			0|1	0|1	1|0	3|0	1|0					5|2
45 to 49						5|0	4|0					9|0
50 to 54				1|0		1|0	3|0	2|0				7|0
55 to 59								1|0				1|0
60 to 64												
65 to 69												
70 & up												
Total		0|6	0|8	1|4	2|0	10|0	8|0	3|0				24|18

Expected Benefit Payments

Page 9 & 34 in Report

Current Valuation	
Total Active Members	42
Total Inactive Members	29
Current Benefit Payments	$1,489,900
Expected Benefit Payments in 5 Years	$2,507,300
Expected Benefit Payments in 10 Years	$3,662,700

Benefit Payments are Anticipated to Increase 68% in the Next 5 Years and 146% in the Next 10 Years.

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Plan Changes

Page 14-15 in Report

- Public Act 102-0811 passed on May 13, 2022 and is effective as of January 1, 2023 for Article 3 Pension Funds. The Act establishes that a surviving spouse of a deceased police retiree may be eligible for a survivor's pension of up to 15 years of benefit payments if (a) the surviving spouse has attained age 62 and (b) if the police officer was married to the surviving spouse after retirement, and for at least 5 years prior to the officer's death.
  - Previously, there was no survivor's pension for spouses married after retirement.
  - If a spouse is granted a pension by the Board under this provision, we will value the liability of the benefit granted, and revisit valuing the contingency of the benefit being granted in the future.
- Late in 2022, the IDOI Public Pension Division issued an unofficial opinion that Tier II disabled Members are entitled to an initial COLA increase on the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary equal to the lesser of 3% of the original benefit or ½ CPI-U. The prior interpretation from the IDOI Public Pension Division was that Tier II disabled members were entitled to an initial COLA increase on the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary equal to 3% of the original monthly benefit *for each full year that has passed since the pension began*.
  - In accordance with the new opinion, we have included a change in liability due to a change in the substantive plan, which includes written provisions as well as administrative interpretations.

Change in Fair Value of Assets

Page 18 in Report

Current Valuation	
Beginning Fair Value of Assets	$45,386,100
Employer Contributions	$6,048,400
Member Contributions	$469,200
Return on Investments	($6,422,300)
Benefits and Refunds	($1,489,900)
Other Expenses	($59,900)
Change in Fair Value	($1,454,500)
Ending Fair Value of Assets	$43,931,600

The Rate of Return on Investments on a Fair Value of Assets Basis for the Fund was Approximately (13.53%) Net of Administrative Expense. The Expected Rate of Return on Investments is 6.75%.

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Risk Management

Page 11, 13 & 23 in Report

- The ratio of benefit payments to the Fair Value of Assets is 3.39%, compared to an Expected Rate of Return on Investments of 6.75%.
- Based on the number of active Members in the Plan, there is a moderate demographic risk.

	0.25% Decrease (6.50%)	Current Expected Rate of Return on Investments (6.75%)	0.25% Increase (7.00%)
Recommended Contribution	$1,252,217	$1,016,887	$627,071
Dollar Impact	$235,330		($389,816)
Percentage Impact	23.14%		(38.33%)

Alternative Contribution

Page 30 in Report

	Current Valuation
Alternative Contribution	$647,724
PUC Unfunded Actuarial Accrued Liability/(Surplus)	$2,749,300
Alternative Contribution Funded Percentage (AVA)	94.62%

Alternative Contribution Funding Policy is Level % Pay Contributions to a 90% Funding Target Over the Remaining 18 Years.

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Five-Year Employer Contribution History

Page 33 in GASB 67/68 Report

Fiscal Year End	Employer Contribution	Actuarially Determined Contribution (ADC)	% of ADC
12/31/2022	$1,435,332	$1,435,317	100.00%
12/31/2021	$1,645,039	$1,634,382	100.65%
12/31/2020	$1,484,407	$1,498,027	99.09%
12/31/2019	$1,370,263	$1,372,114	99.87%
12/31/2018	$1,369,010	$1,370,179	99.91%
		5 - Year Average	**99.90%**

The Actuarially Determined Contribution for the Current Year is the Recommended Contribution from the January 1, 2021 Actuarial Valuation Completed by Lauterbach & Amen, LLP.

For the Fiscal Year End December 31, 2022, there was an additional $4,613,070 in Employer Contributions, of which were treated as one-time contributions, and therefore, are not included in the determination of the Informal Funding Policy.

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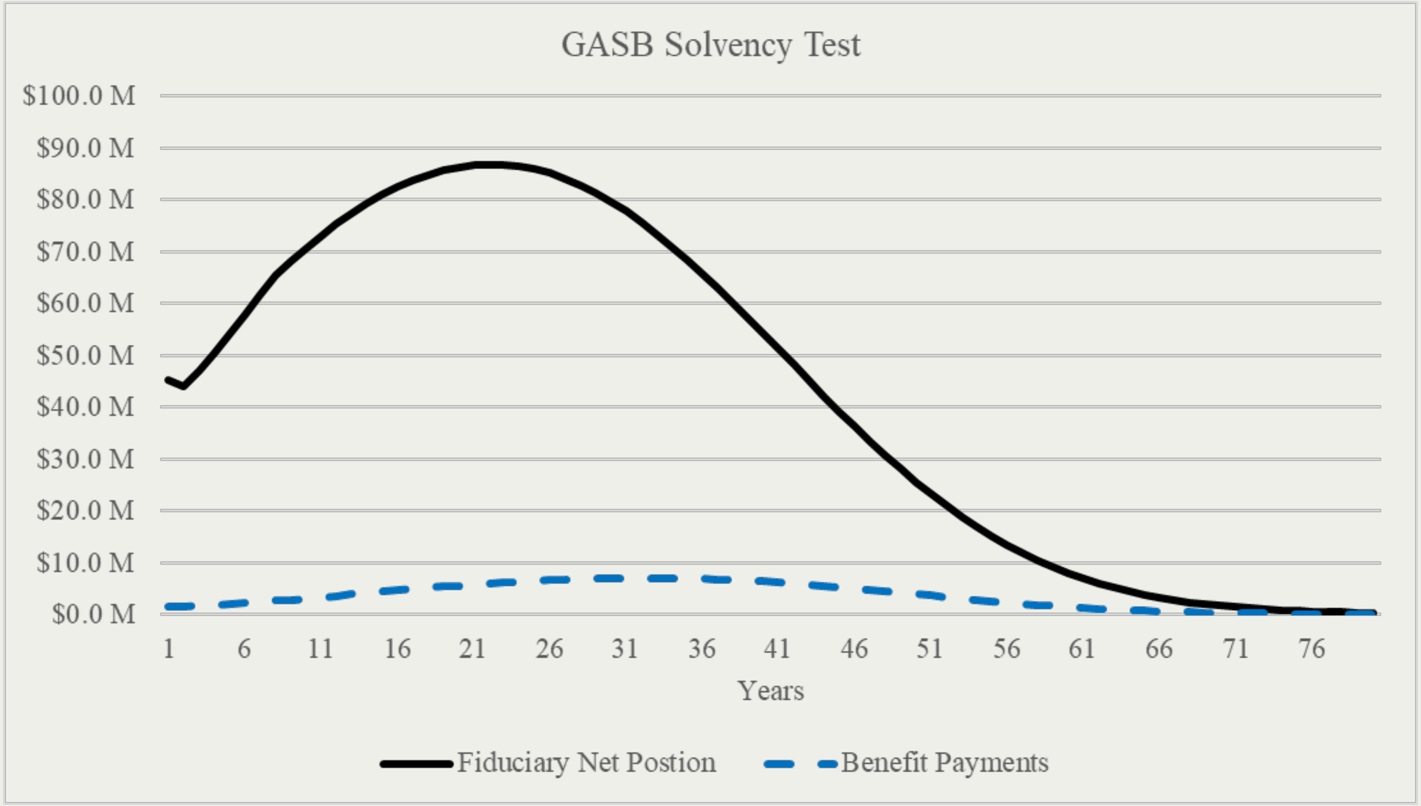
GASB Solvency Test

Page 42 in GASB 67/68 Report



The Plan's Projected Fiduciary Net Position is Anticipated to Cover Projected Benefit Payments in Full for the Current Employees.

Actuarial Certification

- The valuation results summarized in this presentation are from the January 1, 2023 Actuarial Funding Report & January 1, 2022 GASB 67/68 Report, which have been reviewed by Actuarial Consultants that meet the Qualification Standards of the American Academy of Actuaries.
  - This report is not intended for purposes other than determining the Recommended Contribution, under the selected Funding Policy, and the Alternative Contribution.
  - This report contains the full description of the data, assumptions, methods, and provisions used to produce these actuarial results.
  - For any rounded figures shown in this presentation, please refer to the Actuarial Funding Report for more exact figures.

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Funding Actuarial Valuation as of January 1, 2023

LAKE IN THE HILLS POLICE PENSION FUND

For the Contribution Year
January 1, 2023 to December 31, 2023

LAUTERBACH & AMEN, LLP

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Actuarial Funding Report

Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

LAKE IN THE HILLS POLICE PENSION FUND

Contribution Year Ending: December 31, 2023
Actuarial Valuation Date: January 1, 2023
Data Date: December 31, 2022

Submitted by:

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

Contact:

Todd A. Schroeder
Director
May 18, 2023

LAUTERBACH & AMEN, LLP

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Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
668 NORTH RIVER RD. • NAPERVILLE, ILLINOIS 60563
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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 the Alternative Contribution for the Contribution Year January 1, 2023 to December 31, 2023. 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 demographic 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.

In preparing the results, our Actuaries used commercially available software (ProVal) developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing Actuarial Valuations. Our Actuaries coded the plan provisions, assumptions, methods, and demographic data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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

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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	$1,256,791	$1,016,887
Expected Payroll	$4,141,719	$4,378,717
Recommended Contribution as a Percent of Expected Payroll	30.34%	23.22%

The Recommended Contribution has Decreased by $239,904 from the Prior Valuation.

FUNDED STATUS

	Prior Valuation	Current Valuation
Normal Cost	$1,061,523	$1,078,674
Fair Value of Assets	$45,386,123	$43,931,645
Actuarial Value of Assets	$41,401,641	$48,324,810
Actuarial Accrued Liability	$45,994,101	$49,844,127
Unfunded Actuarial Accrued Liability/(Surplus)	$4,592,460	$1,519,317
Percent Funded		
Actuarial Value of Assets	90.02%	96.95%
Fair Value of Assets	98.68%	88.14%

The Percent Funded has Increased by 6.93% on an Actuarial Value of Assets Basis.

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.

"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 negative by approximately $1,454,500.

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 65-70%, or approximately $1,017,400. In the next 10 years, the expected increase in benefit payments is 145-150%, or approximately $2,172,800. 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.

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 on 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 $218,700 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 improvement in the current Percent Funded 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 investment returns that vary from expectations over a 5-year period. The intention over time is that investment 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 investment returns are smoothed, there are always gains or losses on the Fair 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 $4,393,200 in losses on the Fair Value of Assets. These are asset losses that will be recognized in upcoming periods, independent of the future performance of the Fair Value of Assets.

In the current valuation, we have recognized approximately $347,500 in additional asset losses from the past five years in order to keep the Actuarial Value of Assets within 10% of the Fair Value of Assets. See the *Development of the Actuarial Value of Assets* section of this report for more details.

MANAGEMENT SUMMARY

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 Fair 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 Fair 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 Fair Value of Assets of 3.39%. 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

The current Fund assets are audited.

The Actuarial Value of Assets under the Funding Policy is equal to the Fair 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

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.

A key Demographic Risk is mortality improvement differing from expected. While the actuarial assumptions reflect small, continuous improvements in mortality experience and these assumptions are refined upon the completion of each actuarial experience study, the risk arises because there is a possibility of a sudden shift in mortality experience. This report reflects the impact of COVID-19 experience that has been accounted for in the underlying demographic data. This report does not reflect the ongoing impact of COVID-19, which is likely to influence demographic and economic experience, at least in the short-term. We will continue to monitor these developments and their impact on the Plan. Actual future experience will be reflected in each subsequent Actuarial Valuation, as experience emerges.

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:

New Hires: There were 6 Members of the Fund who were hired during the year. When a Member is admitted to the Pension Fund, the Employer Contribution will increase to reflect the new Member. The increase in the Recommended Contribution in the current year due to the new Member experience is approximately $56,700.

MANAGEMENT SUMMARY

Retirement: There were 3 Members of the Fund who retired during the year. When a Member retires, the Normal Cost will decrease. Any change in the Actuarial Accrued Liability will be considered when determining the amount to pay towards Unfunded Liability each year. The increase in the Recommended Contribution in the current year due to the retirement experience is approximately $34,800.

Termination: There was 1 Member of the Fund who terminated employment during the year. The Fund may be obligated to pay a benefit or a refund of Member Contributions to the Member in the future. The decrease in the Recommended Contribution in the current year due to the termination experience is approximately $13,300.

Mortality: As inactive Members age and continue to collect benefits, the Fund liability will increase. In the current year, there were 21 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 $4,700.

Salary Increases: Salary increases were greater than anticipated in the current year. This caused an increase in the Recommended Contribution in the current year of approximately $15,000.

Assumption Changes

The assumptions were not changed from the prior valuation.

Plan Changes

Public Act 102-0811 passed on May 13, 2022 and is effective as of January 1, 2023 for Article 3 Pension Funds. The Act establishes that a surviving spouse of a deceased police retiree may be eligible for a survivor's pension of up to 15 years of benefit payments if (a) the surviving spouse has attained age 62 and (b) if the police officer was married to the surviving spouse after retirement, and for at least 5 years prior to the officer's death. Previously, there was no survivor's pension for spouses married after retirement. In our opinion, under a prudent interpretation of the provisions, we believe the impact to be de minimis. The legal community has suggested some uncertainty about multiple provisions contained in the Act, and the IDOI Public Pension Division has not provided an interpretation. The client has not made an administrative interpretation as to how the provisions of the Act will impact future surviving spouses. Due to the uncertainty around the interpretation and the expected de minimis impact, we have not valued this contingency separately. If a spouse is granted a pension by the Pension Board under this provision, we will value the liability of the benefit granted, and revisit valuing the contingency of the benefit being granted in the future.

Late in 2022, the IDOI Public Pension Division issued an unofficial opinion that Tier II disabled Members are entitled to an initial COLA increase on the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary equal to the lesser of 3% of the original benefit or ½ CPI-U. The prior interpretation from the IDOI Public Pension Division was that Tier II disabled members were entitled to an initial COLA increase on the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary equal to 3% of the original monthly benefit for each full year

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that has passed since the pension began. In accordance with the new opinion, we have included a change in liability due to a change in the substantive plan, which includes written provisions as well as administrative interpretations. See the *Actuarial Recommended Contribution – Reconciliation* section of this report for the impact of this change on the current valuation.

Funding Policy Changes

The Funding Policy was not changed from the prior valuation.

Output Smoothing

Contributions are determined annually by allocating dollars over a specified period of time. Procedures that are used to allocate contributions over a period of time may include asset smoothing, amortization period, and output smoothing. Each procedure becomes part of the Actuarial Methodology. Output smoothing involves measuring the impact of a specific result on a contribution and recognizing the result. The final contribution should maintain a reasonable relationship to the full Actuarially Determined Contribution.

The current results shown throughout the report reflect the full Actuarially Determined Contribution.

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.

	Actuarial Liability	Recommended Contribution
Prior Valuation	$ 45,994,101	$ 1,256,791
Expected Changes	2,760,776	40,847
Initial Expected Current Valuation	$ 48,754,877	$ 1,297,638

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.

	Actuarial Liability	Recommended Contribution
Salary Increases Greater than Expected	$ 125,592	$ 15,019
Actuarial Experience	980,598	66,960
Plan Changes	(16,940)	(8,834)
Investment Return Less than Expected*	-	78,112
Contributions Greater than Expected	-	(432,008)
Total Increase/(Decrease)	$ 1,089,250	$ (280,751)
Current Valuation	$ 49,844,127	$ 1,016,887

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

The Actuarial Experience can be attributable to several factors including, but not limited to, demographic changes and benefit payment experience compared to expectation. Key demographic changes were discussed in the *Demographic Data* section of this report.

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VALUATION OF FUND ASSETS

VALUATION OF FUND ASSETS

FAIR VALUE OF ASSETS

Statement of Assets

	Prior Valuation	Current Valuation
Cash and Cash Equivalents	$ 1,297,195	$ 39,660
Money Market	1,349,882	-
Illinois Funds	77,402	2,623,126
Fixed Income	12,366,272	-
Pooled Investment Accounts	-	41,274,127
Mutual Funds	30,240,290	-
Receivables (Net of Payables)	55,082	(5,268)
Total Fair Value of Assets	$ 45,386,123	$ 43,931,645

The Total Fair Value of Assets has Decreased by Approximately $1,454,500 from the Prior Valuation.

Statement of Changes in Assets

Total Fair Value of Assets - Prior Valuation	$ 45,386,123
Plus - Employer Contributions	6,048,402
Plus - Member Contributions	469,241
Plus - Return on Investments	(6,422,254)
Less - Benefit Payments and Refunds	(1,489,933)
Less - Other Expenses	(59,934)
Total Fair Value of Assets - Current Valuation	$ 43,931,645

The Rate of Return on Investments on a Fair Value of Assets Basis for the Fund was Approximately (13.53%) Net of Administrative Expense.

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

VALUATION OF FUND ASSETS

FAIR VALUE OF ASSETS (GAIN)/LOSS

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

Total Fair Value of Assets - Prior Valuation	$ 45,386,123
Employer and Member Contributions	6,517,643
Benefit Payments and Refunds	(1,489,933)
Expected Return on Investments	3,233,248
Expected Total Fair Value of Assets - Current Valuation	53,647,081
Actual Total Fair Value of Assets - Current Valuation	43,931,645
Current Fair Value of Assets (Gain)/Loss	$ 9,715,436

Expected Return on Investments	$ 3,233,248
Actual Return on Investments (Net of Expenses)	(6,482,188)
Current Fair Value of Assets (Gain)/Loss	$ 9,715,436

The Actual Return on Investments on a Fair Value of Assets Basis was Less than Expected for the Current Year.

The (Gain)/Loss on the current Fair 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 Fair Value of Assets - Current Valuation		$ 43,931,645
Adjustment for Prior (Gains)/Losses		
	Full Amount	Deferral
FYE 12/31/2022	$ 9,715,436	7,772,349
FYE 12/31/2021	(2,478,552)	(1,487,132)
FYE 12/31/2020	(2,040,622)	(816,249)
FYE 12/31/2019	(3,641,365)	(728,273)
Total Deferred (Gain)/Loss		4,740,695
Initial Actuarial Value of Assets - Current Valuation		$ 48,672,340
Less Contributions for the Current Year and Interest		-
Adjustment for the Corridor		(347,530)
Total Actuarial Value of Assets - Current Valuation		$ 48,324,810

The Actuarial Value of Assets is Equal to the Fair Value of Assets with Unanticipated (Gains)/Losses Recognized Over 5 Years. The Actuarial Value of Assets is 110.00% of the Fair Value of Assets.

In the current valuation, we have recognized $347,530 in additional asset losses from the past five years in order to keep the Actuarial Value of Assets within 10% of the Fair Value of Assets.

ACTUARIAL VALUE OF ASSETS (GAIN)/LOSS

Total Actuarial Value of Assets - Prior Valuation	$ 41,401,641
Plus - Employer Contributions	6,048,402
Plus - Member Contributions	469,241
Plus - Return on Investments	1,955,393
Less - Benefit Payments and Refund	(1,489,933)
Less - Other Expenses	(59,934)
Total Actuarial Value of Assets - Current Valuation	$ 48,324,810

The Rate of Return on Investments on an Actuarial Value of Assets Basis for the Fund was Approximately 4.32% Net of Administrative Expense.

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

VALUATION OF FUND ASSETS

HISTORICAL ASSET PERFORMANCE

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

	Fair Value of Assets	Actuarial Value of Assets
FYE 12/31/2022	(13.53%)	4.32%
FYE 12/31/2021	12.98%	10.49%
FYE 12/31/2020	12.65%	9.02%
FYE 12/31/2019	19.61%	5.99%
FYE 12/31/2018	(4.92%)	3.75%
FYE 12/31/2017	11.72%	6.13%
FYE 12/31/2016	5.80%	5.07%
FYE 12/31/2015	(0.48%)	5.29%
8-Year Arithmetic Average	5.48%	6.26%
8-Year Geometric Average	4.95%	6.23%

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. The historical Rates of Return on Investments shown above may not reflect the current investment allocation of the Pension Fund.

For purposes of determining the average value of assets for the year, the ending Fair 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

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 client. These factors include: historical Rates of Return on Investments, capital market projections performed by the Consolidated Board's investment advisors, the Consolidated Board'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. Recently, we have observed the following factors that impact Expected Rate of Return on Investments:

- Volatility in the market has been high which drags down long-term geometric returns.

- Similar pension systems are looking to reduce future expectations. We generally see about 95% of similar pension systems using an Expected Rate of Return on Investments that is between 6.00% and 7.25%.

- We have reviewed studies conducted by Firms who gather information from multiple investment advisors who provide models and opinions on capital market returns. Those studies help guide us to see if the assumption is expected to have a 50% chance of being met over the long-term. Plans are generally aiming towards 40^{th} to 60^{th} percentile returns, which can help define a range of reasonableness.

- We have reviewed an index of high-quality fixed income rates that takes into consideration the pattern of your benefit payments. The purpose of the review is to provide additional disclosure in Funding Actuarial Valuations for the Low-Default-Risk Obligation Measure. The rates in this measure are low-risk and are being used as an approximate for risk-free rates. Investment funds that incorporate diversified investments which build in more risk would be expected to earn a positive risk premium, over and above the risk-free rates.

VALUATION OF FUND ASSETS

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. Below is a chart detailing the impact on the Recommended Contribution by decreasing or increasing the Expected Rate of Return on Investments by 25 basis points:

	0.25% Decrease (6.50%)	Current Expected Rate of Return on Investments (6.75%)	0.25% Increase (7.00%)
Recommended Contribution	$1,252,217	$1,016,887	$627,071

Currently, the client has selected an Expected Rate of Return assumption that falls within a reasonable range. We recommend the client review the Expected Rate of Return on Investments annually to ensure the selected rate remains within a reasonable range as market conditions change year-to-year.

"Investment Risk" is the potential that the 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 investment 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	$ 21,025,965	$ 20,192,318
Inactive Members		
Terminated Members	1,286,001	1,387,965
Retired Members	17,130,212	21,643,970
Disabled Members	6,551,923	6,619,874
Other Beneficiaries	-	-
Total Inactive Members	24,968,136	29,651,809
Total Actuarial Accrued Liability	$ 45,994,101	$ 49,844,127

The Total Actuarial Accrued Liability has Increased by Approximately $3,850,000 from the Prior Valuation.

FUNDED STATUS

	Prior Valuation	Current Valuation
Total Actuarial Accrued Liability	$ 45,994,101	$ 49,844,127
Total Actuarial Value of Assets	41,401,641	48,324,810
Unfunded Actuarial Accrued Liability	$ 4,592,460	$ 1,519,317
Total Fair Value of Assets	$ 45,386,123	$ 43,931,645
Percent Funded		
Actuarial Value of Assets	90.02%	96.95%
Fair Value of Assets	98.68%	88.14%

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

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RECOMMENDED CONTRIBUTION DETAIL

DEVELOPMENT OF THE EMPLOYER NORMAL COST

	Prior Valuation	Current Valuation
Total Normal Cost	$ 1,061,523	$ 1,078,674
Estimated Member Contributions	(403,882)	(426,993)
Employer Normal Cost	$ 657,641	$ 651,681

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	$ 4,141,719	$ 4,378,717
Member Normal Cost Rate	9.910%	9.910%
Employer Normal Cost Rate	15.72%	14.72%
Total Normal Cost Rate	25.63%	24.63%

Ideally, the Employer Normal Cost Rate will Remain Stable.

RECOMMENDED CONTRIBUTION BREAKDOWN

	Prior Valuation	Current Valuation
Employer Normal Cost*	$ 702,032	$ 695,669
Amortization of Unfunded Accrued Liability/(Surplus)	554,759	321,218
Recommended Contribution	$ 1,256,791	$ 1,016,887

The Recommended Contribution has Decreased by 19.09% 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	$ 878,193	12/31/2022	$ 878,193	15	$ 78,112
Actuarial (Gain)/Loss	923,457	12/31/2022	923,457	15	82,138
Contribution Experience	(4,613,085)	12/31/2022	(4,613,085)	15	(410,315)
Plan Changes	(16,940)	12/31/2022	(16,940)	15	(1,507)
Investment (Gain)/Loss	(1,431,898)	12/31/2021	(1,401,189)	14	(131,501)
Actuarial (Gain)/Loss	(746,692)	12/31/2021	(730,679)	14	(68,573)
Contribution Experience	(10,657)	12/31/2021	(10,428)	14	(979)
Investment (Gain)/Loss	(796,324)	12/31/2020	(758,713)	13	(75,508)
Actuarial (Gain)/Loss	(1,981,480)	12/31/2020	(1,887,895)	13	(187,888)
Contribution Experience	13,620	12/31/2020	12,977	13	1,291
Investment (Gain)/Loss	203,010	12/31/2019	187,227	12	19,875
Actuarial (Gain)/Loss	(54,625)	12/31/2019	(50,379)	12	(5,347)
Contribution Experience	1,851	12/31/2019	1,707	12	181
Assumption Changes	80,604	12/31/2019	74,339	12	7,891
Plan Changes	153,208	12/31/2019	141,299	12	15,000
Investment (Gain)/Loss	833,320	12/31/2018	738,831	11	84,236
Actuarial (Gain)/Loss	(264)	12/31/2018	(234)	11	(27)
Contribution Experience	1,169	12/31/2018	1,037	11	118
Investment (Gain)/Loss	218,428	12/31/2017	184,654	10	22,798
Actuarial (Gain)/Loss	(404,665)	12/31/2017	(342,093)	10	(42,235)
Contribution Experience	1,044	12/31/2017	882	10	109
Initial Unfunded Liability	$ 9,522,215	12/31/2016	$ 8,186,349	11	$ 933,349
Total	**$ 2,773,489**		**$ 1,519,317**		**$ 321,218**

The Actuarial (Gain)/Loss can be attributable to several factors including, but not limited to, 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 5.43 years for the current valuation.

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RECOMMENDED CONTRIBUTION DETAIL

ACTUARIAL METHODS – RECOMMENDED CONTRIBUTION

Actuarial Valuation Date	January 1, 2023
Data Collection Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal (Level % Pay)
Amortization Method	Level % Pay (Closed)
Amortization Target	Layered Targeting 100% Funded - See Previous Page
Asset Valuation Method	5-Year Smoothed Fair Value

The above methods constitute a sound Actuarially Determined Contribution under the parameters of Actuarial Standard of Practice.

The contributions and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and demographic 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.

In the current valuation, the Plan Sponsor has elected to use a 10% corridor in the determination of the Actuarial Value of Assets for both the Recommended and Alternative Contributions. In the event that the Actuarial Value of Assets exceeds 110% of the Fair Value of Assets or falls below 90% of the Fair Value of Assets, the excess gains or losses will be recognized immediately.

ALTERNATIVE CONTRIBUTION

ALTERNATIVE CONTRIBUTION

ALTERNATIVE CONTRIBUTION

	Prior Valuation	Current Valuation
Alternative Contribution	$732,068	$647,724
Expected Payroll	$4,141,719	$4,378,717
Alternative Contribution as a Percent of Expected Payroll	17.68%	14.79%

FUNDED STATUS – ALTERNATIVE CONTRIBUTION

	Prior Valuation	Current Valuation
Normal Cost	$1,022,537	$1,033,760
Fair Value of Assets	$45,386,123	$43,931,645
Actuarial Value of Assets	$41,401,641	$48,324,810
Actuarial Accrued Liability	$47,069,156	$51,074,102
Unfunded Actuarial Accrued Liability/(Surplus)	$5,667,515	$2,749,292
Percent Funded		
Actuarial Value of Assets	87.96%	94.62%
Fair Value of Assets	96.42%	86.02%

ALTERNATIVE CONTRIBUTION

The Alternative Contribution is based on Actuarial Funding Methods and funding parameters outlined in the Illinois State Statutes for pension funding. The resulting contribution is lower than the Recommended Contribution for the current year. The Alternative 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 Alternative 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 funding methods and parameters put into place in the Illinois State Statutes in 2011 were intended to provide short-term budget relief for Employer Contributions. An Employer using the parameters outlined in the Illinois State Statutes 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.

ACTUARIAL METHODS – ALTERNATIVE CONTRIBUTION

Actuarial Valuation Date	January 1, 2023
Data Collection Date	December 31, 2022
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % Pay (Closed)
Amortization Target	90% Funded Over 18 Years
Asset Valuation Method	5-Year Smoothed Fair Value

The contribution and benefit values of the Pension Fund are calculated by applying actuarial assumptions to the benefit provisions and demographic 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.

The guidelines in the Illinois State Statutes for pension funding are silent on the use of a corridor on the Fair Value of Assets in determination of the Actuarial Value of Assets. In the current valuation, the Plan Sponsor has elected to use a 10% corridor in the determination of the Actuarial Value of Assets for both the Alternative Contribution and the Recommended Contribution. In the event that the Actuarial Value of Assets exceeds 110% of the Fair Value of Assets or falls below 90% of the Fair Value of Assets, the excess gains or losses will be recognized immediately.

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ACTUARIAL VALUATION DATA

Active Members
Inactive Members
Summary of Monthly Benefit Payments
Age and Service Distribution

ACTUARIAL VALUATION DATA

ACTIVE MEMBERS

	Prior Valuation	Current Valuation
Tier I	27	24
Tier II	13	18
Total Active Members	40	42
Total Payroll	$ 4,075,492	$ 4,308,701

INACTIVE MEMBERS

	Prior Valuation	Current Valuation
Terminated Members	4	5
Retired Members	13	16
Disabled Members	8	8
Other Beneficiaries	0	0
Total Inactive Members	25	29

SUMMARY OF MONTHLY BENEFIT PAYMENTS

	Prior Valuation	Current Valuation
Retired Members	$ 78,514	$ 99,695
Disabled Members	31,187	31,411
Other Beneficiaries	-	-
Total Inactive Members	$ 109,701	$ 131,106

ACTUARIAL VALUATION DATA

AGE AND SERVICE DISTRIBUTION

1/1/2023 Age and Service Distribution - Tier 1|Tier 2 Active Members											
	Service	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	Total
Age												
Under 25		0|1										0|1
25 to 29		0|1	0|4									0|5
30 to 34		0|2	0|2	0|2								0|6
35 to 39		0|2	0|1	0|1	1|0	1|0						2|4
40 to 44			0|1	0|1	1|0	3|0	1|0					5|2
45 to 49						5|0	4|0					9|0
50 to 54				1|0		1|0	3|0	2|0				7|0
55 to 59								1|0				1|0
60 to 64												
65 to 69												
70 & up												
Total		0|6	0|8	1|4	2|0	10|0	8|0	3|0				24|18

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ACTUARIAL FUNDING POLICIES

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

ACTUARIAL FUNDING POLICIES

ACTUARIAL COST METHOD

The Actuarial Cost Method allocates the projected obligations of the Plan over the working lifetimes of the Plan 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 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 5.43 years for the current valuation.

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

ACTUARIAL FUNDING POLICIES

ACTUARIAL VALUE OF ASSETS

The Pension Fund is an ongoing plan. The Employer wishes to smooth the effect of volatility in the Fair Value of Assets on the annual contribution. Therefore, the Actuarial Value of Assets is equal to the Fair 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 Fair Value of Assets over time. The method produces results that can fall either above or below the Fair 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 Fair Value of Assets. In the event that the Actuarial Value of Assets exceeds or falls below a 10% corridor of the Fair Value of Assets, the additional gain or loss will be recognized immediately.

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ACTUARIAL ASSUMPTIONS

ACTUARIAL ASSUMPTIONS

NATURE OF ACTUARIAL CALCULATIONS

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain Plan Provisions may be approximated or deemed immaterial, and, therefore, are not valued. Assumptions may be made about demographic 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.

SELECTION OF ACTUARIAL ASSUMPTIONS

Actuaries and other service providers provide guidance to their clients in the selection of assumptions used in the Actuarial Valuation based on their industry-specific training and experience. The Actuaries' expertise is used in the determination of demographic assumptions as it relates to future expectations of Plan demographic activity, such as mortality, termination, and retirement rates. The selection of economic assumptions, such as Expected Rate of Return on Investments or the assumed inflation rate, is more subjective. Investment advisors and other services providers utilize their expertise and knowledge of capital markets to model future expectations. Some assumptions may have an influence on other assumptions. The role of the Actuary in the selection of the economic assumptions is to review available market information including historical economic information and forward-looking capital market projections from investment professionals and to assess whether or not sufficient backup exists to deem the assumption reasonable. The selection of economic assumptions is the responsibility of the client. For example, the inflation rate (an economic assumption) may directly correlate to the active member salary increase assumption (a demographic assumption). Once all demographic and economic assumptions have been determined, the Actuary will create various sets of assumptions which take into account the proposed assumptions individually and in the aggregate. The client will then make the final decision of which assumption set to use.

ACTUARIAL ASSUMPTIONS

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 demographic 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

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 demographic data 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 client
- 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.

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ACTUARIAL ASSUMPTIONS

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.
- Demographic 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.

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ACTUARIAL ASSUMPTIONS

ACTUARIAL ASSUMPTIONS UTILIZED

Expected Rate of Return on Investments 6.75% Net of Administrative Expense

CPI-U 2.25%

Total Payroll Increases 3.25%

Individual Pay Increases* 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

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.

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ACTUARIAL ASSUMPTIONS

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.

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LOW-DEFAULT-RISK OBLIGATION MEASURE

LOW-DEFAULT-RISK OBLIGATION MEASURE

LOW-DEFAULT-RISK OBLIGATION MEASURE - PURPOSE

The Pension Committee of the Actuarial Standards Board adopted changes to Actuarial Standards of Practice No. 4 ("ASOP 4"). ASOP 4 is titled "Measuring Pension Obligations and Determining Pension Plan Costs or Contributions". The changes were adopted by the Actuarial Standards Board in December 2021 and are effective for reporting and Measurement Dates on or after February 15, 2023.

One change is the requirement for all Funding Actuarial Valuations to include a Low-Default-Risk Obligation Measure ("LDROM"). In its simplest form, the LDROM is a measure of Actuarial Liability determined using a low-risk Expected Rate of Return on Investments. The LDROM is not intended to replace the Actuarial Liability used to determine the Recommended or Alternative Contribution amounts calculated in this report. The intention is to provide additional information on the Funded Status of the Plan and benefit security.

The Low-Default-Risk Obligation Measure is shown below as of the Measurement Date. The discussion that follows provides more information on the assumptions and methods used to determine the LDROM and some interpretation of the results.

LOW-DEFAULT-RISK OBLIGATION MEASURE

	Current Valuation
Low-Default-Risk Obligation Measure	$ 65,151,657
Fair Value of Assets	43,931,645
Obligation not Covered by Current Assets	$ 21,220,012

The Low-Default-Risk Obligation Measure is Not Intended to Replace the Actuarial Liability Used to Determine the Recommended or Alternative Contribution.

The Obligation not Covered by Current Assets shown above is for illustration of the Low-Default-Risk Obligation Measure only and is not intended for any other purposes. The amount of Obligation not Covered by Current Assets should not be used for pension funding or financial statement reporting purposes. In addition, the Obligation not Covered by Current Assets amount should not be used for any other assessments related to pension funding, such as assessing Unfunded Liability for the purpose of issuing Pension Obligation Bonds. Discussion of any of these items should be handled separately.

LOW-DEFAULT-RISK OBLIGATION MEASURE

Selection of the Discount Rate

Under Actuarial Standards, a Discount Rate should be selected from a source that develops the rate using low-default-risk fixed income securities. In addition, the fixed income securities should be reasonably consistent with the pattern of expected benefit payments from the Fund.

The Low-Default-Risk Obligation Measure has been valued using the FTSE Pension Discount Curve. The FTSE Pension Discount Curve is determined using rates from corporate bonds that are rated AA (from the FTSE U.S. Broad Investment Grade Bond Index) and yields from the FTSE Russell's Treasury model curve. The result is a set of investment grade zero coupon bond rates with maturities from 6 months to 30 years.

The equivalent single discount rate that would produce the same liability as the FTSE Pension Discount Curve is 5.03%.

There are other indices constructed that are appropriate for this disclosure as well. They could produce Discount Rates that are higher or lower than the LDROM shown here. An increase/decrease in the discount rate of 50 basis points (0.50%) would decrease/increase the LDROM by (7.81%)/8.79%, respectively. In our opinion, the FTSE Pension Discount Curve meets the requirements of the disclosure of the LDROM. The curve is constructed using investment grade corporate bonds. In addition, the rates are updated monthly and the current rates used (as of the Measurement Date of this report) are reflective of current market conditions. Finally, the use of a yield curve as opposed to a single rate allows the flexibility for the LDROM to be determined in a manner consistent with the pattern of expected benefit payments.

The Discount Rate is intended for the current Measurement Date only. In order to stay consistent with the prevailing market conditions, the Discount Rate will be assessed and updated each year at each new Measurement Date.

Selection of the Actuarial Cost Method

The Standard requires the use of an immediate-gain Actuarial Cost Method. We have elected to use the Entry Age Normal cost method for measurement of the LDROM. Entry Age Normal is being applied on a percent of pay basis. The Cost Method is the same method used for the determination of the Recommended Contribution in this report.

Other immediate-gain Actuarial Cost Methods are available and acceptable for use in the determination of the LDROM. Other acceptable methods include benefits-based methods and accrued benefit methods. We selected the Entry Age Normal method due to the fact that benefit liability in this Fund is not typically settled with one-time payments. For example, the Plan does not pay lump sums (except refunds of Member Contributions) and is not anticipated to settle liability through the purchase of annuity contracts. Therefore, the usefulness of a benefits-based method is much more limited in interpretation of this measure as it relates to benefit security.

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LOW-DEFAULT-RISK OBLIGATION MEASURE

Interpretation of the LDROM

The Low-Default-Risk Obligation Measure is higher than the liability used for the Recommended Contribution determination by $15,307,530.

Actuarial Liability is determined in different ways based on the purpose of the measurement. The Actuarial Liability for Recommended Contribution purposes is used to develop a contribution amount that, when combined with other sources of funding (including Member Contributions and expected investment returns), would pay all future expected benefits. The expected investment returns under this scenario are based on the current asset allocation and capital market expectations of the Fund. Assets are invested in a way that involves risk. Actual returns can vary significantly year-to-year above and below expectations. The trade-off is a risk-premium over the long-term and above low-risk market rates.

The LDROM, by contrast, is developed using low-risk returns available in the market. These returns could be obtained theoretically with low-risk of deviation from expectation, and lower expectation (i.e. there is no risk-premium). The LDROM, then, can be thought of as the amount of money that should be set aside today to appropriately fund and prepare for all future benefit payments, if the assets were invested in relatively low volatility assets available in the market today.

The expected decrease in the liability for funding purposes as compared to the LDROM can be thought of as cost savings from investing in riskier assets, with higher long-term return expectations. At the same time, this difference also represents a risk factor for the Pension Fund as the Fund is reliant on receiving the expected return on investments, including a risk premium. Contributions, combined with these investment returns, are required in order to fund future benefit payments.

LOW DEFAULT RISK OBLIGATION MEASURE VS ACTUARIAL LIABILITY

	Current Valuation
Low-Default-Risk Obligation Measure	$ 65,151,657
Actuarial Accrued Liability (Entry Age Normal)	49,844,127
Difference	$ 15,307,530

The Low-Default-Risk Obligation Measure is Not Intended to Replace the Actuarial Liability Used to Determine the Recommended or Alternative Contribution.

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SUMMARY OF PRINCIPAL PLAN PROVISIONS

SUMMARY OF PRINCIPAL PLAN PROVISIONS

ESTABLISHMENT OF THE FUND

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

ADMINISTRATION

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

MEMBER CONTRIBUTIONS

Members contribute 9.910% of their pensionable salary.

REGULAR RETIREMENT PENSION BENEFIT

Tier I

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 later of the first day of the month after the pensioner turns age 55 or the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.

REGULAR RETIREMENT PENSION BENEFIT - CONTINUED

Tier II

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 1st. The salary cap will not decrease.

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

EARLY RETIREMENT PENSION BENEFIT

Tier I

None.

Tier II

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

SUMMARY OF PRINCIPAL PLAN PROVISIONS

SURVIVING SPOUSE BENEFIT

Tier I

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.

Tier II

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

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TERMINATION BENEFIT – VESTED

Tier I

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 1st thereafter.

Tier II

None.

SUMMARY OF PRINCIPAL PLAN PROVISIONS

DISABILITY BENEFIT

Tier I

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day 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 their 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 later of the January 1st after following pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1st thereafter.

Tier II

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day 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 their 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: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

SUMMARY OF PRINCIPAL PLAN PROVISIONS

BENEFITS NOT VALUED

Public Act 102-0811 passed on May 13, 2022 and is effective as of January 1, 2023 for Article 3 Pension Funds. The Act establishes that a surviving spouse of a deceased police retiree may be eligible for a survivor's pension of up to 15 years of benefit payments if (a) the surviving spouse has attained age 62 and (b) if the police officer was married to the surviving spouse after retirement, and for at least 5 years prior to the officer's death. Previously, there were no survivor's pension for spouses married after retirement. In our opinion, under a prudent interpretation of the provisions, we believe the impact to be de minimis. The legal community has suggested some uncertainty about multiple provisions contained in the Act, and the IDOI Public Pension Division has not provided an interpretation. The client has not made an administrative interpretation as to how the provisions of the Act will impact future surviving spouses. Due to the uncertainty around the interpretation and the expected de minimis impact, we have not valued this contingency separately. If a spouse is granted a pension by the Pension Board under this provision, we will value the liability of the benefit granted, and revisit valuing the contingency of the benefit being granted in the future.

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GLOSSARY OF TERMS

Glossary of Terms

GLOSSARY OF TERMS

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 the Fair 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 Fair Value of Assets, and generally does not experience as much volatility over time as the Fair 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.

Fair 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.

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Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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GASB 67/68 Actuarial Valuation
as of January 1, 2022

LAKE IN THE HILLS POLICE PENSION FUND

For the December 31, 2022
Financial Statement Reporting

LAUTERBACH & AMEN, LLP

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GASB Statements 67 and 68 Actuarial Disclosures

Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

GASB 67: LAKE IN THE HILLS POLICE PENSION FUND

Fiscal Year Ending: December 31, 2022
Actuarial Valuation Date: January 1, 2022
Data Date: December 31, 2021
Measurement Date: December 31, 2022

GASB 68: VILLAGE OF LAKE IN THE HILLS, ILLINOIS

Fiscal Year Ending: December 31, 2022
Actuarial Valuation Date: January 1, 2022
Data Date: December 31, 2021
Measurement Date: December 31, 2022

Submitted by:

Lauterbach & Amen, LLP
668 N. River Road
Naperville, IL 60563
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Contact:

Todd A. Schroeder
Partner
May 18, 2023

LAUTERBACH & AMEN, LLP

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ACTUARIAL CERTIFICATION

This certification provides supplemental information as required by the Governmental Accounting Standards Board. The enclosed schedules were prepared by the undersigned to assist in the preparation of the Annual Financial Report. The assumptions and methods used in the preparation of this report meet the parameters set for the disclosures presented in the financial section as required by the Governmental Accounting Standards Board. Additional information is provided solely to assist the auditors in the preparation of the required footnote disclosures.

The results in this report are based on the demographic 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. If applicable, 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.

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.

In preparing the results, our Actuaries used commercially available software (ProVal) developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing Actuarial Valuations. Our Actuaries coded the plan provisions, assumptions, methods, and demographic data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

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To the best of our knowledge, all calculations are in accordance with the applicable accounting requirements, and the procedures followed and presentation of results conform to generally accepted actuarial principles and practices. 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 Lake in the Hills Police Pension Fund or the Village of Lake in the Hills, Illinois and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder

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

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

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PLAN FIDUCIARY NET POSITION

Statement of Plan Fiduciary Net Position
Statement of Changes in Plan Fiduciary Net Position

STATEMENT OF PLAN FIDUCIARY NET POSITION

	12/31/2021	12/31/2022
Assets		
Cash and Cash Equivalents	$ 2,724,479	$ 2,662,786
Total Cash	2,724,479	2,662,786
Receivables:		
Investment Income - Accrued Interest	67,157	-
Other	1,503	1,526
Total Receivables	68,660	1,526
Investments:		
Fixed Income	12,366,272	-
Pooled Investment Accounts	-	41,274,127
Mutual Funds	30,240,290	-
Total Investments	42,606,562	41,274,127
Total Assets	45,399,701	43,938,439
Liabilities		
Payables:		
Expenses Due/Unpaid	13,578	6,794
Total Liabilities	13,578	6,794
Plan Fiduciary Net Position	$ 45,386,123	$ 43,931,645

The Plan Fiduciary Net Position shown above is intended to be in accordance with GAAP and the Governmental Accounting Standards Board. The Fair Value of Investments has been provided by the reporting entity, and the results are being audited by an independent auditor. The level of the assets has been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the Fair Value of Investments. The Statement of Plan Fiduciary Net Position for 2022 is based on audited financials.

STATEMENT OF CHANGES IN PLAN FIDUCIARY NET POSITION

	12/31/2022
Additions	
Contributions	
Employer	$ 6,048,402
Other	72,633
Members	396,608
Total Contributions	6,517,643
Investment Income	
Net Appreciation in Fair Value of Investments	(6,744,525)
Interest and Dividends	372,393
Less Investment Expense	(50,122)
Net Investment Income	(6,422,254)
Total Additions	95,389
Deductions	
Benefit Payments and Refunds of Member Contributions	1,489,933
Administrative Expense	59,934
Total Deductions	1,549,867
Net Increase in Net Position	(1,454,478)
Plan Fiduciary Net Position	
Beginning of Year	45,386,123
End of Year	$ 43,931,645

The changes in Plan Fiduciary Net Position shown above are intended to be in accordance with GAAP and the Governmental Accounting Standards Board. The Plan activity has been provided by the reporting entity, and the results are being audited by an independent auditor. The cash flows have been reviewed for reasonableness, but we make no representation as to the accuracy of the measurement of the Fair Value of Investments. The Statement of Changes in Plan Fiduciary Net Position for 2022 is based on audited financials.

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ACTUARIAL PENSION LIABILITY INFORMATION

Statement of Total Pension Liability
Statement of Changes in Total Pension Liability
Statement of Changes in Net Pension Liability
Deferred Outflows and Inflows of Resources
Deferred Outflows and Inflows of Resources – Detail
Pension Expense Development

STATEMENT OF TOTAL PENSION LIABILITY

	12/31/2021	12/31/2022
Active Members	$ 24,342,097	$ 23,453,306
Inactive Members		
Terminated Members	509,137	1,381,829
Retired Members	14,676,626	17,307,515
Disabled Members	5,588,661	6,608,252
Other Beneficiaries	-	-
Total Inactive Members	20,774,424	25,297,596
Total Pension Liability	$ 45,116,521	$ 48,750,902

The Total Pension Liability ("TPL") shown above is dependent on several factors such as Plan Provisions and actuarial assumptions used in this report. In addition, the calculation of the TPL may be dependent on the Plan Fiduciary Net Position shown in the prior section of this report. Changes in the Plan Fiduciary Net Position due to any factor, including adjustments on final audit, could change the TPL. The dependence of the TPL on the Plan Fiduciary Net Position is due to the role of the Plan Fiduciary Net Position (and the Plan's Projected Fiduciary Net Position) on the determination of the Discount Rate used for the TPL.

The TPL has been determined for GASB 67/68 reporting purposes only. The resulting TPL is intended to be used in the financial statement reporting of the Plan and/or Employer. The resulting liability is not intended to be a representation of the Plan liability for other purposes, including but not limited to, determination of cash funding requirements and recommendations. The TPL is based on data as of the Actuarial Valuation - Data Date shown in this report. The TPL has been determined as of the Actuarial Valuation Date and based on the assumptions used in this report, and adjusted to the Measurement Date as needed.

STATEMENT OF CHANGES IN TOTAL PENSION LIABILITY

		12/31/2022
Changes in Total Pension Liability		
Service Cost	$	1,134,941
Interest		3,057,382
Changes of Benefit Terms*		(21,581)
Differences Between Expected and Actual Experience		953,572
Change in Assumptions		-
Benefit Payments and Refunds		(1,489,933)
Net Change in Total Pension Liability		3,634,381
Total Pension Liability - Beginning		45,116,521
Total Pension Liability - Ending (a)	$	48,750,902
Plan Fiduciary Net Position - Ending (b)	$	43,931,645
Employer's Net Pension Liability - Ending (a) - (b)	$	4,819,257
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		90.11%
Covered-Employee Payroll	$	4,001,969
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll		120.42%

The Plan Fiduciary Net Position was detailed in the prior section of this report. The Employer's Net Pension Liability is the excess of the Total Pension Liability over the Plan Fiduciary Net Position.

Total Pension Liability may be dependent on the Plan Fiduciary Net Position. Changes in the Plan Fiduciary Net Position could change the determination of the Total Pension Liability. Any changes in the Plan Fiduciary Net Position, including adjustments on final audit, can have an impact on the Employer's Net Pension Liability that extends beyond the dollar-for-dollar change in the Plan Fiduciary Net Position.

Covered-Employee Payroll is based on the Covered-Employee Payroll for the Plan Members during the Fiscal Year.

A key demographic risk is mortality improvement differing from expected. While the actuarial assumptions reflect small, continuous improvements in mortality experience and these assumptions are refined upon the completion of each actuarial experience study, the risk arises because there is a possibility of a sudden shift in mortality experience. This report reflects the impact of COVID-19 experience that has been accounted for in the underlying demographic data. This report does not reflect the ongoing impact of COVID-19, which is likely to influence demographic and economic experience, at least in the short-term. We will continue to monitor these developments and their impact on the Plan. Actual future experience will be reflected in each subsequent Actuarial Valuation, as experience emerges.

Public Act 102-0811 passed on May 13, 2022 and is effective as of January 1, 2023 for Article 3 Pension Funds. The Act establishes that a surviving spouse of a deceased police retiree may be eligible for a survivor's pension of up to 15 years of benefit payments if (a) the surviving spouse has attained age 62 and (b) if the police officer was married to the surviving spouse after retirement, and for at least 5 years prior to the officer's death. Previously, there was no survivor's pension for spouses married after retirement. In our opinion, under a prudent interpretation of the provisions, we believe the impact to be de minimis. The legal community has suggested some uncertainty about multiple provisions contained in the Act, and the IDOI Public Pension Division has not provided an interpretation. The client has not made an administrative interpretation as to how the provisions of the Act will impact future surviving spouses. Due to the uncertainty around the interpretation and the expected de minimis impact, we have not valued this contingency separately. If a spouse is granted a pension by the Board under this provision, we will value the liability of the benefit granted, and revisit valuing the contingency of the benefit being granted in the future.

*Late in 2022, the IDOI Public Pension Division issued an unofficial opinion that Tier II disabled Members are entitled to an initial COLA increase on the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary equal to the lesser of 3% of the original benefit or ½ CPI-U. The prior interpretation from the IDOI Public Pension Division was that Tier II disabled members were entitled to an initial COLA increase on the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary equal to 3% of the original monthly benefit for each full year that has passed since the pension began. In accordance with the new opinion, we have included a change in liability due to a change in the substantive plan, which includes written provisions as well as administrative interpretations. The impact of this change has been quantified as Changes of Benefit Terms in the current valuation.

STATEMENT OF CHANGES IN NET PENSION LIABILITY

The table below illustrates the changes in Net Pension Liability ("NPL") from the prior Measurement Date to the current Measurement Date. Under Statement 68, the difference between the NPL from the prior Measurement Date to the current Measurement Date should be recognized as a component of Pension Expense, unless permitted to be recognized as a Deferred Outflow or Inflow of Resources.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances Beginning at 1/1/2022	$ 45,116,521	$ 45,386,123	$ (269,602)
Changes for the Year:			
Service Cost	1,134,941	-	1,134,941
Interest	3,057,382	-	3,057,382
Actuarial Experience	953,572	-	953,572
Change in Assumptions	-	-	-
Changes of Benefit Terms	(21,581)	-	(21,581)
Contributions - Employer	-	6,048,402	(6,048,402)
Contributions - Members	-	396,608	(396,608)
Contributions - Other	-	72,633	(72,633)
Net Investment Income	-	(6,422,254)	6,422,254
Benefit Payments and Refunds	(1,489,933)	(1,489,933)	-
Administrative Expense	-	(59,934)	59,934
Net Changes	$ 3,634,381	$ (1,454,478)	$ 5,088,859
Balances Ending at 12/31/2022	$ 48,750,902	$ 43,931,645	$ 4,819,257

The changes in Total Pension Liability shown above are described in the *Statement of Changes in Total Pension Liability* section of this report. The Plan Fiduciary Net Position was detailed in the prior section of this report. The Employer's Net Pension Liability is the excess of the Total Pension Liability over the Plan Fiduciary Net Position.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The table below shows the cumulative amounts to be shown as Deferred Outflows and Inflows of Resources. Changes in Total Pension Liability related to the differences between expected and actual experience, or changes in assumptions regarding future events, are recognized in Pension Expense over the average future working career of all Members (active and inactive) in the Pension Plan. The net difference in projected and actual earnings on Pension Plan investments over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Deferred Amounts
Differences Between Expected and Actual Experience	$ 930,200	$ (2,644,034)	$ (1,713,834)
Change in Assumptions	306,270	(334,275)	(28,005)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,722,784	(3,103,182)	4,619,602
Contributions Subsequent to the Measurement Date*	-	-	-
Total	$ 8,959,254	$ (6,081,491)	$ 2,877,763

*Contributions Subsequent to the Measurement Date may be recognized as a reduction to the Net Pension Liability. The amount is not known as of the date of this report. Subsequent to the Measurement Date, the following amounts will be recognized in Pension Expense in the upcoming years:

Year Ended December 31:	
2023	$ (219,581)
2024	593,115
2025	1,045,377
2026	1,590,063
2027	(239,593)
Thereafter	$ 108,382

Deferred Outflows and Inflows of Resources – Detail

The table below shows the annual detail amounts that have been summarized on the prior page. Under Statement 68, the level of detail shown on the prior page is sufficient for financial statement reporting. The detail shown below is primarily for tracking purposes.

Pension Expense Source	Date Established	Initial Period	Initial Balance	Remaining Period	12/31/2022 Expense Recognized	12/31/2022 Deferred Balance
Asset Loss	12/31/2022	5.00	$ 9,653,480	5.00	$ 1,930,696	$ 7,722,784
Actuarial Loss	12/31/2022	7.15	953,572	7.15	133,367	820,205
Asset Gain	12/31/2021	5.00	(2,547,339)	4.00	(509,468)	(1,528,403)
Actuarial Gain	12/31/2021	7.22	(1,476,642)	6.22	(204,522)	(1,067,598)
Asset Gain	12/31/2020	5.00	(2,092,851)	3.00	(418,571)	(837,138)
Change in Assumptions Gain	12/31/2020	7.69	(308,204)	5.69	(40,079)	(187,967)
Actuarial Gain	12/31/2020	7.69	(2,070,960)	5.69	(269,306)	(1,263,042)
Asset Gain	12/31/2019	5.00	(3,688,221)	2.00	(737,645)	(737,641)
Change in Assumptions Loss	12/31/2019	8.66	463,113	5.66	53,478	249,201
Actuarial Loss	12/31/2019	8.66	127,910	5.66	14,771	68,826
Asset Loss	12/31/2018	5.00	3,350,693	1.00	670,137	-
Actuarial Gain	12/31/2018	8.41	(581,406)	4.41	(69,133)	(235,741)
Actuarial Loss	12/31/2017	8.43	109,340	3.43	12,971	31,514
Change in Assumptions Gain	12/31/2016	8.43	(862,520)	2.43	(102,316)	(146,308)
Actuarial Loss	12/31/2016	8.43	56,947	2.43	6,756	9,655
Change in Assumptions Loss	12/31/2015	8.70	709,325	1.70	81,532	57,069
Actuarial Gain	12/31/2015	8.70	(965,189)	1.70	(110,942)	(77,653)
Total			$ 831,048		$ 441,726	$ 2,877,763

Each detail amount shown above was established as of the Fiscal Year End shown and the full amount deferred has been determined as of that time. Any events that occur in subsequent Fiscal Years do not have an impact on the prior Fiscal Year. The bases are established independently each year.

PENSION EXPENSE DEVELOPMENT

The table below displays the Pension Expense development for the current year. The Pension Expense includes items that change the Net Pension Liability from one year to the next, netted out for amounts that are deferred under GASB pronouncement, plus any amounts that are being recognized that were deferred previously.

See below for the Pension Expense development:

	12/31/2022
Pension Expense/(Income) Under GASB 68	
Service Cost	$ 1,134,941
Interest	3,057,382
Changes of Benefit Terms	(21,581)
Contributions - Members	(396,608)
Contributions - Other	(72,633)
Expected Investment Income	(3,231,226)
Administrative Expense	59,934
Other Changes	-
Initial Pension Expense/(Income)	$ 530,209
Recognition of Outflow/(Inflow) of Resources Due to Liabilities	(493,423)
Recognition of Outflow/(Inflow) of Resources Due to Assets	935,149
Total Pension Expense/(Income)	**$ 971,935**

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ACTUARIAL ASSUMPTIONS INFORMATION

Statement of Significant Actuarial Assumptions

Actuarial Assumptions (Economic)

Discount Rate Used for the Total Pension Liability	6.75%
Expected Rate of Return on Investments	6.75%
High-Quality 20 Year Tax-Exempt G.O. Bond Rate	3.72%
Projected Individual Pay Increases	3.75% - 10.77%
Projected Total Payroll Increases	3.25%
Consumer Price Index (Urban)	2.25%
Inflation Rate	2.25%

See the *Actuarial Assumptions (Demographic)* section of this report for further details on Demographic Assumptions.

The Actuarial Assumptions (Economic) rates shown above are assumed to be annual rates, compounded on an annual basis. For more information on the selection of the actuarial assumptions, please see the Actuarial Assumption Summary document prepared for the Plan, available upon request.

Assumption Changes

The assumptions were changed from the prior year.

The High-Quality 20 Year Tax-Exempt General Obligation ("G.O.") Bond Rate assumption was changed from 2.06% to 3.72% for the current year. The underlying index used is The Bond Buyer 20-Bond G.O. Index as discussed in more detail later in this section. The choice of Index is unchanged from the prior year. The rate has been updated to the current Fiscal Year End based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 67 and Statement 68.

The Discount Rate used in the determination of the Total Pension Liability remained constant at 6.75%. The Discount Rate is impacted by a couple of metrics. Any change in the underlying High-Quality 20 Year Tax Exempt G.O. Bond Rate will impact the blended Discount Rate.

The assumption changes stated above were made to better reflect the future anticipated experience of the Plan.

In addition, there are changes that can be made that impact the projection of the Plan Fiduciary Net Position. For example, changes in the Formal or Informal Funding Policy can impact the Discount Rate. Actual changes in the Plan Fiduciary Net Position from one year to the next can impact the projections as well.

ACTUARIAL ASSUMPTIONS (DEMOGRAPHIC)

Projected Individual Pay Increases*

Projected 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%

* Projected 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.

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.

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.

Mortality Rates (Continued)

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.

POSTEMPLOYMENT BENEFIT CHANGES

Eligibility for postemployment benefit increases is determined based on the Illinois Pension Code. Tier I Police retirees are provided with an annual increase of 3.00% of the current retirement benefits by statute when eligible. Tier II Police retirees are provided postemployment benefit increases based on the lesser of 3.00% of the original retirement benefits or one-half of the Consumer Price Index (Urban) for the prior September.

The CPI-U for September 1992 was 141.30. The CPI-U for September 2022 was 296.81. The average increase in the CPI-U for September 1992 through September 2022 was 2.52% (on a compounded basis).

EXPECTED RETURN ON PENSION PLAN INVESTMENTS

The Long-Term Expected Rate of Return is intended to represent the best estimate of future real rates of return and is shown for each of the major asset classes in the investment policy.

The target asset allocations shown below are representative expectations as disclosed in the Illinois Police Officers' Pension Investment Fund Actuarial Experience Study, dated March 4, 2022, for plan funding purposes. The table below illustrates the best estimate of Long-Term Expected Rates of Return developed for each of the major asset classes, adjusted for expected inflation, as disclosed in the Horizon Actuarial Services Survey of Capital Market Assumptions 2021 Edition, dated August 2021.

There are multiple approaches seen to providing these rates. Typically, the information is either based on capital market projections, or historical rates seen for the asset classes. We do not provide an opinion on the reasonableness of the returns provided nor the reasonableness of the approach used in the determination of the rates provided. The information provided is shown below for convenience.

The rates provided in the table below are based on a geometric average. The Investment Policy Statement will provide more detail regarding the Fund's policies on asset allocation targets and acceptable ranges.

Asset Class	Long-Term Expected Rate of Return	Long-Term Inflation Expectation	Long-Term Expected Real Rate of Return	Target Allocation
US Large	6.65%	2.50%	4.15%	23.00%
US Small	7.04%	2.50%	4.54%	5.00%
International Developed	7.14%	2.50%	4.64%	18.00%
International Developed Small	2.25%	2.50%	-0.25%	5.00%
Emerging Markets	7.81%	2.50%	5.31%	7.00%
Private Equity (Direct)	9.65%	2.50%	7.15%	7.00%
Bank Loans	4.98%	2.50%	2.48%	3.00%
High Yield Corp. Credit	4.98%	2.50%	2.48%	3.00%
Emerging Market Debt	5.32%	2.50%	2.82%	3.00%
Private Credit	6.87%	2.50%	4.37%	5.00%
US TIPS	2.38%	2.50%	-0.12%	3.00%
Real Estate/Infrastructure	6.50%	2.50%	4.00%	8.00%
Cash	2.23%	2.50%	-0.27%	1.00%
Short-Term Gov't/Credit	3.23%	2.50%	0.73%	3.00%
US Treasury	1.90%	2.50%	-0.60%	3.00%
Core Plus Fixed Income	3.23%	2.50%	0.73%	3.00%

Long-Term Expected Real Rates of Return under GASB are expected to reflect the period of time that begins when a Plan Member begins to provide service to the employer and ends at the point when all benefits to the Plan Member have been paid. The rates provided above are intended to estimate those figures.

The Long-Term Inflation Expectation is 2.50% and is included in the Long-Term Expected Rates of Return. The Long-Term Inflation Expectation is from the same source as the Long-Term Expected Real Rates of Return, and is not necessarily reflective of the inflation measures used for other purposes in the report.

Geometric rates of return are equal to arithmetic rates of return when the annual returns exhibit no volatility over time. When arithmetic returns are volatile on a year-to-year basis, the actual realized geometric returns over time will be lower. Higher volatility results in a greater difference.

For additional discussion regarding the Expected Return on Pension Plan Investments, please reference the Actuarial Funding Report. There are additional disclosures regarding reasonableness and market observations included in that report.

MUNICIPAL BOND RATE

The Municipal Bond Rate assumption is based on the Bond Buyer 20-Bond G.O. Index. The rate shown earlier in this section of the report is the December 29, 2022 rate. The 20-Bond G.O. Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The indices represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indices would yield if the bond was sold at par value. The indices are simple averages of the average estimated yields of the bonds.

DISCOUNT RATE

The Discount Rate used in the determination of the Total Pension Liability is based on a combination of the Expected Rate of Return on Plan Investments and the Municipal Bond Rate.

Cash flow projections were used to determine the extent to which the Plan’s Projected Fiduciary Net Position will be able to cover Projected Benefit Payments. To the extent that Projected Benefit Payments are covered by the Plan’s Projected Fiduciary Net Position, the Expected Rate of Return on Plan Investments is used to determine the portion of the Net Pension Liability associated with those payments. To the extent that Projected Benefit Payments are not covered by the Plan’s Projected Fiduciary Net Position, the Municipal Bond Rate is used to determine the portion of the Net Pension Liability associated with those payments.

Projected benefit payments are determined during the actuarial process based on the assumptions. More details on the assumptions are earlier in this section of the report. The expected contributions are based on the funding policy of the Plan. The funding policy is discussed in more detail in the *Funding Policy* section of this report.

SENSITIVITY OF THE DISCOUNT RATE

The Employer's Net Pension Liability has been determined using the Discount Rate listed earlier in this section of the report. Below is a table illustrating the sensitivity of the Employer's Net Pension Liability to the Discount Rate assumption.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Employer's Net Pension Liability	$12,754,128	$4,819,257	($1,572,551)

The sensitivity of the Employer's Net Pension Liability to the Discount Rate is based primarily on two factors:

1. The duration of the Plan's Projected Benefit Payments. Younger Plans with benefit payments further in the future will be more sensitive to changes in the Discount Rate.

2. The Percent Funded of the Plan (ratio of the Plan Fiduciary Net Position to the Total Pension Liability). The higher the Percent Funded, the higher the sensitivity to the Discount Rate.

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, to assist in the preparation of the Annual Financial Report. 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.
- Demographic 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.

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PARTICIPANT DATA

Participant Demographic Data & Average Future Working Career

PARTICIPANT DEMOGRAPHIC DATA & AVERAGE FUTURE WORKING CAREER

The chart below summarizes the Member count, payroll, and average future working career as of:

Actuarial Valuation - Data Date Fiscal Year End for Reporting	12/31/2020 (FYE 12/31/2021)	12/31/2021 (FYE 12/31/2022)
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19	21
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	3	4
Active Plan Members	39	40
Total	61	65
Payroll of Active Plan Members	$ 3,971,160	$ 4,075,492
Average Future Working Career (In Years)		
Active Plan Members	11.29	11.62
Inactive Plan Members	0.00	0.00
Total	7.22	7.15

Member counts shown above are as of the Actuarial Valuation Date for the two most recent Fiscal Years. Payroll of Active Plan Members is the pensionable salary for active Plan Members as of the Actuarial Valuation – Data Date. For the Fiscal Year Ending December 31, 2022, a beginning of year Actuarial Valuation Date was used along with a rollforward of liabilities to the end of the Fiscal Year based on assumptions and standard rollforward techniques.

The average future working career is measured as of the Actuarial Valuation Date and is based on the demographic assumptions used in the preparation of this report.

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FUNDING POLICY

Components of the Actuarially Determined Contribution
Formal Funding Policy
Informal Funding Policy
Funding Policy – Other Considerations

COMPONENTS OF THE ACTUARIALLY DETERMINED CONTRIBUTION

The Actuarially Determined Contribution ("ADC") includes the determination of the Normal Cost Contribution for active Plan Members, as well as a provision for the payment towards Unfunded Liability.

The actuarial funding method used in the determination of the Normal Cost and the Actuarial Accrued Liability is the Entry Age Normal Cost Method (level percent of pay). The method allocates Normal Cost Contributions by Members over the working career of the Member as a level percent of pay.

Unfunded Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. The Actuarially Determined Contribution includes a payment towards Unfunded Liability existing at the Actuarial Valuation Date. The payment towards Unfunded Liability is set up as a level percent of payroll payment that is expected to increase during the payment period. The current Employer Contributions are being compared to the Actuarially Determined Contribution as developed in the January 1, 2021 Actuarial Valuation. The equivalent single amortization period as of that valuation is 12.42 years. The period of repayment as of that valuation is based on a layered amortization with new sources of Unfunded Liability paid off over 15 years.

The Actuarial Value of Assets smooths gains and losses on the Fair Value of Assets over a 5-year period.

Under no circumstances will the Actuarially Determined Contribution be less than the amount determined as the Statutory Minimum Contribution under Illinois State Statutes.

FORMAL FUNDING POLICY

There is no Formal Funding Policy that exists between the Pension Board and the Village at this time.

INFORMAL FUNDING POLICY

In determining the most appropriate Informal Funding Policy, GASB provides the following guidance in the Statement:

> *Application of professional judgment should consider the most recent five-year contribution history of the employers and nonemployer contributing entities as a key indicator of future contributions from those sources and should reflect all other known events and conditions…. the amount of projected cash flows for contributions from employers and nonemployer contributing entities should be limited to an average of contributions from those sources over the most recent five-year period and may be modified based on consideration of subsequent events. For this purpose, the basis for the*

average (for example, percentage of covered payroll contributed or percentage of Actuarially Determined Contributions made) should be a matter of professional judgment.

In our review of the Informal Funding Policy, the following factors are considered and described herein:

1. Five-Year Contribution History of the Employer (with a focus on the average contributions from those sources)

2. Other Known Events and Conditions

3. Consideration of Subsequent Events

Five-Year Contribution History of the Employer

Employer Contributions (under the Informal Funding Policy) should be limited to the average over the most recent five years. In determining the basis for the average, we reviewed three possibilities: (a) the average dollar contribution; (b) the average percent of pensionable pay; and (c) the average percent of the Actuarially Determined Contribution. Please see the table below for a summary of these values:

Fiscal Year End	Employer Contributions	Most Applicable ADC	% of ADC	Covered-Employee Payroll	% of Payroll
12/31/2022	$1,435,332	$1,435,317	100.00%	$4,001,969	35.87%
12/31/2021	$1,645,039	$1,634,382	100.65%	$3,914,759	42.02%
12/31/2020	$1,484,407	$1,498,027	99.09%	$3,945,289	37.62%
12/31/2019	$1,370,263	$1,372,114	99.87%	$3,276,121	41.83%
12/31/2018	$1,369,010	$1,370,179	99.91%	$3,172,999	43.15%

When compared to the other policies reviewed, history suggests that a contribution as a percent of the Actuarially Determined Contribution is the least volatile, and as a result, the most stable contribution method under an Informal Funding Policy.

Other Known Events and Conditions

GASB has a provision for consideration of any other known events or conditions in the most recent five-year history in applying judgement for the Informal Funding Policy. For the Fiscal Year End December 31, 2022, there was an additional $4,613,070 in Employer Contributions, which were treated as one-time contributions, and therefore, are not included in the determination of the Informal Funding Policy.

Consideration of Subsequent Events

GASB has a provision for modification based on consideration of subsequent events in the development of the Informal Funding Policy. There are no subsequent events that have been considered in the development of the Informal Funding Policy.

Informal Funding Policy – Selected

The Informal Funding Policy that has been determined for future contributions is 99.90% of the Actuarially Determined Contribution. This represents the full future contributions expected to be made.

FUNDING POLICY – OTHER CONSIDERATIONS

Under GASB, the future contribution amount is not intended to include dollars contributed on behalf of future employees. Contributions are only intended to cover contributions towards the Normal Cost of current employees as of the Actuarial Valuation Date as well as payment of Unfunded Liability on behalf of the current employees. Contributions under the funding policy have been adjusted as necessary to exclude dollars that would be anticipated to be contributed on behalf of future employees hired after the Actuarial Valuation Date.

The contribution level may not pay off the Unfunded Liability during the active working career of current employees. In that case, contributions will persist beyond the working career of current employees. To the extent that a portion of the above total contribution is anticipated to pay contributions for the Normal Cost of future employees, the amount has been netted out. The remaining amount is anticipated to be paid towards the Unfunded Liability existing for current employees.

The Actuarially Determined Contribution is determined annually based on the parameters previously discussed. The funding methods and procedures are assumed to continue into the future. If applicable, the tax levy in the next December is assumed to be the Actuarially Determined Contribution. Funding is assumed to go into the Plan during the next full Fiscal Year.

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Total Pension Liability										
Service Cost	$ 1,134,941	$ 1,126,128	$ 1,089,035	$ 1,017,162	$ 973,114	$ 989,863	$ 927,272	$ 819,172	$ 914,462	
Interest	3,057,382	2,820,349	2,743,686	2,677,085	2,551,157	2,385,137	2,290,894	2,166,890	1,972,342	
Changes of Benefit Terms	(21,581)	-	-	171,924	-	-	-	-	-	
Differences Between Expected and Actual Experience	953,572	(1,476,642)	(2,070,960)	127,910	(581,406)	109,340	56,947	(965,189)	723,430	
Change in Assumptions	-	-	(308,204)	463,113	-	-	(862,520)	709,325	1,077,358	
Benefit Payments and Refunds	(1,489,933)	(1,245,771)	(1,111,062)	(1,135,494)	(1,019,055)	(1,030,489)	(1,002,314)	(783,911)	(739,738)	
Net Change in Total Pension Liability	$ 3,634,381	$ 1,224,064	$ 342,495	$ 3,321,700	$ 1,923,810	$ 2,453,851	$ 1,410,279	$ 1,946,288	$ 3,947,854	
Total Pension Liability - Beginning	45,116,521	43,892,457	43,549,962	40,228,262	38,304,452	35,850,601	34,440,322	32,494,034	28,546,180	
Total Pension Liability - Ending (a)	$ 48,750,902	$ 45,116,521	$ 43,892,457	$ 43,549,962	$ 40,228,262	$ 38,304,452	$ 35,850,601	$ 34,440,322	$ 32,494,034	
Plan Fiduciary Net Position										
Contributions - Employer	$ 6,048,402	$ 1,645,039	$ 1,484,407	$ 1,370,263	$ 1,369,010	$ 1,292,435	$ 1,248,941	$ 1,066,419	$ 1,020,259	
Contributions - Members	396,608	387,952	380,787	389,144	352,025	351,856	356,020	347,585	328,681	
Contributions - Other	72,633	57,108	58,661	-	-	27,856	54,297	-	-	
Net Investment Income	(6,422,254)	5,231,524	4,426,285	5,598,502	(1,388,420)	3,005,954	1,386,254	(83,047)	1,101,370	
Benefit Payments and Refunds	(1,489,933)	(1,245,771)	(1,111,062)	(1,135,494)	(1,019,055)	(1,030,489)	(1,002,314)	(783,911)	(739,738)	
Administrative Expense	(59,934)	(66,541)	(50,524)	(45,326)	(44,211)	(25,050)	(27,378)	(27,935)	(43,872)	
Other	-	-	-	-	-	-	-	-	55,831	
Net Change in Plan Fiduciary Net Position	$ (1,454,478)	$ 6,009,311	$ 5,188,554	$ 6,177,089	$ (730,651)	$ 3,622,562	$ 2,015,821	$ 519,112	$ 1,722,531	
Plan Fiduciary Net Position - Beginning	45,386,123	39,376,812	34,188,258	28,011,169	28,741,820	25,119,258	23,103,437	22,584,325	20,861,794	
Plan Fiduciary Net Position - Ending (b)	$ 43,931,645	$ 45,386,123	$ 39,376,812	$ 34,188,258	$ 28,011,169	$ 28,741,820	$ 25,119,258	$ 23,103,437	$ 22,584,325	
Employer's Net Pension Liability - Ending (a) - (b)	$ 4,819,257	$ (269,602)	$ 4,515,645	$ 9,361,704	$ 12,217,093	$ 9,562,632	$ 10,731,343	$ 11,336,885	$ 9,909,709	

The current year information was developed in the completion of this report.

SCHEDULE OF TOTAL PENSION LIABILITY AND RELATED RATIOS

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Total Pension Liability - Ending (a)	$ 48,750,902	$ 45,116,521	$ 43,892,457	$ 43,549,962	$ 40,228,262	$ 38,304,452	$ 35,850,601	$ 34,440,322	$ 32,494,034	
Plan Fiduciary Net Position - Ending (b)	$ 43,931,645	$ 45,386,123	$ 39,376,812	$ 34,188,258	$ 28,011,169	$ 28,741,820	$ 25,119,258	$ 23,103,437	$ 22,584,325	
Employer's Net Pension Liability - Ending (a) - (b)	$ 4,819,257	$ (269,602)	$ 4,515,645	$ 9,361,704	$ 12,217,093	$ 9,562,632	$ 10,731,343	$ 11,336,885	$ 9,909,709	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.11%	100.60%	89.71%	78.50%	69.63%	75.04%	70.07%	67.08%	69.50%	
Covered-Employee Payroll	$ 4,001,969	$ 3,914,759	$ 3,945,289	$ 3,276,121	$ 3,172,999	$ 3,746,089	$ 3,628,173	$ 3,833,606	$ 3,507,517	
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	120.42%	(6.89%)	114.46%	285.76%	385.03%	255.27%	295.78%	295.72%	282.53%	

Covered-Employee Payroll shown above for the current year is based on the Covered-Employee Payroll for the Plan Members during the Fiscal Year.

SCHEDULE OF CONTRIBUTIONS

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Actuarially Determined Contribution	$ 1,435,317	$ 1,634,382	$ 1,498,027	$ 1,372,114	$ 1,370,179	$ 1,293,479	$ 1,250,911	$ 1,067,861	$ 1,018,934	
Contributions in Relation to the Actuarially Determined Contribution	6,048,402	1,645,039	1,484,407	1,370,263	1,369,010	1,292,435	1,248,941	1,066,419	1,020,259	
Contribution Deficiency/(Excess)	$ (4,613,085)	$ (10,657)	$ 13,620	$ 1,851	$ 1,169	$ 1,044	$ 1,970	$ 1,442	$ (1,325)	
Covered-Employee Payroll	$ 4,001,969	$ 3,914,759	$ 3,945,289	$ 3,276,121	$ 3,172,999	$ 3,746,089	$ 3,628,173	$ 3,833,606	$ 3,507,517	
Contributions as a Percentage of Covered-Employee Payroll	151.14%	42.02%	37.62%	41.83%	43.15%	34.50%	34.42%	27.82%	29.09%	

NOTES TO SCHEDULE OF CONTRIBUTIONS

The Contribution in Relation to the Actuarially Determined Contribution shown above for the current year includes an additional $4,613,070 in Employer Contributions. The Actuarially Determined Contribution shown above for the current year is the Recommended Contribution from the January 1, 2021 Actuarial Valuation completed by Lauterbach & Amen, LLP for the December 2021 tax levy, if applicable. The methods and assumptions shown below are based on the same Actuarial Valuation. For more detail on the age-based and service-based rates disclosed below, please see the Actuarial Valuation.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Equivalent Single Amortization Period	100% Funded Over 12.42 Years (Layered)
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation (CPI-U)	2.25%
Total Payroll Increases	3.25%
Individual Pay Increases	3.75% - 10.77%
Expected Rate of Return on Investments	6.75%
Mortality Rates	Pub-2010 Adjusted for Plan Status, Demographics, and Illinois Public Pension Data, as Described
Retirement Rates	100% of L&A 2020 Illinois Police Retirement Rates Capped at Age 65
Termination Rates	100% of L&A 2020 Illinois Police Termination Rates
Disability Rates	100% of L&A 2020 Illinois Police Disability Rates

GASB METHODS AND PROCEDURES

GASB Methods and Procedures

GASB METHODS AND PROCEDURES

	Statement 67 Pension Plan Financials	Statement 68 Employer Financials
Fiscal Year End for Reporting	**December 31, 2022**	**December 31, 2022**
Measurement Date	December 31, 2022	December 31, 2022
Actuarial Valuation Date	January 1, 2022	January 1, 2022
Actuarial Valuation - Data Date	December 31, 2021	December 31, 2021
Asset Valuation Method	Fair Value	Fair Value
Actuarial Cost Method	Entry Age Normal (Level %)	Entry Age Normal (Level %)

Methodology Used in the Determination of Deferred Outflows and Inflows of Resources

Amortization Method	Straight Line	Straight Line
Amortization Period		
Actuarial Experience	7.15 Years	7.15 Years
Change in Assumptions	7.15 Years	7.15 Years
Asset Experience	5.00 Years	5.00 Years

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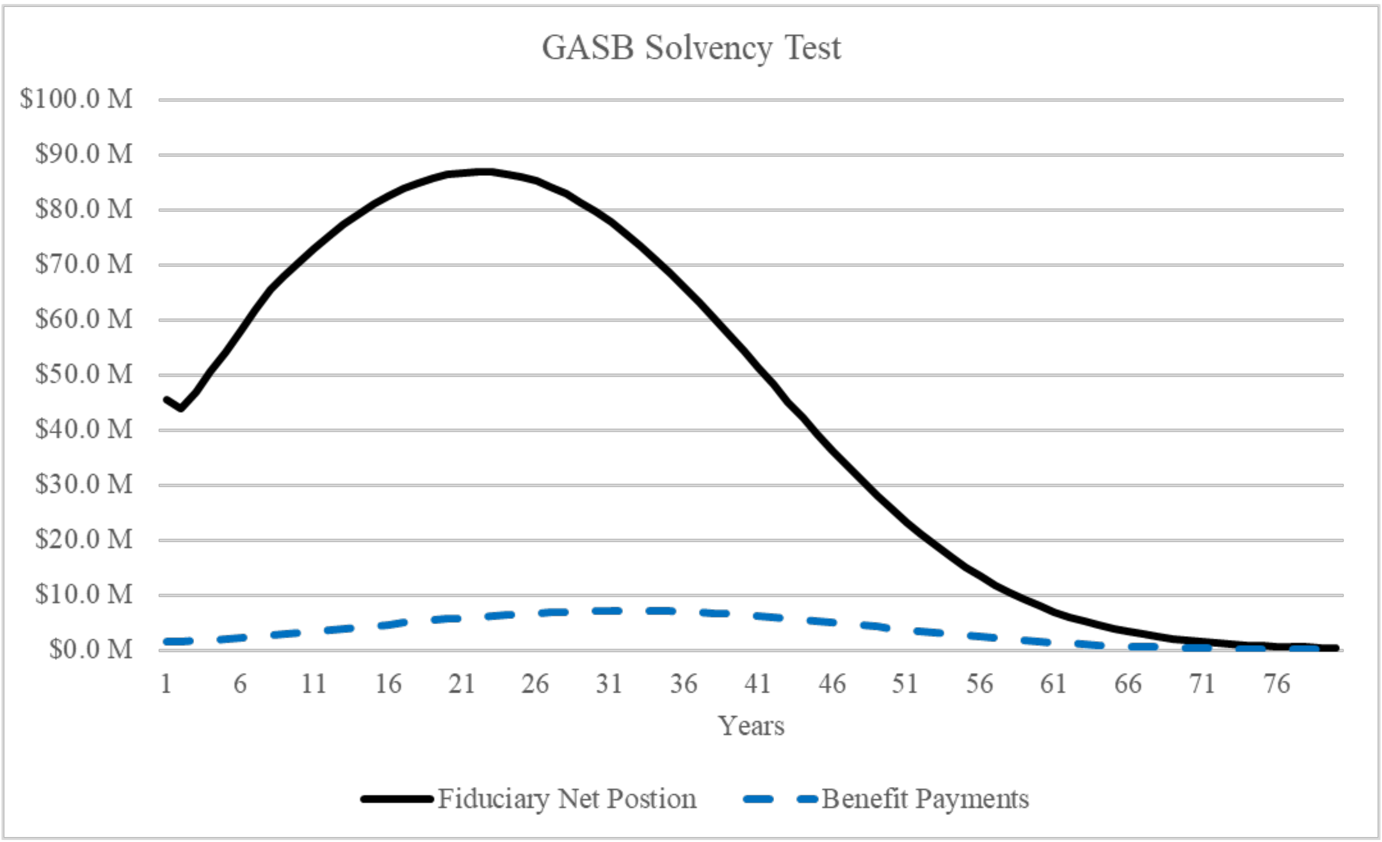
SUPPLEMENTARY TABLES

GASB Projections – Summary and Procedure
GASB Projections – Limitations
Projection of Contributions
Notes to Projection of Contributions
Projection of the Pension Plan's Fiduciary Net Position
Notes to Projection of the Pension Plan's Fiduciary Net Position
Actuarial Present Value of Projected Benefit Payments
Notes to Actuarial Present Value of Projected Benefit Payments

GASB PROJECTIONS – SUMMARY AND PROCEDURE

GASB requires a solvency test to use in the determination of the Discount Rate each year. The Plan Fiduciary Net Position is projected forward. To the extent that the Plan Fiduciary Net Position is anticipated to be greater than $0, Projected Benefit Payments are discounted based on the Expected Rate of Return on Plan Investments.

If the Plan Fiduciary Net Position is anticipated to reach $0 prior to the payment of Projected Benefit Payments for employees who are in the Plan as of the Actuarial Valuation Date, then the remaining Projected Benefit Payments are discounted using the High-Quality Municipal Bond Rate, as described in the *Actuarial Assumptions Information s*ection of this report. The chart below is a high-level summary of the projections:



The Plan's Projected Fiduciary Net Position is anticipated to cover Projected Benefit Payments in full for the current employees.

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GASB PROJECTIONS – LIMITATIONS

Projections of any type require assumptions about future events. The projections required for GASB reporting are deterministic in nature. That means that values are projected forward under one set of assumptions which can be thought of as the average result. Actual results could vary, and projections of one deterministic assumption set do not necessarily provide a framework for making risk management or funding policy decisions. Projections that deal with risk management are outside the scope of this report.

In addition, GASB requirements create results that are specific only to financial statement reporting, and should not be used or interpreted for other purposes. For example, GASB cash flow projections do not entail the total expected cash flows of the Plan, but rather a subset of cash flows specific to employees who are in the Plan as of the Actuarial Valuation Date. While the likely expectation may be that future employees are hired to replace the current employees, cash flows attributable to their benefits are not considered. Under GASB, when the Plan Fiduciary Net Position reaches $0, that represents the Plan Fiduciary Net Position for the assets attributable to the current employees.

Also, GASB mandates certain assumptions that are made in the projection process. Most notably, Projected Contributions under an Informal Funding Policy. In proposing an Informal Funding Policy, GASB suggests a focus be placed on the average contributions over the past 5 years. Projected Contributions in this section may be based on the five-year average, unless a Formal Funding Policy is in place.

Contributions reflecting an Informal Funding Policy are applied under GASB, whether or not the projected results dictate a need for more or less contributions. This would not be the case with other uses for projections. Any events that are taken into account (past or future) in the Informal Funding Policy are discussed in the *Funding Policy* section of this report.

Projections further into the future are more sensitive to assumption changes. For projections that run out close to 80 years, a small change in an assumption may have a dramatic impact on the projections. If the solvency of the Plan as determined by GASB remains constant, then dramatic changes in the projection results may not necessarily lead to big changes in the determination of the Total Pension Liability.

We recommend the projections are not used for any other purposes, other than providing information for purposes of the financial statement report.

The following pages provide the detail behind the chart shown on the prior page.

PROJECTION OF CONTRIBUTIONS – YEARS 1 TO 30

	Projected Pensionable Payroll			Projected Contributions			
Year	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Contributions from Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Payroll of Future Employees (f) - Notes	Total Contributions (g) = (d) + (e) + (f)
1	$ 4,075,492	$ -	$ 4,075,492	$ 469,241	$ 6,048,402	$ -	$ 6,517,643
2	4,053,684	154,262	4,207,945	401,720	1,255,594	-	1,657,314
3	4,026,321	318,383	4,344,704	399,008	1,752,476	-	2,151,484
4	3,985,833	500,073	4,485,907	394,996	1,777,769	-	2,172,765
5	3,930,811	700,887	4,631,699	389,543	1,801,385	-	2,190,928
6	3,874,274	907,955	4,782,229	383,941	1,823,213	-	2,207,154
7	3,739,585	1,198,067	4,937,651	370,593	1,850,979	-	2,221,572
8	3,623,075	1,475,050	5,098,125	359,047	607,499	-	966,546
9	3,466,114	1,797,700	5,263,814	343,492	589,627	-	933,119
10	3,347,329	2,087,559	5,434,888	331,720	549,214	-	880,934
11	3,224,879	2,386,643	5,611,522	319,586	524,753	-	844,339
12	3,086,168	2,707,728	5,793,896	305,839	499,394	-	805,233
13	2,893,674	3,088,524	5,982,198	286,763	475,000	-	761,763
14	2,712,031	3,464,588	6,176,619	268,762	437,350	-	706,112
15	2,554,247	3,823,112	6,377,359	253,126	401,490	-	654,616
16	2,395,534	4,189,089	6,584,624	237,397	370,855	-	608,252
17	2,230,531	4,568,093	6,798,624	221,046	342,824	-	563,870
18	2,027,840	4,991,739	7,019,579	200,959	312,156	-	513,115
19	1,841,474	5,406,241	7,247,715	182,490	273,619	-	456,109
20	1,692,251	5,791,015	7,483,266	167,702	240,812	-	408,514
21	1,545,658	6,180,815	7,726,472	153,175	219,240	-	372,415
22	1,401,136	6,576,447	7,977,583	138,853	195,701	-	334,554
23	1,270,347	6,966,507	8,236,854	125,891	171,806	-	297,697
24	1,150,201	7,354,351	8,504,552	113,985	151,531	-	265,516
25	970,863	7,810,087	8,780,950	96,213	143,407	-	239,620
26	859,342	8,206,988	9,066,331	85,161	109,170	-	194,331
27	721,707	8,639,279	9,360,986	71,521	99,616	-	171,137
28	614,650	9,050,569	9,665,218	60,912	80,883	-	141,795
29	516,803	9,462,535	9,979,338	51,215	69,185	-	120,400
30	424,399	9,879,268	10,303,667	42,058	57,714	-	99,772

Column d – Contributions from current employees to the Plan (employees in the Plan as of the Actuarial Valuation Date).
Column e – Employer Contributions to the Plan excluding contributions for employees hired after the Actuarial Valuation Date.
Column f – Contributions from future employees to the extent that contributions are assumed to be greater than their Normal Cost.

PROJECTION OF CONTRIBUTIONS – YEARS 31 TO 60

	Projected Pensionable Payroll			Projected Contributions			
Year	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Contributions from Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Payroll of Future Employees (f) - Notes	Total Contributions (g) = (d) + (e) + (f)
31	$ 360,461	$ 10,278,075	$ 10,638,536	$ 35,722	$ 43,828	$ -	$ 79,550
32	280,430	10,703,858	10,984,288	27,791	40,404	-	68,195
33	213,980	11,127,298	11,341,277	21,205	31,925	-	53,130
34	169,893	11,539,976	11,709,869	16,836	23,500	-	40,336
35	142,543	11,947,896	12,090,440	14,126	17,545	-	31,671
36	106,930	12,376,449	12,483,379	10,597	16,259	-	26,856
37	88,412	12,800,677	12,889,089	8,762	11,043	-	19,805
38	50,763	13,257,222	13,307,984	5,031	11,953	-	16,984
39	41,307	13,699,186	13,740,494	4,094	5,242	-	9,336
40	13,177	14,173,882	14,187,060	1,306	6,907	-	8,213
41	10,585	14,637,554	14,648,139	1,049	1,361	-	2,410
42	-	15,124,204	15,124,204	-	2,213	-	2,213
43	-	15,615,740	15,615,740	-	-	-	-
44	-	16,123,252	16,123,252	-	-	-	-
45	-	16,647,258	16,647,258	-	-	-	-
46	-	17,188,293	17,188,293	-	-	-	-
47	-	17,746,913	17,746,913	-	-	-	-
48	-	18,323,688	18,323,688	-	-	-	-
49	-	18,919,207	18,919,207	-	-	-	-
50	-	19,534,082	19,534,082	-	-	-	-
51	-	20,168,939	20,168,939	-	-	-	-
52	-	20,824,430	20,824,430	-	-	-	-
53	-	21,501,224	21,501,224	-	-	-	-
54	-	22,200,014	22,200,014	-	-	-	-
55	-	22,921,514	22,921,514	-	-	-	-
56	-	23,666,463	23,666,463	-	-	-	-
57	-	24,435,623	24,435,623	-	-	-	-
58	-	25,229,781	25,229,781	-	-	-	-
59	-	26,049,749	26,049,749	-	-	-	-
60	-	26,896,366	26,896,366	-	-	-	-

Column d – Contributions from current employees to the Plan (employees in the Plan as of the Actuarial Valuation Date).
Column e – Employer Contributions to the Plan excluding contributions for employees hired after the Actuarial Valuation Date.
Column f – Contributions from future employees to the extent that contributions are assumed to be greater than their Normal Cost.

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PROJECTION OF CONTRIBUTIONS – YEARS 61 TO 80

	Projected Pensionable Payroll			Projected Contributions			
Year	Payroll for Current Employees (a)	Payroll for Future Employees (b)	Total Employee Payroll (c) = (a) + (b)	Contributions from Current Employees (d) - Notes	Employer Contributions for Current Employees (e) - Notes	Contributions Related to Payroll of Future Employees (f) - Notes	Total Contributions (g) = (d) + (e) + (f)
61	$ -	$ 27,770,498	$ 27,770,498	$ -	$ -	$ -	$ -
62	-	28,673,039	28,673,039	-	-	-	-
63	-	29,604,913	29,604,913	-	-	-	-
64	-	30,567,072	30,567,072	-	-	-	-
65	-	31,560,502	31,560,502	-	-	-	-
66	-	32,586,219	32,586,219	-	-	-	-
67	-	33,645,271	33,645,271	-	-	-	-
68	-	34,738,742	34,738,742	-	-	-	-
69	-	35,867,751	35,867,751	-	-	-	-
70	-	37,033,453	37,033,453	-	-	-	-
71	-	38,237,040	38,237,040	-	-	-	-
72	-	39,479,744	39,479,744	-	-	-	-
73	-	40,762,836	40,762,836	-	-	-	-
74	-	42,087,628	42,087,628	-	-	-	-
75	-	43,455,476	43,455,476	-	-	-	-
76	-	44,867,779	44,867,779	-	-	-	-
77	-	46,325,981	46,325,981	-	-	-	-
78	-	47,831,576	47,831,576	-	-	-	-
79	-	49,386,102	49,386,102	-	-	-	-
80	-	50,991,150	50,991,150	-	-	-	-

NOTES TO PROJECTION OF CONTRIBUTIONS

Total Employee Payroll is projected to increase annually at the Projected Total Payroll Increases rate shown in the *Actuarial Assumptions Information* section of this report. Payroll for current employees (employees in the Plan as of the Actuarial Valuation Date) are projected on an employee-by-employee basis, using the Projected Individual Pay Increases and probability of remaining an employee in the future.

Employer Contributions are related to current employees in the Plan as of the Actuarial Valuation Date. To the extent that Projected Contributions under the Funding Policy are made to cover the Normal Cost of benefit payments for future employees, those contributions are excluded for purposes of these projections and this report.

Contributions are based on the Funding Policy as described in the *Funding Polic*y section of this report. The contributions do not factor in changes in the Funding Policy based on an assumed Employer decision; if, the projections were to play out in this fashion. The only future events that are considered were outlined in the *Funding Policy* section of this report. Contributions from future employees have not been included. It is assumed that contributions made by future employees will not exceed the Normal Cost of their participation in the Plan. In addition, Employer Contributions on behalf of future employees have not been included per the GASB parameters.

PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION – YEARS 1 TO 30

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
1	$ 45,386,123	$ 6,517,643	$ 1,489,933	$ 59,934	$ (6,422,254)	$ 43,931,645
2	43,931,645	1,657,314	1,558,357	61,283	2,966,658	46,935,976
3	46,935,976	2,151,485	1,696,761	55,027	3,181,668	50,517,341
4	50,517,341	2,172,765	1,857,349	56,265	3,418,667	54,195,159
5	54,195,159	2,190,928	2,019,099	57,531	3,662,031	57,971,488
6	57,971,488	2,207,153	2,287,257	58,825	3,908,387	61,740,945
7	61,740,945	2,221,572	2,475,401	60,149	4,156,917	65,583,885
8	65,583,885	966,545	2,699,255	61,502	4,366,358	68,156,031
9	68,156,031	933,119	2,882,833	62,886	4,532,607	70,676,038
10	70,676,038	880,934	3,139,769	64,301	4,692,227	73,045,129
11	73,045,129	844,338	3,353,280	65,748	4,843,650	75,314,090
12	75,314,090	805,233	3,629,447	67,227	4,986,115	77,408,764
13	77,408,764	761,763	3,931,631	68,740	5,115,789	79,285,946
14	79,285,946	706,112	4,165,818	70,286	5,232,664	80,988,617
15	80,988,617	654,616	4,400,120	71,868	5,337,895	82,509,142
16	82,509,142	608,253	4,645,797	73,485	5,430,620	83,828,733
17	83,828,733	563,870	4,930,505	75,138	5,508,530	84,895,489
18	84,895,489	513,115	5,163,257	76,829	5,570,910	85,739,429
19	85,739,429	456,109	5,395,620	78,557	5,618,052	86,339,413
20	86,339,413	408,514	5,600,579	80,325	5,649,967	86,716,990
21	86,716,990	372,415	5,808,932	82,132	5,667,142	86,865,483
22	86,865,483	334,554	5,988,348	83,980	5,669,770	86,797,479
23	86,797,479	297,697	6,157,769	85,870	5,658,154	86,509,692
24	86,509,692	265,516	6,369,497	87,802	5,630,432	85,948,340
25	85,948,340	239,619	6,506,296	89,777	5,586,983	85,178,869
26	85,178,869	194,331	6,659,570	91,797	5,528,274	84,150,107
27	84,150,107	171,137	6,784,755	93,863	5,453,755	82,896,381
28	82,896,381	141,795	6,892,693	95,975	5,364,424	81,413,932
29	81,413,932	120,400	6,977,086	98,134	5,260,715	79,719,828
30	79,719,828	99,772	7,030,770	97,578	5,143,874	77,835,126

Column b – Contributions on behalf of current employees in the Plan as of the Actuarial Valuation Date.
Column d – Based on the average Administrative Expense in recent years, and projected to increase in the future.
Column e – Based on the Expected Rate of Return on Plan Investments, and does not factor in allocation changes.

PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION – YEARS 31 TO 60

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
31	$ 77,835,126	$ 79,549	$ 7,076,097	$ 95,411	$ 5,014,517	$ 75,757,685
32	75,757,685	68,194	7,106,792	93,011	4,872,952	73,499,028
33	73,499,028	53,131	7,093,042	90,385	4,720,537	71,089,269
34	71,089,269	40,336	7,068,110	87,558	4,558,383	68,532,319
35	68,532,319	31,671	7,013,057	84,551	4,387,456	65,853,839
36	65,853,839	26,856	6,937,001	81,380	4,209,170	63,071,484
37	63,071,484	19,804	6,846,560	78,073	4,024,287	60,190,942
38	60,190,942	16,984	6,717,728	74,644	3,834,219	57,249,773
39	57,249,773	9,336	6,582,958	71,119	3,640,100	54,245,132
40	54,245,132	8,213	6,411,785	67,518	3,443,147	51,217,190
41	51,217,190	2,410	6,228,433	63,865	3,244,877	48,172,178
42	48,172,178	2,213	6,020,836	60,187	3,046,462	45,139,831
43	45,139,831	-	5,797,639	56,507	2,849,361	42,135,046
44	42,135,046	-	5,560,222	52,851	2,654,674	39,176,647
45	39,176,647	-	5,310,306	49,240	2,463,539	36,280,641
46	36,280,641	-	5,049,786	45,695	2,276,971	33,462,131
47	33,462,131	-	4,780,696	42,234	2,095,920	30,735,121
48	30,735,121	-	4,505,159	38,876	1,921,259	28,112,345
49	28,112,345	-	4,225,443	35,636	1,753,772	25,605,037
50	25,605,037	-	3,944,009	32,530	1,594,132	23,222,631
51	23,222,631	-	3,663,312	29,569	1,442,893	20,972,643
52	20,972,643	-	3,385,656	26,763	1,300,484	18,860,708
53	18,860,708	-	3,113,270	24,122	1,167,211	16,890,527
54	16,890,527	-	2,848,565	21,650	1,043,241	15,063,552
55	15,063,552	-	2,593,286	19,350	928,613	13,379,529
56	13,379,529	-	2,349,048	17,224	823,257	11,836,514
57	11,836,514	-	2,117,411	15,270	726,987	10,430,819
58	10,430,819	-	1,899,554	13,484	639,515	9,157,296
59	9,157,296	-	1,696,525	11,862	560,459	8,009,368
60	8,009,368	-	1,508,741	10,396	489,361	6,979,592

Column b – Contributions on behalf of current employees in the Plan as of the Actuarial Valuation Date.
Column d – Based on the average Administrative Expense in recent years, and projected to increase in the future.
Column e – Based on the Expected Rate of Return on Plan Investments, and does not factor in allocation changes.

PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION – YEARS 61 TO 80

Year	Projected Beginning Fiduciary Net Position (a)	Projected Total Contributions (b)	Projected Benefit Payments (c)	Projected Administrative Expense (d)	Projected Investment Earnings (e)	Projected Ending Fiduciary Net Position (f) = (a)+(b)-(c)-(d)+(e)
61	$ 6,979,592	$ -	$ 1,336,274	$ 9,077	$ 425,717	$ 6,059,958
62	6,059,958	-	1,178,949	7,896	368,991	5,242,104
63	5,242,104	-	1,036,291	6,844	318,636	4,517,605
64	4,517,605	-	907,530	5,910	274,110	3,878,275
65	3,878,275	-	791,747	5,084	234,890	3,316,334
66	3,316,334	-	687,913	4,357	200,488	2,824,552
67	2,824,552	-	595,105	3,719	170,447	2,396,176
68	2,396,176	-	512,287	3,162	144,345	2,025,073
69	2,025,073	-	438,505	2,677	121,803	1,705,693
70	1,705,693	-	372,931	2,259	102,472	1,432,975
71	1,432,975	-	314,833	1,901	86,036	1,202,277
72	1,202,277	-	263,585	1,596	72,204	1,009,300
73	1,009,300	-	218,583	1,339	60,705	850,083
74	850,083	-	179,376	1,126	51,289	720,870
75	720,870	-	145,519	951	43,715	618,115
76	618,115	-	116,576	811	37,761	538,489
77	538,489	-	92,123	700	33,215	478,881
78	478,881	-	71,747	616	29,882	436,400
79	436,400	-	55,006	554	27,582	408,422
80	408,422	-	41,464	512	26,152	392,598

NOTES TO PROJECTION OF THE PENSION PLAN'S FIDUCIARY NET POSITION

Projected Total Contributions are Employee and Employer Contributions projected to be made under the Funding Policy on behalf of current employees in the Plan as of the Actuarial Valuation Date. The amounts shown are detailed earlier in this section.

Projected Benefit Payments shown represents current employees as of the Actuarial Valuation Date. The Plan will pay benefits in the future on behalf of employees hired after the Actuarial Valuation Date, but those benefit payments are not projected for this purpose.

Projected Investment Earnings are based on the Expected Rate of Return on Plan Investments. Administrative Expense are typically not charged on a per employee basis. Administrative Expenses shown are not projected to distinguish between current and future employees.

The Projected Fiduciary Net Position represents assets held or projected to be held on behalf of current employees in the Plan as of the Actuarial Valuation Date. The Plan will hold assets in the future on behalf of employees hired after the Actuarial Valuation Date, but those assets are not projected for this purpose.

ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS – YEARS 1 TO 30

			Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments (6.75%)	Present Value of "Unfunded" Benefit Payments (3.72%)	Present Value of Benefit Payments Using the Single Discount Rate (6.75%)
1	$ 45,386,123	$ 1,489,933	$ 1,489,933	$ -	$ 1,442,058	$ -	$ 1,442,058
2	43,931,645	1,558,357	1,558,357	-	1,412,912	-	1,412,912
3	46,935,976	1,696,761	1,696,761	-	1,441,123	-	1,441,123
4	50,517,341	1,857,349	1,857,349	-	1,477,767	-	1,477,767
5	54,195,159	2,019,099	2,019,099	-	1,504,881	-	1,504,881
6	57,971,488	2,287,257	2,287,257	-	1,596,951	-	1,596,951
7	61,740,945	2,475,401	2,475,401	-	1,619,028	-	1,619,028
8	65,583,885	2,699,255	2,699,255	-	1,653,807	-	1,653,807
9	68,156,031	2,882,833	2,882,833	-	1,654,598	-	1,654,598
10	70,676,038	3,139,769	3,139,769	-	1,688,118	-	1,688,118
11	73,045,129	3,353,280	3,353,280	-	1,688,912	-	1,688,912
12	75,314,090	3,629,447	3,629,447	-	1,712,418	-	1,712,418
13	77,408,764	3,931,631	3,931,631	-	1,737,698	-	1,737,698
14	79,285,946	4,165,818	4,165,818	-	1,724,781	-	1,724,781
15	80,988,617	4,400,120	4,400,120	-	1,706,594	-	1,706,594
16	82,509,142	4,645,797	4,645,797	-	1,687,944	-	1,687,944
17	83,828,733	4,930,505	4,930,505	-	1,678,113	-	1,678,113
18	84,895,489	5,163,257	5,163,257	-	1,646,212	-	1,646,212
19	85,739,429	5,395,620	5,395,620	-	1,611,519	-	1,611,519
20	86,339,413	5,600,579	5,600,579	-	1,566,965	-	1,566,965
21	86,716,990	5,808,932	5,808,932	-	1,522,491	-	1,522,491
22	86,865,483	5,988,348	5,988,348	-	1,470,271	-	1,470,271
23	86,797,479	6,157,769	6,157,769	-	1,416,270	-	1,416,270
24	86,509,692	6,369,497	6,369,497	-	1,372,334	-	1,372,334
25	85,948,340	6,506,296	6,506,296	-	1,313,169	-	1,313,169
26	85,178,869	6,659,570	6,659,570	-	1,259,114	-	1,259,114
27	84,150,107	6,784,755	6,784,755	-	1,201,670	-	1,201,670
28	82,896,381	6,892,693	6,892,693	-	1,143,595	-	1,143,595
29	81,413,932	6,977,086	6,977,086	-	1,084,400	-	1,084,400
30	79,719,828	7,030,770	7,030,770	-	1,023,647	-	1,023,647

The Projected Fiduciary Net Position and Benefit Payments are based on current employees in the Plan as of the Actuarial Valuation Date. The development of the Projected Fiduciary Net Position is shown in more detail earlier in this section.

ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS – YEARS 31 TO 60

			Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments (6.75%)	Present Value of "Unfunded" Benefit Payments (3.72%)	Present Value of Benefit Payments Using the Single Discount Rate (6.75%)
31	$ 77,835,126	$ 7,076,097	$ 7,076,097	$ -	$ 965,102	$ -	$ 965,102
32	75,757,685	7,106,792	7,106,792	-	907,999	-	907,999
33	73,499,028	7,093,042	7,093,042	-	848,939	-	848,939
34	71,089,269	7,068,110	7,068,110	-	792,463	-	792,463
35	68,532,319	7,013,057	7,013,057	-	736,572	-	736,572
36	65,853,839	6,937,001	6,937,001	-	682,514	-	682,514
37	63,071,484	6,846,560	6,846,560	-	631,022	-	631,022
38	60,190,942	6,717,728	6,717,728	-	579,998	-	579,998
39	57,249,773	6,582,958	6,582,958	-	532,424	-	532,424
40	54,245,132	6,411,785	6,411,785	-	485,789	-	485,789
41	51,217,190	6,228,433	6,228,433	-	442,058	-	442,058
42	48,172,178	6,020,836	6,020,836	-	400,304	-	400,304
43	45,139,831	5,797,639	5,797,639	-	361,091	-	361,091
44	42,135,046	5,560,222	5,560,222	-	324,406	-	324,406
45	39,176,647	5,310,306	5,310,306	-	290,234	-	290,234
46	36,280,641	5,049,786	5,049,786	-	258,544	-	258,544
47	33,462,131	4,780,696	4,780,696	-	229,290	-	229,290
48	30,735,121	4,505,159	4,505,159	-	202,412	-	202,412
49	28,112,345	4,225,443	4,225,443	-	177,840	-	177,840
50	25,605,037	3,944,009	3,944,009	-	155,499	-	155,499
51	23,222,631	3,663,312	3,663,312	-	135,299	-	135,299
52	20,972,643	3,385,656	3,385,656	-	117,138	-	117,138
53	18,860,708	3,113,270	3,113,270	-	100,903	-	100,903
54	16,890,527	2,848,565	2,848,565	-	86,486	-	86,486
55	15,063,552	2,593,286	2,593,286	-	73,757	-	73,757
56	13,379,529	2,349,048	2,349,048	-	62,586	-	62,586
57	11,836,514	2,117,411	2,117,411	-	52,847	-	52,847
58	10,430,819	1,899,554	1,899,554	-	44,412	-	44,412
59	9,157,296	1,696,525	1,696,525	-	37,157	-	37,157
60	8,009,368	1,508,741	1,508,741	-	30,955	-	30,955

The Projected Fiduciary Net Position and Benefit Payments are based on current employees in the Plan as of the Actuarial Valuation Date. The development of the Projected Fiduciary Net Position is shown in more detail earlier in this section.

ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS – YEARS 61 TO 80

			Projected Benefit Payments		Actuarial Present Values of Projected Benefit Payments		
Year	Projected Beginning Fiduciary Net Position	Projected Benefit Payments	"Funded" Portion of Benefit Payments	"Unfunded" Portion of Benefit Payments	Present Value of "Funded" Benefit Payments (6.75%)	Present Value of "Unfunded" Benefit Payments (3.72%)	Present Value of Benefit Payments Using the Single Discount Rate (6.75%)
61	$ 6,979,592	$ 1,336,274	$ 1,336,274	$ -	$ 25,683	$ -	$ 25,683
62	6,059,958	1,178,949	1,178,949	-	21,226	-	21,226
63	5,242,104	1,036,291	1,036,291	-	17,478	-	17,478
64	4,517,605	907,530	907,530	-	14,338	-	14,338
65	3,878,275	791,747	791,747	-	11,718	-	11,718
66	3,316,334	687,913	687,913	-	9,538	-	9,538
67	2,824,552	595,105	595,105	-	7,729	-	7,729
68	2,396,176	512,287	512,287	-	6,233	-	6,233
69	2,025,073	438,505	438,505	-	4,998	-	4,998
70	1,705,693	372,931	372,931	-	3,982	-	3,982
71	1,432,975	314,833	314,833	-	3,149	-	3,149
72	1,202,277	263,585	263,585	-	2,470	-	2,470
73	1,009,300	218,583	218,583	-	1,918	-	1,918
74	850,083	179,376	179,376	-	1,475	-	1,475
75	720,870	145,519	145,519	-	1,121	-	1,121
76	618,115	116,576	116,576	-	841	-	841
77	538,489	92,123	92,123	-	623	-	623
78	478,881	71,747	71,747	-	454	-	454
79	436,400	55,006	55,006	-	326	-	326
80	408,422	41,464	41,464	-	230	-	230

NOTES TO THE ACTUARIAL PRESENT VALUE OF PROJECTED BENEFIT PAYMENTS

The Projected Fiduciary Net Position and Benefit Payments are based on current employees in the Plan as of the Actuarial Valuation Date. The development of the Projected Fiduciary Net Position is shown in more detail earlier in this section.

The Funded and Unfunded Portion of Benefit Payments are split based on the time that the Projected Fiduciary Net Position is to reach $0 (based on assets for current employees).

The Present Value ("PV") of the Funded and Unfunded Portion of Benefit Payments are determined separately. The PV of the Funded Portion of Benefit Payments uses the Expected Rate of Return on Plan Investments. The PV of the Unfunded Portion of Benefit Payments are determined using the High-Quality Municipal Bond Rate as of the Measurement Date, as described in the *Actuarial Assumptions Information* section of this report.

The Discount Rate used for GASB purposes is the rate such that when applied to the Total Projected Benefit Payments results in a Present Value that equals the sum of the Present Value of the Funded and Unfunded Portion of Benefit Payments. The Discount Rate is rounded to four decimal places; therefore, the resulting Present Value comparisons may show a slight difference due to rounding.

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SUMMARY OF PRINCIPAL PLAN PROVISIONS

Establishment of the Fund

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

Administration

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

Member Contributions

Members contribute 9.910% of their pensionable salary.

Regular Retirement Pension Benefit

Tier I

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 later of the first day of the month after the pensioner turns age 55 or the first day of the month after the benefit date anniversary. Subsequent increases of 3% of the current monthly benefit will be granted every January 1st thereafter.

REGULAR RETIREMENT PENSION BENEFIT - CONTINUED

Tier II

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 1st. The salary cap will not decrease.

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

EARLY RETIREMENT PENSION BENEFIT

Tier I

None.

Tier II

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

SURVIVING SPOUSE BENEFIT

<u>Tier I</u>

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.

<u>Tier II</u>

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

TERMINATION BENEFIT – VESTED

Tier I

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 1st thereafter.

Tier II

None.

Disability Benefit

Tier I

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day 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 their 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 later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases of 3% of the original monthly benefit will be granted every January 1st thereafter.

Tier II

Eligibility: Duty or Non-Duty Disability or Occupational Disease Disability with at least 1 day 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 their 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: The initial increase date will be the later of the January 1st after the pensioner turns age 60 or the January 1st after the benefit date anniversary. Subsequent increases will be granted every January 1st thereafter. The initial increase and subsequent increases will be the lesser of 3% of the original benefit or ½ of the CPI-U for the 12 months ending with the September preceding each November 1st.

Benefits Not Valued

Public Act 102-0811 passed on May 13, 2022 and is effective as of January 1, 2023 for Article 3 Pension Funds. The Act establishes that a surviving spouse of a deceased police retiree may be eligible for a survivor's pension of up to 15 years of benefit payments if (a) the surviving spouse has attained age 62 and (b) if the police officer was married to the surviving spouse after retirement, and for at least 5 years prior to the officer's death. Previously, there were no survivor's pension for spouses married after retirement. In our opinion, under a prudent interpretation of the provisions, we believe the impact to be de minimis. The legal community has suggested some uncertainty about multiple provisions contained in the Act, and the IDOI Public Pension Division has not provided an interpretation. The client has not made an administrative interpretation as to how the provisions of the Act will impact future surviving spouses. Due to the uncertainty around the interpretation and the expected de minimis impact, we have not valued this contingency separately. If a spouse is granted a pension by the Board under this provision, we will value the liability of the benefit granted, and revisit valuing the contingency of the benefit being granted in the future.

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CERTIFIED PUBLIC ACCOUNTANTS

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Lauterbach & Amen, LLP
668 N. River Road
Naperville, IL 60563

Actuarial Valuation
as of January 1, 2023

VILLAGE OF LAKE IN THE HILLS POSTRETIREMENT HEALTH PLAN

GASB 74/75 Financial Statement Reporting

LAUTERBACH & AMEN, LLP

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Actuarial GASB Disclosures Statements 74 and 75

Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF LAKE IN THE HILLS
POSTRETIREMENT HEALTH PLAN

Fiscal Year Ending: December 31, 2022
Actuarial Valuation Date: January 1, 2023
Measurement Date: December 31, 2022

Submitted by:

Lauterbach & Amen, LLP
630.393.1483 Phone
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Contact:

Todd A. Schroeder
May 18, 2023

LAUTERBACH & AMEN, LLP

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ACTUARIAL CERTIFICATION

This certification provides supplemental information as required by the Governmental Accounting Standards Board. The enclosed schedules were prepared by the undersigned to provide general information to assist in the preparation of the Annual Financial Report. The assumptions and methods used in the preparation of this disclosure meet the parameters set for the disclosures presented in the financial section as required by the Governmental Accounting Standards Board. Additional information is also provided solely to assist the auditors in preparation of the required footnote disclosures.

The results in this report are based on information and data submitted by the Village of Lake in the Hills. We did not prepare the Actuarial Valuations for the years prior to January 1, 2014. Those valuations were prepared by other Actuaries whose reports have been furnished to us, and our disclosures are based upon those reports. An audit of the information was not performed, but high-level reviews were performed for general reasonableness as appropriate based on the purpose of the valuation. The accuracy of the results is dependent upon the precision and completeness of the underlying information. The results of the Actuarial Valuation and these supplemental disclosures rely on the information provided.

The valuation results summarized involve actuarial calculations that require assumptions about future events. The Village of Lake in the Hills selected certain assumptions, while others were the result of guidance and/or judgment. We believe that the assumptions used in the valuation are reasonable and appropriate for the purposes for which they have been used.

In preparing the results, our Actuaries used commercially available software (ProVal) developed by Winklevoss Technologies, LLC. This software is widely used for the purpose of performing Actuarial Valuations. Our Actuaries coded the plan provisions, assumptions, methods, and participant data summarized in this report, and reviewed the liability and cost outputs for reasonableness. We are not aware of any material weaknesses or limitations in the software, and have determined it is appropriate for performing this valuation.

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. The undersigned consultant of Lauterbach & Amen, LLP, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render this Actuarial Certification. There is no relationship between the Village of Lake in the Hills and Lauterbach & Amen, LLP that impairs our objectivity.

Respectfully Submitted,

LAUTERBACH & AMEN, LLP

Todd A. Schroeder

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

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MANAGEMENT SUMMARY

Comments and Analysis

Comments and Analysis

The following paragraphs are intended to describe the changes in Total OPEB Liability that occurred between the Village's last Measurement Date of December 31, 2021 and the current Measurement Date of December 31, 2022.

For the prior Measurement Date, the Employer elected to determine the Total OPEB Liability under limited procedures as allowed under GASB Statement Number 75. A full valuation was not run. Changes in the market discount rates were reflected but full census and premium information was not collected and processed. Changes that are reflected in Total OPEB Liability year over year may be reflective of Member population updates or claims/premium experience over the course of two years.

Expected Increase in Total OPEB Liability

Each year the Total OPEB Liability is expected to increase with interest and the accrual of additional service by active plan Members. The increases are offset by decreases in liability due to benefit payments. The expected Total OPEB Liability increase for the current year was approximately $91,000.

In addition to the expected increase in Total OPEB Liability, additional changes in Total OPEB Liability occurred between the prior valuation and the current year. Below are the key components of those changes.

Demographic Experience

The current valuation census contains 1 retiree while the previous valuation census contained 5. The current valuation census contains 111 active employees, 8 of whom are waiving coverage. The previous valuation census contained 107 total actives, 6 of whom were waiving coverage.

Net medical costs on an employer basis came in lower than expected.

Total demographic experience resulted in a net decrease in the Total OPEB Liability in the current year of approximately $404,000. The gain is primarilly due to retirees dropping coverage and active memebers eligible for retirement terminating employment without coverage.

Plan Changes

There have been no changes to the plan provisions.

COMMENTS AND ANALYSIS – CONTINUED

Discount Rate
The Discount Rate was increased from 2.06% for the Fiscal Year-Ended December 31, 2021 to 3.72% to better reflect the current high-quality fixed income environment. The underlying index used is the Bond Buyer 20-Bond G.O. Index. The rate has been updated to the current Fiscal Year-End based on changes in market conditions as reflected in the index. The rate selected is as of December 29, 2022, and is the most recent rate available prior to the Measurement Date. The change was made to reflect our understanding of the requirements for reporting under GASB Statement 75. See the *Actuarial Assumption Information* section of this report for further details.

Assumption Changes
We have revised the expected increases in medical costs assumption to the rates as shown in the *Statement of Significant Actuarial Assumptions* section of this report. In addition, the discount rate was updated as noted above.

The changes in the assumptions were made to better reflect the future anticipated experience in the plan. The changes included a review of the experience studies for the underlying pension systems for the employee groups and the requirements of GASB 75. The changes in assumptions resulted in a net decrease in the Total OPEB Liability in the current year of approximately $88,000.

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POSTRETIREMENT PLAN NET POSITION

Statement of OPEB Plan Net Position
Statement of Changes in OPEB Trust and OPEB Plan Net Position
Statement of OPEB Plan Benefit Payments and Contributions

STATEMENT OF OPEB PLAN NET POSITION

	12/31/2021	12/31/2022
Assets		
Cash and Cash Equivalents	$ -	$ -
Total Cash	-	-
Receivables:		
Due from Village	-	-
Investment Income - Accrued Interest	-	-
Other	-	-
Total Receivables	-	-
Investments:		
Common Stock	-	-
Total Investments	-	-
Total Assets	-	-
Liabilities		
Payables:		
Expenses Due/Unpaid	-	-
Other	-	-
Total Liabilities	-	-
Net Position Restricted for Postretirement Plan	$ -	$ -

The Total OPEB Liability is an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

STATEMENT OF CHANGES IN OPEB TRUST AND OPEB PLAN NET POSITION

	12/31/2022 OPEB Trust	12/31/2022 OPEB Plan
Additions		
Contributions		
Employer	$ -	$ 27,845
Member	-	-
Other	-	-
Total Contributions	-	27,845
Investment Income		
Net Appreciation in Fair Value of Investments	-	-
Interest and Dividends	-	-
Less Investment Expense	-	-
Net Investment Income	-	-
Total Additions	-	27,845
Deductions		
Benefit Payments	-	27,845
Administrative Expense	-	-
Other	-	-
Total Deductions	-	27,845
Net Increase in Net Position	-	-
Net Position Restricted for Postretirement Plan		
Beginning of Year	-	-
End of Year	$ -	$ -

The Total OPEB Liability is an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

STATEMENT OF OPEB PLAN BENEFIT PAYMENTS AND CONTRIBUTIONS

	12/31/2022
Employer Contributions	
OPEB Trust Contributions	$ -
Contributions from Other Village Resources*	27,845
Total OPEB Plan Contributions	$ 27,845
Employer Benefit Payments	
Benefit Payments from Trust	$ -
Payments from Other Village Resources*	27,845
Total OPEB Plan Benefit Payments	$ 27,845

A portion of the Employer Contributions and Benefit Payments is based on the cost sharing provisions. In addition, a portion is related to the increase in active premiums due to the presence of retirees in the determination of blended retiree/active premiums.

*Contributions from Other Village Resources and Benefit Payments from Other Village Resources refers to contributions made to and benefit payments made from the OPEB Plan that were not directly made to or from the OPEB Trust.

Of the benefit payments from Other Village Resources, $7,029 are explicit benefit payments due to select Retirees and $20,816 are implicit benefit payments due to the presence of retirees in the determination of the blended retiree/active premiums.

ACTUARIAL OPEB LIABILITY INFORMATION

STATEMENT OF TOTAL OPEB LIABILITY

	12/31/2021	12/31/2022
Total Active Employees	$ 754,352	$ 515,854
Inactive Employees Currently Receiving Benefit Payments	334,982	171,716
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	-	-
Total Inactive Employees	334,982	171,716
Total OPEB Liability	$ 1,089,334	$ 687,570

The Total OPEB Liability shown is dependent on several factors such as Plan Provisions and assumptions used in the report. In addition, the calculation of the Total OPEB Liability may be dependent on the OPEB Plan Net Position shown in the *Statement of Changes in OPEB Trust and OPEB Plan Net Position* section of this report. Changes in the OPEB Plan Net Position due to any factor, including adjustment on final audit, could change the Total OPEB Liability. The dependence of the Total OPEB Liability on the Net Position is due to the role of the Net Position (and projected Net Position) on the determination of the discount rate used for the Total OPEB Liability.

The Total OPEB Liability has been determined for GASB 74/75 reporting purposes only. The resulting Total OPEB Liability is intended to be used in the financial statement reporting of the postretirement plan and/or the Employer. The resulting liability is not intended to be a representation of the postretirement plan liability for other purposes, including but not limited to determination of cash funding requirements and recommendations, if applicable.

Expected Benefit Payments

Subsequent to the Measurement Date, the following amounts are expected to be paid out in benefits in upcoming years:

Year Ended December 31:	
2023	$ 10,478
2024	15,539
2025	19,976
2026	24,627
2027	31,309

The table above represents the expected benefit payments for the next 5 years under the OPEB Plan. Benefit payments in an OPEB plan do not necessarily imply the existence of an OPEB trust. The payments include obligations that come from other employer resources. Benefit payments may include direct payments made by the employer for health coverage for the retiree group. Benefit payments may also reflect implicit payments made by the employer that are based on the existence of retirees on employer medical coverage, that are not directly linked to retiree premiums or stipends.

STATEMENT OF CHANGES IN TOTAL OPEB LIABILITY

Total OPEB Liability	12/31/2022
Service Cost	$ 96,230
Interest	22,154
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(404,072)
Changes in Assumptions	(88,231)
Benefit Payments*	(27,845)
Net Change in Total OPEB Liability	(401,764)
Total OPEB Liability - Beginning	1,089,334
Total OPEB Liability - Ending (a)	$ 687,570
OPEB Plan Net Position - Ending (b)	$ -
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	$ 687,570
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered-Employee Payroll	$ 10,012,478
Employer's Net OPEB Liability as a Percentage of Employee Payroll	6.87%

*See the benefit breakdown in the *Statement of OPEB Plan Benefit Payments and Contributions* section of this report.

The OPEB Plan Net Position was detailed in the prior section of this report. The Employer's Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position. The changes in the Net OPEB Liability related to changes in assumptions are due to changes detailed in the *Management Summary* section of this report.

Total OPEB Liability may be dependent on the Net Position of the postretirement plan. Any changes in Net Position, including adjustments on final audit, can have an impact on Net OPEB Liability that extends beyond the dollar-for-dollar change in Net Position.

Covered-Employee Payroll is based on Total Covered Payroll for the postretirement plan Members during the Fiscal Year.

STATEMENT OF CHANGES IN NET OPEB LIABILITY

The table below illustrates the change in the Net OPEB Liability from the prior Measurement Date to the current Measurement Date. Under Statement 75, the difference between the Net OPEB Liability from the prior Measurement Date to the current Measurement Date should be recognized as an expense, unless permitted to be recognized as a Deferred Outflow or Inflow of Resources.

	Increase (Decrease)		
	Total OPEB Liability (a)	OPEB Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances Beginning at 1/1/2022	$ 1,089,334	$ -	$ 1,089,334
Changes for the year:			
Service Cost	96,230	-	96,230
Interest	22,154	-	22,154
Actuarial Experience	(404,072)	-	(404,072)
Assumptions Changes	(88,231)	-	(88,231)
Plan Changes	-	-	-
Contributions - Employer	-	27,845	(27,845)
Contributions - Employee	-	-	-
Contributions - Other	-	-	-
Net Investment Income	-	-	-
Benefit Payments from the Plan	(27,845)	(27,845)	-
Administrative Expense	-	-	-
Net Changes	(401,764)	-	(401,764)
Balances Ending at 12/31/2022	$ 687,570	$ -	$ 687,570

The changes in Total OPEB Liability above are described on the prior page. The OPEB Plan Net Position was detailed in the prior section of this report. The Employer's Net OPEB Liability is the excess of the Total OPEB Liability over the OPEB Plan Net Position.

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DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The table below shows the cumulative amounts to be shown as Deferred Outflows and Inflows of Resources. Changes in Total OPEB Liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB Expense over the expected remaining service life of all employees (active and retired) in the postretirement plan. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	$ 414,925
Changes of Assumptions	150,715	135,068
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-
Total Deferred to Be Recognized in Future Expense	$ 150,715	$ 549,993
Contributions Subsequent to the Measurement Date*	$ -	$ -
Total	$ 150,715	$ 549,993

*Contributions subsequent to the Measurement Date may be recognized as a reduction to the Net OPEB Liability. The amount is not known as of the date of this report. Subsequent to the Measurement Date, the following amounts will be recognized in OPEB Expense in the upcoming years:

Year Ended December 31:	
2023	$ (26,025)
2024	(26,025)
2025	(26,025)
2026	(26,025)
2027	(26,025)
Thereafter	(269,153)

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES - DETAILS

The table below shows the annual detail amounts that have been summarized on the prior page. Under Statement 75, the level of detail shown on the prior page is sufficient for financial statement reporting. The detail shown below is primarily for tracking purposes.

OPEB Expense Source	Date Established	Initial Period		Initial Balance	Remaining Period		12/31/2022 Expense Recognized		12/31/2022 Deferred Balance
Change in Assumptions Gain	12/31/2022	14.20	$	(88,231)	14.20	$	(6,214)	$	(82,017)
Actuarial Gain	12/31/2022	14.20		(404,072)	14.20		(28,456)		(375,616)
Change in Assumptions Gain	12/31/2021	12.02		(29,268)	11.02		(2,435)		(24,398)
Change in Assumptions Loss	12/31/2020	12.09		41,808	10.09		3,459		31,431
Actuarial Gain	12/31/2020	12.09		(52,284)	10.09		(4,325)		(39,309)
Change in Assumptions Loss	12/31/2019	11.20		185,556	8.20		16,568		119,284
Change in Assumptions Gain	12/31/2018	11.20	$	(51,763)	7.20	$	(4,622)	$	(28,653)
Total			$	(398,254)		$	(26,025)	$	(399,278)

Each detail item in the chart above was established as of the Fiscal Year-End shown and the full amount deferred has been determined as of that time. Any events that occur in subsequent Fiscal Years do not have an impact on the prior Fiscal Year. The bases are established independently each year.

OPEB EXPENSE DEVELOPMENT

The table below displays the OPEB Expense development for the current year. The OPEB Expense includes items that change the Net OPEB Liability from one year to the next, netted out for amounts that are deferred under GASB pronouncement, plus any amounts that are being recognized that were deferred previously.

See below for development of the OPEB Expense:

	12/31/2022
OPEB Expense/(Income) Under GASB 75	
Service Cost	$ 96,230
Interest	22,154
Plan Changes	-
Contributions - Employee	-
Contributions - Other	-
Expected Investment Income	-
Administrative Expense	-
Other Changes	-
Initial OPEB Expense/(Income)	118,384
Recognition of Outflow/(Inflow) of Resources due to Liabilities	(26,025)
Recognition of Outflow/(Inflow) of Resources due to Assets	-
Total OPEB Expense/(Income)	**$ 92,359**

BREAKDOWN OF RESULTS BY GROUP

Division	IMRF	POL	Total
Total OPEB Liability - Beginning	$ 210,459	$ 878,875	$ 1,089,334
Service Cost	18,592	77,638	96,230
Interest Cost	4,280	17,874	22,154
Change of Benefit Terms	-	-	-
Changes in Proportions from Prior to Current	1	(1)	
Differences Between Expected and Actual Experience	(78,067)	(326,005)	(404,072)
Changes of Assumptions	(17,046)	(71,185)	(88,231)
Benefit Payments	(5,380)	(22,465)	(27,845)
Total OPEB Liability - Ending	$ 132,839	$ 554,731	$ 687,570
Market Value of Assets - Beginning	$ -	$ -	$ -
Market Value of Assets - Ending	$ -	$ -	$ -
Net OPEB Liability - Beginning	$ 210,459	$ 878,875	$ 1,089,334
Net OPEB Liability - Ending	$ 132,839	$ 554,731	$ 687,570
Service Cost - Ending	$ 11,074	$ 53,857	$ 64,931
Current Year Proportion	19.32%	80.68%	
Participant Counts			
Active Employees	71	40	111
Inactive Employees Currently Receiving Benefit	0	1	1
Inactive Employees Entitled to But Not Yet Receiving Benefit	0	0	0
Total Plan Members	71	41	112

BREAKDOWN OF RESULTS BY GROUP - CONTINUED

Division	IMRF	POL	Total
Deferred Outflows			
Differences Between Expected and Actual Experience	$ -	$ -	$ -
Changes of Assumptions	29,118	121,597	150,715
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-	-
Contributions Subsequent to the Measurement Date	-	-	-
Total Deferred Outflows	$ 29,118	$ 121,597	$ 150,715
Deferred Inflows			
Differences Between Expected and Actual Experience	$ 80,164	$ 334,761	$ 414,925
Changes of Assumptions	26,095	108,973	135,068
Net Difference Between Projected and Actual Earnings on Postretirement Plan Investments	-	-	-
Contributions Subsequent to the Measurement Date	-	-	-
Total Deferred Inflows	$ 106,259	$ 443,734	$ 549,993
Service Cost	$ 18,592	$ 77,638	$ 96,230
Interest	4,280	17,874	22,154
Plan Changes	-	-	-
Contributions (Employee & Other)	-	-	-
Expected Investment Income	-	-	-
Administrative Expense	-	-	-
Other Changes	-	-	-
Recognition of Outflow/(Inflow) of Resources - Liabilities	(5,028)	(20,997)	(26,025)
Recognition of Outflow/(Inflow) of Resources - Assets	-	-	-
Total OPEB Expense/(Income)	$ 17,844	$ 74,515	$ 92,359

NOTES ON BREAKDOWN OF RESULTS BY GROUP

Estimated Actuarially Determined Contribution (ADC)

The plan is currently an unfunded obligation. An Actuarially Determined Contribution (ADC) has been estimated here for purposes of allocating costs to various divisions for internal reporting purposes.

Purpose

The allocations provided are intended to be used internally by the Village for financial statement reporting by the Village to the extent the Village wishes to allocate these costs in general. The allocation is not required by GASB 75. The allocated amounts are not intended to provide disclosure for any component unit that requires its own individual audit.

Scope

Service Cost as of the beginning of the year, Total OPEB Liability, Deferred Inflows and Outflows of Resources related to the difference in actual and expected experience, changes in assumptions, difference between projected and actual earnings and contributions subsequent to the Measurement Date are allocated proportionally to each group based on the ADC.

Method

Service Cost and Net OPEB Liability as of the end of the year are calculated directly for each group in the calculation of the ADC. Net OPEB Liability is amortized over a 20-year time frame on a level percent of payroll basis.

Limitations

The ADC shown is not based on the Village's funding policy, and is not intended as a recommendation at this time. It is only intended to provide a metric for allocating financial statement costs to various divisions at the Village.

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ACTUARIAL ASSUMPTION INFORMATION

STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS

Assumptions (Economic)

Discount Rate Used for the Total OPEB Liability	
Beginning of Year	2.06%
End of Year	3.72%
Long-Term Expected Rate of Return on Plan Assets	N/A
High Quality 20 Year Tax-Exempt G.O. Bond Rate	
Beginning of Year	2.06%
End of Year	3.72%
Total Payroll Increases	2.75%
Claims and Premiums	See Accompanying Tables
Healthcare Cost Trend Rates	See Accompanying Tables
Retiree Contribution Rates	Same as Healthcare Cost Trend Rates

Blended Premium Rates See accompanying table for premiums charged for coverage.

Annual Blended Premiums				
	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
BluePrint PPO	$10,074	$11,239	$10,074	$11,239
BlueEdge HDHP	$8,468	$9,426	$8,468	$9,426
Basic HMO	$7,202	$8,111	$7,202	$8,111
Enhanced HMO	$7,680	$8,650	$7,680	$8,650

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Statement of Significant Actuarial Assumptions – Continued

Healthcare Cost Trend Rates

Health Care Trend (FY = Fiscal Year)	Period	PPO / HDHP Plans	HMO Plans
	FY 22 to FY 23	8.50%	10.50%
	FY 23 to FY 24	6.00%	5.25%
	FY 24 to FY 25	5.50%	5.00%
	FY 25 to FY 26	5.50%	5.00%
	FY 26 to FY 27	5.00%	4.75%
	Ultimate	5.00%	4.75%

Claims See accompanying tables for the age 64 projected claims costs and the age-grading factors used to calculate claims for all ages:

Projected Claims Costs (Age 64)	Retiree		Spouse	
	Male	Female	Male	Female
BluePrint PPO	$20,526	$21,447	$21,522	$21,960
BlueEdge HDHP	$17,294	$18,070	$18,133	$18,502
Basic HMO	$14,343	$14,986	$15,039	$15,345
Enhanced HMO	$15,589	$16,289	$16,346	$16,679

Claims Age-Adjustment Factors (Adjusted From Age 64)	Retiree		Spouse	
Age	Male	Female	Male	Female
50	0.5320	0.6092	0.8730	0.8649
55	0.6753	0.6945	0.8717	0.8214
60	0.8451	0.8358	0.9248	0.8668
64	1.0000	1.0000	1.0000	1.0000
65	0.3787	0.3787	0.3787	0.3787
70	0.4527	0.4527	0.4527	0.4527
75	0.4915	0.4915	0.4838	0.4915
80	0.5269	0.5269	0.5175	0.5269
85	0.5510	0.5510	0.5405	0.5510
90	0.5621	0.5621	0.5511	0.5622

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Statement of Significant Actuarial Assumptions – Continued

Assumptions (Demographic)

Election at Retirement

Coverage election at retirement is assumed at the following rates:

All Groups	30%

If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

Spousal Election

Of those employees assumed to elect coverage in retirement, 0% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

Plan Participation

It is assumed that the employees will participate in plans according to the distribution shown below:

BluePrint PPO	15%
BlueEdge HDHP	60%
Basic HMO	10%
Enhanced HMO	15%

Retiree Lapse Rates

Retirees receiving medical coverage are expected to lapse all coverages at age 65 at the following rates:

IMRF & Police	100%
PSEBA	0%

Statement of Significant Actuarial Assumptions – Continued

Retirement Rates

IMRF — Based on Rates from IMRF Experience Study Report dated December 14, 2020

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

Age	Rate	Age	Rate
50	0.110	53	0.127
51	0.116	54	0.134
52	0.121	55	0.140

Termination Rates

IMRF — Based on Rates from IMRF Experience Study Report dated December 14, 2020

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

Age	Rate	Age	Rate
25	0.080	40	0.022
30	0.034	45	0.016
35	0.028	50	0.005

Disability Rates

IMRF — Based on Rates from IMRF Experience Study Report dated December 14, 2020

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

Age	Rate	Age	Rate
25	0.0000	40	0.0038
30	0.0006	45	0.0053
35	0.0018	50	0.0048

STATEMENT OF SIGNIFICANT ACTUARIAL ASSUMPTIONS – CONTINUED

Mortality Rates

IMRF	PubG-2010(B) Improved Generationally using MP-2020 Improvement Rates, weighted per IMRF Experience Study Report dated December 14, 2020
Police	Active Mortality follows 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 generationally using MP-2019 Improvement Rates. 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 generationally using MP-2019 Improvement Rates. Disabled Mortality follows the Sex Distinct Raw Rates as developed in the PubS-2010 Study for disabled participants improved to 2017 using MP-2019 Improvement Rates. These rates are then improved generationally using MP-2019 Improvement Rates. 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.

All mortality rates are adjusted for retirement status. IMRF spouses use the same mortality tables as retirees.

ASSUMPTION CHANGES

The assumed rate on High Quality 20-year Tax-Exempt G.O. Bonds was changed from 2.06% to 3.72% for the current year. The underlying index used is the Bond Buyer 20-Bond GO Index as discussed in more detail later in this section. The choice of index is unchanged from the prior year. The rate has been updated to the current Fiscal Year end based on changes in market conditions as reflected in the Index. The change was made to reflect our understanding of the requirements of GASB under Statement 74 and Statement 75.

Since the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, the discount rate used in the determination of the Total OPEB Liability was also changed from 2.06% to 3.72%. See the *Assumptions (Economic)* section for more details.

EXPECTED RETURN ON OPEB PLAN INVESTMENTS

There is currently no expectation for future returns on OPEB plan assets since the OPEB obligation is an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

Municipal Bond Rate

The Municipal Bond Rate assumption is based on The Bond Buyer 20-Bond GO Index. The beginning of year rate shown earlier in the *Statement of Significant Assumptions* section of this report is the 2.06% rate, and the end of year rate shown is the 3.72% rate. The 20-Bond GO Index is based on an average of certain general obligation municipal bonds maturing in 20 years and having an average rating equivalent of Moody's Aa2 and Standard & Poor's AA.

The indexes represent theoretical yields rather than actual price or yield quotations. Municipal bond traders are asked to estimate what a current-coupon bond for each issuer in the indexes would yield if the bond was sold at par value. The indexes are simple averages of the average estimated yields of the bonds.

Discount Rate

The discount rate used in the determination of the Total OPEB Liability is based on a combination of the Expected Long-Term Rate of Return on Plan Assets and the Municipal Bond Rate. If the Employer does not have a trust dedicated exclusively to the payment of OPEB benefits, as is the case with the Village, then only the Municipal Bond Rate is used in determining the Total OPEB Liability.

If the postretirement plan is funded, cash flow projections are used to determine the extent which the plan's future Net Position will be able to cover future benefit payments. To the extent future benefit payments are covered by the plan's projected Net Position, the expected rate of return on plan investments is used to determine the portion of the Net OPEB Liability associated with those payments. To the extent future benefit payments are not covered by the plan's projected Net Position, the Municipal Bond Rate is used to determine the portion of the Net OPEB Liability associated with those payments.

Projected benefit payments are determined during the valuation process based on the assumptions. More details on the assumptions are in the *Statement of Significant Assumptions* section of this report. The expected contributions are based on the Funding Policy of the plan. The Funding Policy is discussed in more detail in a later section.

Inflation Rate

The Long-Term Inflation Expectation used is 2.25%, which is an underlying component of the discount rate and assumed health care trend rates.

DEVELOPMENT OF STARTING CLAIMS COSTS

Starting costs for the Village's Plan were developed based on the blended premiums charged for coverage. The insurance carrier charges actives and retirees the same premium rates. According to GASB, when an Employer provides benefits to both active employees and retirees through the same plan, the benefits to retirees should be segregated and measured independently for actuarial measurement purposes. The projection of future retiree benefits should be based on claims costs, or age-adjusted premiums approximating claims costs, for retirees. As such, premiums were estimated for under-65 retirees and their spouses as if they were rated on a stand-alone basis. The results were then disaggregated into age-specific starting costs based on average ages and assumptions on the relationship between costs and increasing age.

The medical cost increase represents the combination of the inflation in the price of health care services, changes in utilization (other than age-related changes), technological advances in medical care, and changes in the health status of plan participants. No adjustment has been made to the expected medical trend for the impact of COVID-19. An analysis of this matter is beyond the scope of this valuation. The future impact may result in material changes in claims beyond the date of this valuation. Information about the future cost impact of this disease is thin. Some of the variables include projected inflation rates due to localized experience, the amount of postponed and avoided medical care services, the amount and timing of the catch-up of deferred care, the impact of COVID-19 on other conditions such as stress and depression, impacts on general economic conditions, and other factors.

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 Total OPEB Liability to assist in the preparation of the Annual Comprehensive Financial Report. 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.

SENSITIVITY OF THE DISCOUNT RATE

The Net OPEB Liability has been determined using the end of year discount rate listed in the *Statement of Significant Assumptions* section. Below is a table illustrating the sensitivity of the Net OPEB Liability to the discount rate assumption.

	1% Decrease (2.72%)	**Current Discount Rate (3.72%)**	**1% Increase (4.72%)**
Employer's Net OPEB Liability/(Asset)	$754,440	$687,570	$625,858

The sensitivity of the Net OPEB Liability to the discount rate is based primarily on two factors:

1. The duration of the plan's expected benefit payments. Younger plans with benefit payments further in the future will be more sensitive to changes in the discount rate.

2. The funded percentage of the plan (ratio of the Net Position to the Total OPEB Liability). The higher the funded percentage, the higher the sensitivity to the discount rate.

SENSITIVITY OF THE HEALTHCARE COST TREND RATES

Below is a table illustrating the sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rates assumption.

	1% Decrease (Varies)	**Healthcare Cost Trend Rates (Varies)**	**1% Increase (Varies)**
Employer's Net OPEB Liability/(Asset)	$588,921	$687,570	$810,161

Please refer to the *Assumptions (Economic)* section for full list of assumed trend rates.

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PARTICIPANT DATA

Participant Demographic Data
Expected Future Working Lifetime

PARTICIPANT DEMOGRAPHIC DATA

The chart below summarizes the employee count of plan Members:

Measurement Date	**12/31/2021**	**12/31/2022**
Total Active Employees	107	111
Inactive Employees Currently Receiving Benefit Payments	5	1
Inactive Employees Entitled To But Not Yet Receiving Benefit Payments	0	0
Total	112	112

Participant count is shown as of the Fiscal Year-End date. The data is assumed to be a reasonable representation of data as of the Measurement Date and may have been collected on or before the Fiscal Year-End date.

The above total active employee counts include 8 participants who have waived medical coverage. If an employee has waived active medical coverage, it is assumed they will elect coverage in the retiree medical plan at 1/3 the rate of active employees currently with coverage.

EXPECTED FUTURE WORKING LIFETIME

The chart below summarizes the expected future working lifetime of plan Members:

Measurement Date	**12/31/2021**	**12/31/2022**
Average Future Working Career (In Years)		
Active Plan Members	12.58	14.33
Inactive Plan Members	0.00	0.00
Total	12.02	14.20

The expected future working lifetime is measured as of the Actuarial Valuation Date and is based on the demographic assumptions used in the preparation of this report.

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FUNDING POLICY

Components of the Actuarially Determined Contribution
Formal Funding Policy
Informal Funding Policy

COMPONENTS OF THE ACTUARIALLY DETERMINED CONTRIBUTION

The Actuarially Determined Contribution ("ADC") includes the determination of the Normal Cost contribution for active plan Members, as well as a provision for the payment of Unfunded Liability.

Unfunded Liability is the excess of the Total OPEB Liability over the postretirement plan's Net Position.

For the Village of Lake in the Hills, there is no determination of an ADC and Normal Cost, as the Total OPEB Liability is currently an unfunded obligation. The Employer does not have a trust dedicated exclusively to the payment of OPEB benefits.

FORMAL FUNDING POLICY

There is no Formal Funding Policy that exists for the postretirement plan at this time, as the Total OPEB Liability is currently an unfunded obligation.

INFORMAL FUNDING POLICY

There is no Informal Funding Policy determined for GASB reporting purposes, as the Total OPEB Liability is currently an unfunded obligation.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Total OPEB Liability										
Service Cost	$ 96,230	$ 93,483	$ 39,217	$ 33,157	$ 35,948					
Interest	22,154	21,509	27,197	32,141	27,761					
Changes of Benefit Terms	-	-	-	-	-					
Differences Between Expected and Actual Experience	(404,072)	-	(52,284)	-	-					
Change in Assumptions	(88,231)	(29,268)	41,808	185,556	(51,763)					
Benefit Payments	(27,845)	(21,962)	(45,969)	(37,984)	(31,432)					
Net Change in Total OPEB Liability	$ (401,764)	$ 63,762	$ 9,969	$ 212,870	$ (19,486)					
Total OPEB Liability - Beginning	1,089,334	1,025,572	1,015,603	802,733	822,219					
Total OPEB Liability - Ending (a)	$ 687,570	$ 1,089,334	$ 1,025,572	$ 1,015,603	$ 802,733					
OPEB Plan Net Position										
Contributions - Employer	$ 27,845	$ 21,962	$ 45,969	$ 37,984	$ 31,432					
Contributions - Members	-	-	-	-	-					
Contributions - Other	-	-	-	-	-					
Net Investment Income	-	-	-	-	-					
Benefit Payments	(27,845)	(21,962)	(45,969)	(37,984)	(31,432)					
Administrative Expense	-	-	-	-	-					
Net Change in OPEB Plan Net Position	$ -	$ -	$ -	$ -	$ -					
OPEB Plan Net Position - Beginning	-	-	-	-	-					
OPEB Plan Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -					
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	$ 687,570	$ 1,089,334	$ 1,025,572	$ 1,015,603	$ 802,733					

The current year information was developed in the completion of this report.

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SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Total OPEB Liability - Ending (a)	$ 687,570	$1,089,334	$1,025,572	$1,015,603	$ 802,733					
OPEB Plan Net Position - Ending (b)	$ -	$ -	$ -	$ -	$ -					
Employer's Net OPEB Liability/(Asset) - Ending (a) - (b)	$ 687,570	$1,089,334	$1,025,572	$1,015,603	$ 802,733					
OPEB Plan Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%					
Covered-Employee Payroll	$10,012,478	$9,371,028	$9,120,222	$5,995,529	$5,671,095					
Employer's Net OPEB Liability as a Percentage of Covered-Employee Payroll	6.87%	11.62%	11.25%	16.94%	14.15%					

Covered-Employee Payroll is based on Total Covered Payroll for the postretirement plan Members during the Fiscal Year.

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SCHEDULE OF CONTRIBUTIONS

	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014	12/31/2013
Actuarially Determined Contribution	N/A	N/A	N/A	N/A	N/A					
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	-	-					
Contribution Deficiency (excess)	N/A	N/A	N/A	N/A	N/A					
Covered-Employee Payroll	$10,012,478	$9,371,028	$9,120,222	$5,995,529	$5,671,095					
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%					

NOTES TO SCHEDULE OF CONTRIBUTIONS

There is no ADC or Employer Contribution in relation to the ADC, as there is no Trust that exists for funding the OPEB Liability. However, the Village did make contributions from other Village resources in the current year in the amount of $27,845.

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GASB METHODS AND PROCEDURES

GASB Methods and Procedures

GASB Methods and Procedures

	Statement 74 OPEB Plan Financials	Statement 75 Employer Financials
Fiscal Year End for Reporting	**December 31, 2022**	**December 31, 2022**
Measurement Date	December 31, 2022	December 31, 2022
Actuarial Valuation Date	January 1, 2023	January 1, 2023
Data Date	January 1, 2023	January 1, 2023
Asset Valuation Method	Market Value of Assets	Market Value of Assets
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Methodology Used in the Determination of Deferred Inflows and Outflows of Resources		
Amortization Method	Straight Line	Straight Line
Amortization Period		
Actuarial Experience	14.20 Years	14.20 Years
Changes in Assumptions	14.20 Years	14.20 Years
Asset Experience	5.00 Years	5.00 Years

As noted in the table above, the Actuarial Funding Method used in the determination of the Total OPEB Liability is the Entry Age Normal Cost method (level percent of pay). The method allocates Normal Cost contributions by employee over the working career of the employee as a level percent of their pay.

The Total OPEB Liability for the current Fiscal Year has been developed based on the Actuarial Valuation Date shown above, and adjusted to the Measurement Date shown above, based on procedures that conform to generally accepted actuarial principles and practices.

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GASB Methods and Procedures – Continued

We calculated the Total OPEB Liability and Service Cost under the Entry Age Normal funding method as required under GASB 75. We calculated the Present Value of Benefits for each participant at each potential retirement age, factoring in probabilities of survival thereafter. We used the appropriate group tables to determine a probability that active members retire at each age to determine the Present Value of Benefits. We adjusted this using the Present Value of Future Salaries at Entry Age, factoring in interest, salary, and probability of remaining active from entry age to current age, to obtain Normal Cost. We then calculated the Present Value of Future Normal Costs and subtracted this from the Present Value of Benefits to obtain Total OPEB Liability. This methodology is in accordance with GASB Statement 74/75.

PLAN PROVISIONS

Summary of Eligibility and Coverage

Summary of Eligibility and Coverage

The plan sponsor has reviewed and agreed to the below eligibility and coverage provisions.

Eligibility Provisions

Tier I IMRF Full-Time Village Employees age 55 with at least 8 years of service are covered

Tier II IMRF Full-Time Village Employees age 62 with at least 10 years of service are covered

Tier I Full-Time Police Officers, at least 50 years old with at least 20 years of service are covered

Tier II Full-Time Police Officers, at least 55 years old with at least 10 years of service are covered

Medical Coverage Provisions

Plans Offered

Basic HMO

Enhanced HMO

BluePrint PPO

BlueEdge HDHP

Coverage Provisions:

Retiree pays the full cost of coverage.

Dependent coverage ends at the same time as that for the retiree.

Coverage is secondary to Medicare once eligible.

PSEBA Coverage:

The Village pays the full cost of the Basic HMO premium for Duty-Disabled or PSEBA members. If a different plan is elected, the retiree is responsible for the difference in the cost of coverage.

Dependent coverage ends at the same time as that for the retiree.

Coverage is secondary to Medicare once eligible.

Dental and Vision Coverage Provisions

Plans Offered

Dental

Vision

Coverage Provisions (includes PSEBA):

Retiree pays the full cost of coverage.

Coverage ends when Retiree stops paying for it.

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GLOSSARY OF TERMS

GASB 74/75 Terminology

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GASB 74/75 Terminology

Covered-Employee Payroll – The payroll of employees that are provided with OPEB through the OPEB plan.

Healthcare Cost Trend Rates – The rates of change in per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Implicit Subsidy – The difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would have been applicable to those retirees if that benefit was acquired for them as a separate group.

Net OPEB Liability ("NOL") – The excess of the Total OPEB Liability over the Market Value of Assets.

OPEB Expense **–** OPEB Expense arising from certain changes in the collective Net OPEB Liability or collective Total OPEB Liability.

OPEB Fiduciary Net Position ("Net Position") – The value of cash, investments, other assets and property belonging to an OPEB Trust dedicated to paying OPEB benefits.

OPEB Trust – A system other than a pension or retirement system which manages OPEB assets. Contributions to an OPEB Trust should be irrevocable in order to obtain the most favorable accounting treatment.

Other Postemployment Benefits ("OPEB") – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided.

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

Total OPEB Liability ("TOL") – The actuarial present value of future benefits based on employees' service rendered to the Measurement Date using the selected Actuarial Cost Method. It is that portion of the actuarial present value of plan benefits and expenses allocated to prior years of employment.

> *Retirees & Dependents* – Former employees who have satisfied the age and service requirement and are currently receiving postretirement healthcare benefits.
> *Actives Fully Eligible* – Active employees who have satisfied the age and service requirement for postretirement healthcare benefits.
> *Actives Not Fully Eligible* – Active employees who have not yet satisfied the age and service requirement for postretirement healthcare benefits.

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Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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AGENDA ITEM NO: 4.C.1

REQUEST FOR BOARD ACTION

MEETING DATE: July 25, 2023

DEPARTMENT: Community Development

SUBJECT: An Ordinance Granting a Variation and Conditional Use for Stix and Noodles Restaurant at 1201 Crystal Lake Road

EXECUTIVE SUMMARY

The existing vacant commercial building on the property at 1201 Crystal Lake Road was previously used for a repair shop named Guaranteed Appliance Parts and Service. Maria Calara proposes to convert the existing building into a carry-out restaurant named Stix and Noodles to sell homestyle Filipino food, and proposes to store one accessory food truck on the property.

The subject property is within the B-2 Neighborhood Convenience Business zoning district. The proposed carry-out restaurant is a permitted use in the B-2 district. However, per Section 18.2-2.C of the Zoning Code, when a building undergoes any increase in the unit of measure specified for the calculation of required parking, then the parking facilities shall be increased accordingly to at least equal the minimum parking required. Per Section 18.9 of the Zoning Code, the unit of measure to calculate the required parking for a restaurant is greater than for an applicance repair store. The current code would require ten parking spaces for the proposed restaurant. The existing asphalt parking area is not currently striped for parking spaces, but it is wide enough to accommodate a maximum of seven parking spaces. Therefore, the applicant has requested a variation from Sections 18.2-2.C and 18.9 of the Zoning Code to reduce the required number of parking spaces from ten to seven.

In accordance with the Permitted and Conditional Use Chart in Section 11 of the Zoning Code, the outdoor storage of vehicles accessory to a principal use is allowed in the B-2 zoning district only with the approval of a conditional use. The applicant owns a food truck that is stored on the subject property when it is not in use and has, therefore, requested approval of this conditional use.

Village staff reviewed the requested variation and conditional use according to the standards listed in the Zoning Code. In general, staff found that the requests meet all three conditions and all six supplemental standards for review of a zoning variation, and meet all seven standards for a conditional use, subject to compliance with the following conditions:

1. A maximum of one food truck may be stored on the property at any time.
2. Food trucks shall be prohibited from being used for cooking, preparing, and selling food on the property, except as otherwise allowed in the code regarding temporary uses.
3. The parking lot must be seal coated and striped for code-compliant parking spaces prior to establishment of the uses.

4. Any food truck stored on the property must be parked within one code-compliant striped parking space.
5. The existing building may be used for a carry-out restaurant only, and tables and seating shall not be provided for restaurant patrons on the property.

The Planning & Zoning Commission conducted a public hearing on July 17, 2023. The Commission recommended approval of the requests by a vote of 7-0, subject to the conditions above.

FINANCIAL IMPACT

None.

ATTACHMENTS

1. Ordinance
2. Staff Report
3. Applications
4. Zoning Map, Future Land Use Map, Aerial Photo, and Property Photo

RECOMMENDED MOTION

Motion to approve an ordinance granting a variation and conditional use for Stix and Noodles Restaurant at 1201 Crystal Lake Road.

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VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2023 - ___

An Ordinance Granting a Variation and Conditional Use for Stix and Noodles Restaurant at 1201 Crystal Lake Road

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

WHEREAS, Michael Huppert (the "Owner") is the record title owner of that certain property located in the B-2 Neighborhood Convenience Business Zoning District ("B-2 District"), consisting of approximately 15,442 square feet, commonly known as 1201 Crystal Lake Road in the Village, and legally described in Exhibit A attached to and, by this reference, made a part of this Ordinance (the "Property"); and

WHEREAS, the Property is currently improved with a single-family dwelling, a vacant commercial building (the "Existing Building"), and an accessory parking lot (the "Parking Lot"); and

WHEREAS, Maria Calara of Stix and Noodles, LLC (the "Applicant") desires to convert the Existing Building into a carry-out restaurant without increasing the number of parking spaces on the Property, and desires to store an accessory food truck on the Parking Lot (collectively, the "Proposed Uses") on the Property; and

WHEREAS, pursuant to Section 18.2-2.C of the Lake in the Hills Zoning Code, as amended (the "Zoning Code"), when a building or structure undergoes any increase in the gross floor area, seating capacity, or other unit of measurement specified for the required parking spaces, and further, when said increase would result in a requirement for additional total parking spaces, then the parking facilities shall be increased accordingly, to at least equal the parking required for the building or structure as modified; and

WHEREAS, Section 11 of the Zoning Code prohibits the use of property in the B-2 District for the outdoor storage of a vehicle accessory to a principal use except upon the granting by the Board of Trustees of a conditional use therefor; and

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WHEREAS, in order to permit the Proposed Uses on the Property, the Applicant, with the consent of the Owner, has filed applications for: (i) a variation from Sections 18.2-2.C and 18.9 of the Zoning Code to reduce the number of required parking spaces from ten to seven; and (ii) a conditional use for outdoor storage of a vehicle accessory to a principal use (collectively, the “Requested Relief”); and

WHEREAS, pursuant to Section 21.6 of the Zoning Code, a public hearing of the Village of Lake in the Hills Planning and Zoning Commission (“PZC”) to consider approval of the Requested Relief was duly advertised in the Northwest Herald on June 22, 2023, and was held on July 17, 2023; and

WHEREAS, on July 17, 2023, after deliberation the PZC voted (7 aye, 0 nay, 0 absent, 0 abstain) to approve findings of fact and make a report and a recommendation to the President and Board of Trustees in support of the Requested Relief, subject to specified conditions; and

WHEREAS, the President and Board of Trustees of the Village of Lake in the Hills have considered the findings of fact, the report, and the recommendation of the PZC, and have determined that the Requested Relief meets the standards for variations as set forth in Section 23 of the Zoning Code and for conditional uses as set forth in Section 24.6 of the Zoning Code; and

WHEREAS, the President and Board of Trustees have determined that it will serve and be in the best interests of the Village to grant the Requested Relief to the Applicant, subject to the conditions, restrictions, and provisions of this Ordinance;

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

SECTION 1: The Corporate Authorities find that the statements in the foregoing preambles are true, and the statements are incorporated into, and made a part of, this Ordinance as the findings of the Village President and Board of Trustees.

SECTION 2: The findings, report and recommendation of the PZC on the question of granting the Requested Relief is hereby accepted.

SECTION 3: APPROVAL OF VARIATION. In accordance with and pursuant to Section 23 of the Zoning Code and the home rule powers

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of the Village, and subject to, and contingent upon, the conditions, restrictions, and provisions set forth in Section 5 of this Ordinance, the Village President and Board of Trustees hereby grant the approval of a variation from Sections 18.2-2.C and 18.9 of the Zoning Code to reduce the number of required parking spaces on the Property from ten to seven.

SECTION 4: APPROVAL OF CONDITIONAL USE. In accordance with and pursuant to Section 24.2 of the Zoning Code and the home rule powers of the Village, and subject to, and contingent upon, the conditions, restrictions, and provisions set forth in Section 5 of this Ordinance, the Village President and Board of Trustees hereby grant the approval of the conditional use to allow for the use of the Property for the outdoor storage of one food truck vehicle accessory to the principal use of a carry-out restaurant on the terms and conditions set forth herein.

SECTION 5: CONDITIONS. Notwithstanding any use or development right that may be applicable or available pursuant to the provisions of the Zoning Code, the approvals granted pursuant to Sections 3 and 4 of this Ordinance are hereby granted expressly and specifically subject to, and contingent upon, the development, use, and maintenance of the Property in compliance with each and all of the following conditions:

A. COMPLIANCE WITH REGULATIONS. Except to the extent specifically provided otherwise in this Ordinance, the development, use, operation, and maintenance of the Proposed Uses and the Property must comply at all times with all applicable Village codes and ordinances, as the same have been or may be amended from time to time.

B. CONDITIONS OF OPERATION. The use, operation, and maintenance of the Proposed Uses must comply with the following conditions:

1. A maximum of one food truck may be stored on the Property at any time.

2. No food truck shall be permitted to be used for cooking, preparing, and selling food on the Property, except as otherwise allowed in Section 12 of the Zoning Code regarding temporary uses.

3. The Parking Lot must be seal coated and striped for code-compliant parking spaces prior to establishment of the Proposed Uses on the Property.

4. Any food truck stored on the Property must be parked within one code-compliant striped parking space.

5. The Existing Building may be used for a carry-out restaurant only, and tables and seating shall not be provided for restaurant patrons on the Property.

C. ESTABLISHMENT AND CONTINUATION OF USE. Pursuant to Section 24.9 of the Zoning Code, the approvals granted pursuant to this Ordinance will be automatically null and void if the Proposed Uses are not established within one year of approval of this Ordinance or if the Proposed Uses have been discontinued for a period of one year.

D. REIMBURSEMENT OF VILLAGE COSTS. In addition to any other costs, payments, fees, charges, contributions, or dedications required under applicable Village codes, ordinances, resolutions, rules, or regulations, the Owner and Applicant must pay to the Village, promptly upon presentation of a written demand or demands therefor, all legal fees, costs, and expenses incurred or accrued in connection with the review, negotiation, preparation, consideration, and review of this Ordinance. Further, the Owner and Applicant are liable for, and must pay upon demand, all costs incurred by the Village for publications and recordings required in connection with the aforesaid matters.

SECTION 6: RECORDATION; BINDING EFFECT. A copy of this Ordinance will be recorded with the McHenry County Recorder of Deeds. This Ordinance and the privileges, obligations, and provisions contained herein inures solely to the benefit of, and is binding upon, the Owner, the Applicant, and each of their respective heirs, representatives, successors, and assigns, except as provided in Section 5.C herein.

SECTION 7: FAILURE TO COMPLY WITH CONDITIONS. Upon the failure or refusal of the Owner or the Applicant to comply with any or all of the conditions, restrictions, or provisions of this Ordinance, in addition to all other remedies available to the Village, the approvals granted in Sections 3 and 4 of this Ordinance will, at the sole discretion of the President and Board of Trustees, by ordinance duly adopted, be revoked and become null and void; provided, however, that the President and Board of Trustees may not so revoke the approvals granted in Sections 3 and 4 of this Ordinance unless it first provides the Owner and the Applicant with two months advance written notice of the reasons for revocation and an opportunity to be heard at a regular meeting of the Board of Trustees. In the event of revocation, the development and use of the Property will be governed solely by the regulations of the zoning district in which the Property is located, and only the previous approvals granted specific to the Property by the Village, prior to the adoption of this Ordinance and the applicable provisions of the Zoning Code, as the same may, from time to time, be amended. Further, in the event of such revocation, the Village Administrator and Village Attorney are hereby authorized and directed to bring such zoning enforcement action as may be appropriate under the circumstance.

SECTION 8: AMENDMENTS. Any amendments to the approvals granted in Sections 3 and 4 of this Ordinance that may be requested by the Owner or the Applicant after the effective date of this Ordinance may be granted only pursuant to the procedures, and subject to the standards and limitations, provided in the Zoning Code.

SECTION 9: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

SECTION 10: EFFECTIVE DATE.

A. This Ordinance will be effective only upon the occurrence of all of the following events, which are conditions precedent:

   1. Passage by the President and Board of Trustees in the manner required by law;

   2. Publication in pamphlet form (which publication is hereby authorized) in the manner required by law; and

   3. The filing by the Owner and the Applicant with the Village Clerk of an Unconditional Agreement and Consent, in the form of Exhibit B attached to and, by this reference, made a part of this Ordinance, to accept and abide by each and all of the terms, conditions, and limitations set forth in this Ordinance and to indemnify the Village for any claims that may arise in connection with the approval of this Ordinance.

B. In the event the Owner or the Applicant do not file fully executed copies of the Unconditional Agreement and Consent, as required by Section 10.A.3 of this Ordinance, within 30 days after the date of final passage of this Ordinance, the President and Board of Trustees will have the right, in their sole discretion, to declare this Ordinance null and void and of no force or effect.

Passed this 27th day of July, 2023 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 27TH DAY OF July, 2023

____
Village President, Ray Bogdanowski

(SEAL)

ATTEST: ________________________________
Village Clerk, Shannon DuBeau

Published: _______________________________

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

LOT 3 IN BLOCK 1 IN LAKE IN THE HILLS ESTATES UNIT 5, BEING A SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 20, TOWNSHIP 43 NORTH, RANGE 8 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JULY 16, 1949 AS DOCUMENT NUMBER 222260, IN BOOK 10 OF PLATS, PAGE 117, IN MCHENRY COUNTY, ILLINOIS.

Commonly known as 1201 Crystal Lake Road, Lake in the Hills, Illinois.

PIN: 19-20-308-007

EXHIBIT B

UNCONDITIONAL AGREEMENT AND CONSENT

TO: The Village of Lake in the Hills, Illinois (“Village”):

WHEREAS, Michael Huppert (“Owner”) is the record title owner of that certain property in the Village commonly known as 1201 Crystal Lake Road (“Property”); and

WHEREAS, Ordinance No. ___________, adopted by the Village President and Board of Trustees on July 27, 2023 ("Ordinance"), grants a zoning variation and a conditional use permit to Maria Calara of Stix and Noodles, LLC ("Applicant") for the use of the Property for a carry-out restaurant and for the outdoor storage of a food truck accessory to the principal use; and

WHEREAS, Section 10 of the Ordinance provides, among other things, that the Ordinance will be of no force or effect unless and until the Owner and the Applicant shall have filed, within 30 days following the passage of the Ordinance, their unconditional agreement and consent to accept and abide by each and all of the terms, conditions, and limitations set forth in the Ordinance.

NOW, THEREFORE, the Owner and the Applicant do hereby agree and covenant as follows:

1. The Owner and the Applicant do hereby unconditionally agree to accept, consent to, and abide by each and all of the terms, conditions, limitations, restrictions, and provisions of the Ordinance.

2. The Owner and the Applicant acknowledge that public notices and hearings have been properly given and held with respect to the adoption of the Ordinance, have considered the possibility of the revocation provided for in the Ordinance, and agree not to challenge any such revocation on the grounds of any procedural infirmity or a denial of any procedural right.

3. The Owner and the Applicant acknowledge and agree that the Village is not and will not be, in any way, liable for any damages or injuries that may be sustained as a result of the Village's granting of variation and conditional use permit approval for the Property or its adoption of the Ordinance, and that the Village's approvals do not, and will not, in any way, be deemed to insure the

Owner or the Applicant against damage or injury of any kind and at any time.

4. The Owner and the Applicant do hereby agree to hold harmless and indemnify the Village, the Village's corporate authorities, and all Village elected and appointed officials, officers, employees, agents, representatives, and attorneys, from any and all claims that may, at any time, be asserted against any of such parties in connection with the Village's adoption of the Ordinance granting variation and conditional use permit approval for the Property.

Dated: ________________ 2023

ATTEST:

By: ________________________

MICHAEL HUPPERT

By: ________________________

ATTEST:

By: ________________________

MARIA CALARA

By: ________________________

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REQUEST FOR PUBLIC HEARING AND COMMISSION ACTION

PLANNING AND ZONING COMMISSION

MEETING DATE: July 17, 2023

DEPARTMENT: Community Development

SUBJECT: Variation and Conditional Use for Stix & Noodles Restaurant at 1201 Crystal Lake Road

EXECUTIVE SUMMARY

General Information

Requested Action:

- Variation from Sections 18.2-2.C and 18.9 of the Zoning Code to allow the existing commercial building on the property to be converted to a carry-out restaurant without providing additional parking spaces.
- Conditional Use Permit to allow the outdoor storage of a food truck vehicle accessory to the principal use of a carry-out restaurant

Owner: Michael Huppert

Applicant: Maria Calara, Stix and Noodles LLC

Purpose: To allow the existing commercial building on the property to be converted to a carry-out restaurant, and to allow storage of a food truck

Location and Size: 1201 Crystal Lake Road. Approximately 15,442 square feet in area.

Zoning and Land Use:

Site:	B-2 Business – Neighborhood Convenience. Commercial and Single-Family Residential
North:	B-1 Transitional Business. Single-Family Residential
East:	R-2 One-Family Dwelling. Single-Family Residential
South:	IB Institutional Buildings. Police Station
West:	R-2 One-Family Dwelling. Vacant
Future Land Use:	Commercial

Background

The subject property at 1201 Crystal Lake Road is within the B-2 Neighborhood Convenience Business zoning district. The west side of the property includes a 744-square-foot single-family detached residence. The east side of the property includes a 1,228-square-foot one-story commercial building. Available records from the Algonquin Township Assessors Office indicate that both buildings were constructed in 1953. The commercial building was most recently used for a repair shop named Guaranteed Appliance Parts and Service. Available records show that Guaranteed Appliance operated on the subject property from approximately 1991 until 2022. Michael Huppert purchased the property in 1995 and ran the business.

On February 1, 2022 Mr. Huppert signed an agreement to sell the subject property to Maria Calara. The agreement is essentially a rent-to-own agreement, where Ms. Calara has possession of the property and makes monthly payments to Mr. Huppert, but will not obtain the deed to the property until Mr. Huppert receives the full amount of the agreed upon purchase price. Ms. Calara now wishes to convert the commercial building to a carry-out restaurant named Stix & Noodles to sell homestyle Filipino food. Restaurants are a permitted use in the subject B-2 zoning district.

Per Section 18.2-2.C of the Zoning Code, when a building undergoes any increase in the unit of measure specified in Section 18 for the calculation of required parking, then the parking facilities shall be increased accordingly to at least equal the minimum parking required. Per Section 18.9 of the Zoning Code, the appliance service business would have been required to provide one parking spaces for every 200 square feet, but restaurants are required to provide one parking space for every 70 square feet of area used for service to customers and for food preparation. Based on calculations by Village staff, the current code would require six parking spaces for the appliance service business, but would require ten parking spaces for the proposed restaurant. The existing asphalt parking area is not currently striped for parking spaces, but it is wide enough to accommodate a maximum of seven parking spaces. Therefore, the applicant has requested a variation from Sections 18.2-2.C and 18.9 of the Zoning Code to reduce the required number of parking spaces from ten to seven.

In accordance with the Permitted and Conditional Use Chart in Section 11 of the Zoning Code, the outdoor storage of vehicles accessory to a principal use is allowed in the B-2 zoning district only with the approval of a conditional use. The applicant owns a food truck that is stored on the subject property when it is not in use and has, therefore, requested approval of this conditional use.

Analysis – Zoning Variation

Per Section 18.2-2.C of the Zoning Code, when a building or structure undergoes any increase in the gross floor area, seating capacity, or other unit of measurement specified for the required parking spaces, and further, when said increase would result in a requirement for additional total parking spaces, then the parking facilities shall be increased accordingly, to at least equal the parking required for the building or structure as modified. Per Section 18.9 of the Zoning Code, restaurants are required to provide one parking space for every 70 square feet of gross floor area of the building or structure used or intended to be used for service to the public as customers or patrons, and areas used for food preparation. Based on the attached floor plan submitted by the applicant, 691 square feet of the 1,228-square-foot building would be used for service to the public and for food preparation. Based on the standard of providing one parking space for every 70 square feet, a total of ten parking spaces are required for the existing commercial building. As shown on the submitted plat of survey, the subject property includes an existing asphalt parking area that is approximately 72 feet wide. A standard parking spaces is required to be nine feet wide, and a handicapped accessible parking space is required to be 16 feet wide. With these dimensions, there is enough space on the parking area to accommodate a maximum of seven parking spaces (six regular spaces and one accessible space). Therefore, the applicant has requested a variation from Sections 18.2-2.C and 18.9 of the Zoning Code to eliminate the requirement to provide additional parking spaces, and to reduce the required number of parking spaces from ten to seven.

Per Section 23.7 of the Zoning Code, there are three conditions and six supplemental standards that shall be considered by the Planning and Zoning Commission in determining whether to recommend approval of a variation. The applicant has indicated on their submitted application form how they believe these factors are met. Staff will provide a detailed analysis below of all factors for the request.

Staff has reviewed whether the subject property could yield a reasonable return if required to comply with the minimum parking requirements. As noted on the submitted application, the restaurant will not have any indoor or outdoor dining areas, and will only offer carry-out service to customers. Staff finds that the building is relatively small for a restaurant, and notes that the subject property is located in the middle of a neighborhood that has only a moderate amount of vehicular traffic. This means that the restaurant will have less visibility than similar spaces located along major commercial corridors like Randall Road and Algonquin Road, and means that the number of patrons visiting the building is likely to be low. As noted below in this report, it likely would be very difficult to construct any additional parking spaces on the subject property. However, if the applicant were able to construct the required three additional parking spaces, staff finds that the construction would require long additional drive aisles and extra pavement. Such construction would be very expensive. Essentially, the restaurant will have less walk-in business than other similar spaces, and the cost to install more parking would be greater than for other properties. Therefore, staff finds that the property would yield a reduced return without the granting of the requested variation.

Staff has reviewed whether the plight of the owner is due to unique circumstances. The definition of "restaurant" in Section 3 of the Zoning Code lists five different classes of restaurants, including Class I restaurants will all patrons sitting at indoor tables, Class II restaurants with mostly indoor tables and some carry-out, Class III restaurants with mostly carry-out business and some indoor tables, Class IV restaurants with all carry-out business, and with Class V restaurants being concession shops. The proposed Stix & Noodles restaurant would be a Class IV restaurant. Regardless of the fact that the code identifies five different classes of restaurants, the parking regulations in Section 18.9 of the Zoning Code require all restaurants to provide the same parking as a Class I restaurant. At a sit-down restaurant where patrons place their food order with a server at a table, patrons may spend as much as an hour inside the restaurant. This means that their vehicle would occupy a parking space for an hour as well. For a carry-out restaurant, the patrons only spend as much time in the restaurant as it takes for their food to be prepared. This means that their vehicle would only occupy a parking space for a few minutes. Therefore, carry-out restaurants actually require far less parking than sit-down restaurants. Further, staff finds that carry-out only restaurants are typically located within strip malls or within larger shopping centers with larger shared parking lots. In this case, the carry-out restaurant is located in a stand-alone building with its own small parking lot. Staff finds that these are unique circumstances that support the variation request, in that carry-out restaurants do not typically require as much parking as sit-down restaurants, and other carry-out restaurants in the Village typically have access to shared parking.

Staff has reviewed whether the variation, if granted, would alter the essential character of the locality. If the variation is approved, no new parking will be installed, so the visual character of the property will remain the same. While is it not likely that the existing parking lot would ever be full for the proposed small carry-out restaurant, staff has also considered where patrons might park if the parking lot did become full. The subject property is located directly across the street from the current Village police station building that has a large parking lot. Therefore, any extra patrons would likely park in the police station parking lot and not on the street in the surrounding neighborhood, so the essential character of the area will remain the same. Certainly, the Village would not encourage restaurant patrons or employees to park in the police station parking lot, but staff finds that it would be the likely parking location for any hypothetical overflow parking.

In review of whether the physical surroundings, shape or topographical conditions of the specific property would bring a particular hardship upon the owner as distinguished from a mere inconvenience, staff has considered where additional parking spaces could be constructed. Per Section 18.6-2 of the Zoning Code, off-street parking spaces and access drives shall not be located within a required front yard. The subject property abuts three streets, and has 30-foot deep required front yards along the east, south, and west property lines. Therefore, based on the location of the buildings, there is not sufficient space on the property to install new parking spaces along Crystal Lake Road, Oak Street, or Decatur Lane. There is a small area directly north of the commercial building where there is a potential to install a few parking spaces, but staff finds that it would be difficult to provide vehicular access to the area north of the building, and such parking would require significant additional paving to provide access driveways without a dead end. Therefore, staff finds that the physical conditions of the property bring a hardship upon the owner.

The subject property is in the B-2 zoning district. All of the other restaurant properties in the Village within the B-2 district are in strip malls or have large sit-down restaurants. For example, Dino's Pizza & Pasta at 6 Miller Road is in the B-2 zoning district and is located in a multi-tenant building with a larger shared parking lot. The dine-in patrons at Dino's can use the adjacent parking spaces in the evening when other businesses in the building are closed. This example is also similar to the Prairie Shops shopping center at the intersection of Ackman Road and Lakewood Road and the Cedar Ridge Plaza shopping center at the intersection of Algonquin Road and Cedar Ridge Drive. The subject property is the only one in the B-2 district proposed to have a small carry-out restaurant located in a stand-alone building without any other adjacent businesses. Therefore, staff finds that the conditions upon which the petition for variation is based would not be applicable generally to other properties within the same zoning classification.

In review of whether the purpose of the variation is based exclusively upon a desire to make more money out of the property, the submitted application form states that the variation is simply based upon the fact that the existing parking is sufficient to meet the needs of the business. Therefore, it is likely that the business would generate the same revenue with or without the construction of additional parking. Approval of the variation would allow the owner to avoid an unnecessary expense for construction of parking that would not be used.

Staff has reviewed whether the alleged difficulty or hardship has been created by any person presently having interest in the property. As noted above, the existing parking area was used by a previous business since at least the 1990's, and the applicant only obtained the rights to use the property starting in 2022. The applicant did not construct the building or existing parking area, and did not create the situation where the property has limited areas available for additional parking.

Staff has reviewed whether the granting of the variation will be detrimental to the public welfare or injurious to other property in the neighborhood. As detailed above, staff finds that the proposed carry-out restaurant will not use as many parking spaces as a sit-down restaurant, and the granting of the variation will not result in Stix & Noodles customers parking on the streets in the neighborhood. Therefore, the variation will not cause injury to other properties in the vicinity.

Finally, staff has reviewed whether the proposed variation will impair an adequate supply of light and air to adjacent property or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood. No new parking is proposed to be constructed, so the supply of light and air will remain unchanged, and the danger of fire will not increase. Again, as there will not be a need for additional parking, the variation will not affect property values in the vicinity.

<u>Findings – Summary, Zoning Variation</u>

Based on the analysis noted above, staff offers draft findings that support the approval of the requested variation. The Planning and Zoning Commission's decision must be consistent with the findings, otherwise the commissioners should deliberate new findings at the public hearing.

<u>Findings – Detail, Zoning Variation</u>

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

A. The property in question cannot yield a reasonable return if permitted to be used only under the conditions allowed by the regulations governing the district in which it is located: *The property would yield a reduced return without the granting of the requested variation in that the business will likely have fewer customers than similar businesses along major commercial corridors, and in that the cost to install additional parking would be more than for other properties.*

B. The plight of the owner is due to unique circumstances: *The plight of the owner is due to the unique circumstance in that less parking is required for a carry-out only restaurant as compared to a sit-down restaurant, and in that most other carry-out only restaurants are in multi-tenant shopping centers with access to shared parking areas.*

C. The variation, if granted, will not alter the essential character of the locality: *The variation, if granted, would not alter the essential character of the locality, in that no new parking areas would be constructed, and that any potential additional patrons would likely park in the existing police station parking lot instead of on the street in the surrounding neighborhood.*

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

D. The particular physical surroundings, shape or topographical conditions of the specific property involved would bring a particular hardship upon the owner as distinguished from a mere inconvenience if the strict letter of the regulation were to be carried out: *The physical conditions of the specific property would bring a hardship upon the owner if the strict letter of the regulation were to be carried out in that new parking spaces are prohibited in the three required front yards on the property, and the area available for new parking spaces to the north of the building is limited and less than ideal.*

E. The conditions upon which the petition for variation is based would not be applicable generally to other property within the same zoning classification: *The conditions upon which the petition for variation is based would not be applicable generally to other property within the same zoning classification, in that the subject property is in the B-2 zoning district, and it is the only property in the B-2 district with a small carry-out restaurant in a stand-alone building.*

F. The purpose of the variation is not based exclusively upon a desire to make more money out of the property: *The purpose of the variation is not based exclusively upon a desire to make more money out of the property, but rather is based upon the fact that the existing parking is sufficient to meet the needs of the business and that the construction of additional parking spaces would not change the amount of money to be generated by the business.*

G. The alleged difficulty or hardship has not been created by any person presently having interest in the property: *The alleged difficulty or hardship has not been created by any person presently having interest in the property in that the existing buildings and parking area were created before the applicant gained an interest in the property in 2022.*

H. The granting of the variation will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located: *The granting of the requested variation will not be detrimental to the public welfare or injurious to other property or improvements in the neighborhood in which the property is located, in that the proposed carry-out restaurant will not generate a demand for additional parking on the subject property or in the neighborhood.*

I. The proposed variation will not impair an adequate supply of light and air to adjacent property or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood: *The proposed variation will not impair an adequate supply of light and air to adjacent property or substantially increase the danger of fire, or otherwise endanger the public safety, or substantially diminish or impair property values within the neighborhood in that no new parking spaces would be constructed and there will not be a demand for additional parking.*

Analysis – Conditional Use

The outdoor storage of vehicles accessory to a principal use is allowed in the B-2 zoning district only with the approval of a conditional use. The applicant has requested approval of a conditional use to store one food truck on the subject property when it is not in use. Per Section 24.6 of the Zoning Code, there are seven factors that shall be considered by the Planning and Zoning Commission regarding how they are relevant to the specific conditional use being requested. The applicant has indicated on their submitted application form how they believe these factors are met. Staff has provided a detailed analysis below of all factors for the request.

In the review of whether storage of the proposed food truck is necessary or desirable to provide a service or facility which is in the interest of public convenience and will contribute to the general welfare, the submitted application form states that the truck will allow the restaurant to serve Filipino dishes which offer different tastes than other restaurants in the Village. Staff finds that the food truck is also a vital part of the subject business, as they will only offer carry-out service on the property, and the owner will rely upon the business from food truck events. The carry-out restaurant will also act as a commissary for the food truck, whereby the truck will be re-stocked directly from the restaurant. Allowing the food truck to be stored directly adjacent to the restaurant will reduce the traffic in the neighborhood of the truck having to make extra trips travel back and forth between the restaurant and an off-site storage location.

Next, staff has reviewed whether the storage of the proposed food truck will be detrimental to the health, safety, morals or general welfare of persons residing or working in the vicinity, or injurious to property values or improvements in the vicinity. Staff notes that the code specially allows outdoor "storage" of the vehicle with approval of a conditional use. The truck is the size of small delivery van, similar to a UPS or Amazon truck. Therefore, if the truck is just parked in a legal parking space and is not running, it will not be likely to have any negative effect on the surrounding properties. However, if the truck were to be left running or be used to serve food directly on the subject property, the constant noise and exhaust fumes would be detrimental to the public health and welfare. Staff find that there would also be not be a need to serve food directly from the food truck on the subject property, as patrons could simply walk inside the restaurant building to place carry-out orders. Therefore, if the Planning and Zoning Commission recommends approval of the conditional use, staff suggests that the recommendation include the condition that the food truck be prohibited from being used to serve food on the subject property.

Regarding how storage of the food truck might affect property value or improvements in the vicinity, staff has considered how the truck might be parked. Currently the parking lot is not striped for parking spaces, and the truck is typically parked at an angle near the southwest corner of the building. After the carry-out restaurant is open for business, all seven parking spaces will need to be available for parking. If the truck is parked at an angle, it will take up the space of two or three parking spaces. This could potentially lead to a situation where there is not enough on-site parking for the restaurant, which might result in patrons parking off site on a regular basis. Consistent off-site parking by restaurant patrons might have a negative effect on surrounding property values. Therefore, if the Planning and Zoning Commission recommends approval of the conditional use, staff suggests that the recommendation include the condition that the existing parking lot must be seal coated and striped for code-compliant parking spaces, and that the food truck must be stored within one of the striped parking spaces.

Third, staff has reviewed whether the storage of the food truck will impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district. The property is within the B-2 Neighborhood Convenience Business zoning district. The property is bounded by streets on three sides, which provides a buffer between the truck and adjacent buildings. The properties to the south and southeast are existing Village-owned buildings. The properties across the streets to the east and west are zoned for residential uses, and include a single-family residence at 1 E. Oak Street and vacant residential lots on the west side of Decatur Avenue. Staff finds that both of these residential properties are far enough away from the food truck to be unaffected. The existing house on the subject property is controlled by the applicant. The nearest adjacent property used for residential purposes is the Quonset hut located directly north of the subject property. The Quonset hut is on a property in the B-1 zoning district, but it is currently being converted into a dwelling unit. Staff notes that the food truck is proposed to be stored on the south side of the restaurant building, so the building will screen the view of the food truck from the Quonset hut building. Therefore, staff finds that the establishment of the proposed use will not impede the normal and orderly development and improvement of the surrounding property.

In the review of the extent to which the conditional use is harmonious and compatible with the goals and objectives of the Village's comprehensive planning documents, staff notes that the future land use map calls for commercial development on the subject property and the proposed outdoor storage of a food truck is part of a commercial restaurant business. Further, one of the objectives in the Land Use and Development Policies chapter is to attract restaurants. Staff finds that the proposed outdoor storage of a food truck will help to support a newly proposed restaurant.

Next, staff has considered the amount of traffic congestion or hazards, if any, that may occur as a result of the proposed conditional use, as well as the extent and adequacy of pedestrian and vehicular access and circulation. All pedestrian pathways, vehicular drives, and parking lots are already in place on the subject property and function well without any congestion or hazards. Subject to the condition noted above about the food truck being parked within a standard striped parking space, staff finds that the truck will not result in additional traffic congestion or hazards.

In review of the extent that the conditional uses can be adequately served by essential public facilities and services and private utilities, staff notes that all utilities are already in place. The applicant has indicated that the truck will receive electrical power from the building while it is stored on the property, and staff finds that this minimal electrical draw will likely not require any unusual additional utility services.

Finally, staff has examined whether the proposed use will comply with the regulations and conditions specified in the Zoning Code for such uses. Please see the section of this report above regarding a zoning variation regarding parking. Other than the parking variation, the business will comply with all code requirements.

<u>Findings – Summary, Conditional Uses</u>

Based on the analysis noted above, staff offers draft findings that support the approval of the requested conditional use. The Planning and Zoning Commission's decision must be consistent with the findings, otherwise the commissioners should deliberate new findings at the public hearing.

Findings – Detail, Conditional Uses

The commissioners shall arrive at findings relevant to the conditional use request. There are seven review factors listed in the Zoning Code that need to be addressed by the applicant. Below are the seven criteria and staff findings for each based on the application:

1. The Planning and Zoning Commission may recommend and the Board of Trustees shall find that the proposed use at the particular location requested is necessary or desirable to provide a service or a facility which is in the interest of public convenience and will contribute to the general welfare of the neighborhood or community: *The requested conditional use on the property at 1201 Crystal Lake Road is necessary or desirable to provide a service or a facility which is in the interest of public convenience and will contribute to the general welfare of the neighborhood or community, in that it will help a business to introduce Filipino dishes to the community, and in that storing the vehicle directly adjacent to the restaurant on the property will reduce the number of vehicular trips in the vicinity.*

2. The Planning and Zoning Commission may recommend and the Board of Trustees shall find that the proposed use will not, under the circumstances of the particular case, be detrimental to the health, safety, morals or general welfare of persons residing or working in the vicinity, or injurious to property values or improvements in the vicinity: *The requested conditional use will not be detrimental to the health, safety, morals or general welfare of persons residing or working in the vicinity, in that the proposed food truck is small and similar to a parcel delivery van, subject to the condition that the truck shall not be used to serve food directly to customers on the subject property. The requested conditional use will not be injurious to property values or improvements in the vicinity, subject to the condition that the existing parking lot must be seal coated and striped for code-compliant parking spaces, and that the food truck must be stored within one of the striped parking spaces.*

3. The Planning and Zoning Commission may recommend and the Board of Trustees shall find that the establishment of the conditional use will not impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district: *The requested conditional use will not impede the normal and orderly development and improvement of surrounding properties for uses permitted in the district, in that the surrounding properties are either used for governmental uses, or are used for residential purposes that are distant from the proposed truck storage location.*

4. The Planning and Zoning Commission and the Board of Trustees shall consider the extent to which the conditional use is harmonious and compatible with the goals and objectives of the Village's comprehensive planning documents: *The requested conditional use is harmonious and compatible with the goals and objectives of the Village's comprehensive planning documents in that the proposes use is commercial in nature and the Future Land Use Map calls for commercial development on the subject property.*

5. The Planning and Zoning Commission and the Board of Trustees shall consider the amount of traffic congestion or hazards, if any, that may occur as a result of the conditional use, as well as the extent and adequacy of pedestrian and vehicular access and circulation: *The requested conditional use will not create traffic congestions or hazards in that all vehicular access drives and parking areas are existing, and in that the requested conditional use has access to adequate existing pedestrian facilities.*

6. The Planning and Zoning Commission and the Board of Trustees shall consider the extent that the conditional use can be adequately served by essential public facilities and services, and by private utilities: *The requested conditional use can be adequately served by the existing private utilities that already serve the property, in that the stored food truck will only require minor electrical service.*

7. The Planning and Zoning Commission may recommend and the Board of Trustees shall find that the proposed use will comply with the regulations and conditions specified in this Zoning Code for such use, and with the stipulations and conditions made a part of the authorization granted by the Board of Trustees: *The requested conditional use will comply with the applicable regulations in the district, subject to the granting of a zoning variation regarding parking.*

ATTACHMENTS

1. Applications
2. Exhibits
3. Floor Plan
4. Plat of Survey

RECOMMENDED ACTION

Staff recommends that the Planning and Zoning Commission (PZC) review, deliberate, and make the following motion:

A motion to recommend approval of the requested variation from Sections 18.2-2.C and 18.9 of the Zoning Code to reduce the number of required parking spaces from ten to seven, and approval of the requested Conditional Use Permit to allow the outdoor storage of one food truck vehicle accessory to the principal use of a carry-out restaurant, all for the Stix & Noodles restaurant on the property at 1201 Crystal Lake Road, per the findings and with the three conditions noted in the staff report dated July 17, 2023.

Staff recommends that the approvals noted above be subject to compliance with the following conditions:

1. The food truck be prohibited from being used to serve food on the subject property.
2. The existing parking lot on the subject property must be seal coated and striped for code-compliant parking spaces.
3. The food truck must be stored within one code-compliant striped parking space.

Return to Agenda

Z086032

RECEIVED
JUN 1 6 2023
Village of Lake in the Hills
Community Development

Village of Lake in the Hills
Development and Zoning Application

Date: 6/2/2023

Property Information

Common street address: 1201 Crystal Lake Rd Lake in the Hills, IL 60102

PIN (Property Index Number): 1920308007

Current Zoning: B2 Proposed Zoning: n/A

Current Use: ______ Proposed Use: ______

Is the request consistent with the Comprehensive Plan? ______

Number of Acres: .355 If greater than 4 acres, 2 acres for government property or 5 acers for manufacturing zoned land, application shall be processed as a Planned Development as a Conditional Use. See definition of Planned Development and PD Section of Zoning Ordinance.

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

Property Owner Information

Name(s): Maria Calara

Business/Firm Name (if applicable): Stix and Noodles LLC

Address: 1510 Industrial Drive Unit D

City/State/Zip: Lake in the Hills, IL 60102

Phone Number: 312 866 1456

Email: stixandnoodles@gmail.com

Applicant Information

Name(s): same as above

Business/Firm Name (if applicable): ______

Address: ______

City/State/Zip: ______

Phone Number: ______

Email: ______

Return to Agenda

Lake in the Hills Development and Zoning Application
Page 2

1	2	3	4	5	6
Request	**Select Request with X**	**Required Fee ac = Acre**	**For Requirements See Appendix**	**Public Hearing Required See Appendix A2**	**Total Fee (enter Amount per Column 3)**
Annexation		$1,000/ac payable upon annexation	D	Yes	
Sketch Plan		$0	E	No	
Tentative Plan		$500 + $10/ac	F	No	
Final Plat		$500 + $10/ac	G	No	
Plat of Vacation and/or Resubdivision Plat		$500 + $10/ac	H	No	
Conditional Use	✓	$500 + $10/ac over 2 ac	I	Yes	
Rezoning		$500 + $10/ac over 2 ac	J	Yes	
Text Amendment		$500	K	Yes	
Variance – Residential		$100	L	Yes	
Variance – Non-Residential	✓	0-2 ac = $250 Over 2 ac = $500	L	Yes	
Development Plan Review		$500 + $10/ac	M	No	
				Total Fees	750
Additional Fees					
Stormwater Permit Application Fee to be paid at time of permit issuance Minor = $250 Intermediate or Major = $1,000					
Reimbursement of Fees Required (**Attach Appendix B**) = $2,000 + $100/acre for every acre over 5 acres					2,000.–

Property Owner Signature — Date 6/2/2023

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

Applicant Signature — Date 6/2/2023

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

Return to Agenda

PROPERTY ADDRESS/PIN 192 0308007

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

Stir and Noodles will only strictly offer pick up and to go for our customers. We have a an existing lot that would be ample to serve the customers. The lot is paved and lit currently

Return to Agenda

PROPERTY ADDRESS/PIN 1920308007

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

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

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

We will not have a sit down in the future nor plan to.

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

We do not have any more room in the lot to create more parking space for customers, but ~~[illegible]~~ is enough to carry out our daily business

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

It will not alter the essential character since the property is across the KITH police station and has a stop sign on the corner of the lot.

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PROPERTY ADDRESS/PIN 192 0308007

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

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

No hardship ~~since~~ since it is already has the existing pavement lot

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

~~It would~~ Restaurant would not be a sit down, but would just be pick up and go. So Customers will not stay long in the locations

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

It is not based to make more money, but to fit our business needs. The spaces is enough to meet our needs

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

It is an existing appliance store repair shop, but not been changed since.

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PROPERTY ADDRESS/PIN 1920308007

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

It will not be detrimental to the public since it is across from the police station.

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

7 vehicle parking is enoug for customers no street light or any increase of danger will occur

[signature] 6/2/2023

Applicant's Signature Date

[signature] 6/2/2023

Property Owner's Signature Date

Appendix I
Conditional Use

Conditional Use Applying For: Outdoor Storage of Vehicle Accessory to Principal use

Standards and Findings of Facts
Per Section 24.6 of the Zoning Ordinance

Before recommending any Conditional Use, the Planning and Zoning Commission and the Board of Trustees shall consider the following factors and how they are relevant to the specific conditional use being requested.

1. That the proposed use at the particular location requested is necessary or desirable to provide a service or a facility which is in the interest of public convenience and will it contribute to the general welfare of the neighborhood or community? **Explain how this standard is met.**

It will service the community with Filipino dishes which offers different taste.

2. That the proposed use, under the circumstances of the particular case, will not be detrimental to the health, safety, morals or general welfare of persons residing or working in the vicinity, or injurious to property values or improvements in the vicinity. **Explain how this standard is met.**

~~We with The food truck is regular~~
The food truck is regularly inspected by IL safety with ~~the~~ Department of transportation. Also is inspected by Mchenry Health Department on regular basis

3. That the establishment of the conditional use will not impede the normal and orderly development and improvement of the surrounding property for uses permitted in the district. **Explain how this standard is met.**

The property sits right across the street from LITH police station which has ample parking lot. The property also has its own parking lot.

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Appendix I
Conditional Use

4. The extent to which the conditional use is harmonious and compatible with the goals and objectives of the Village's comprehensive planning documents. **Explain how this standard is met.**

~~We will comply with the~~ Truck is currenty holds appoval with the Mchenry County Heath department as well as state inspection approval

5. The amount of traffic congestion or hazards, if any, that may occur as a result of the conditional use, as well as the extent and adequacy of pedestrian and vehicular access and circulation. **Explain how this standard is met.**

Property sits on a lot with 7 vehicle parking space. We will not offer sit down for customers and will be only to go and pickup resturant.

6. The extent that the conditional use can be adequately served by essential public facilities and services, and by private utilities. **Explain how this standard is met.**

sewer, electricity and gas will be in complement order to comply

7. That the proposed use will comply with the regulations and conditions specified in this Zoning Code for such use, and with the stipulations and conditions made a part of the authorization granted by the Board of Trustees. **Explain how this standard is met.**

We will comply with all the village requirement in order to meet standard and expectations

8. The Village may impose any other criteria as identified in the Zoning Code.

Property Owner Signature	Date: 6/2/2023
Applicant Signature	Date: 6/2/2023

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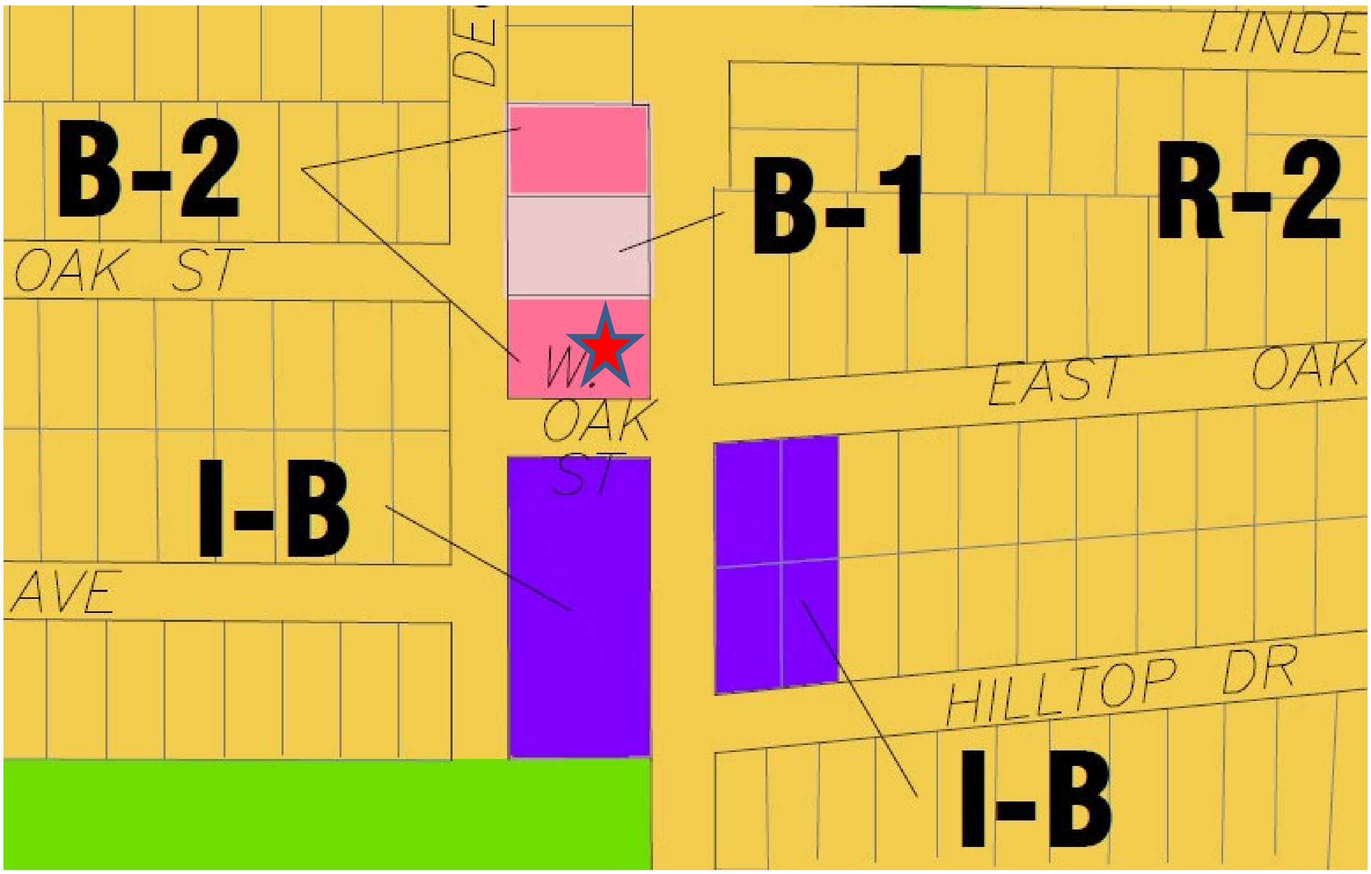
Variation and Conditional Use for Stix & Noodles at 1201 Crystal Lake Rd

2. EXHIBITS

ZONING MAP



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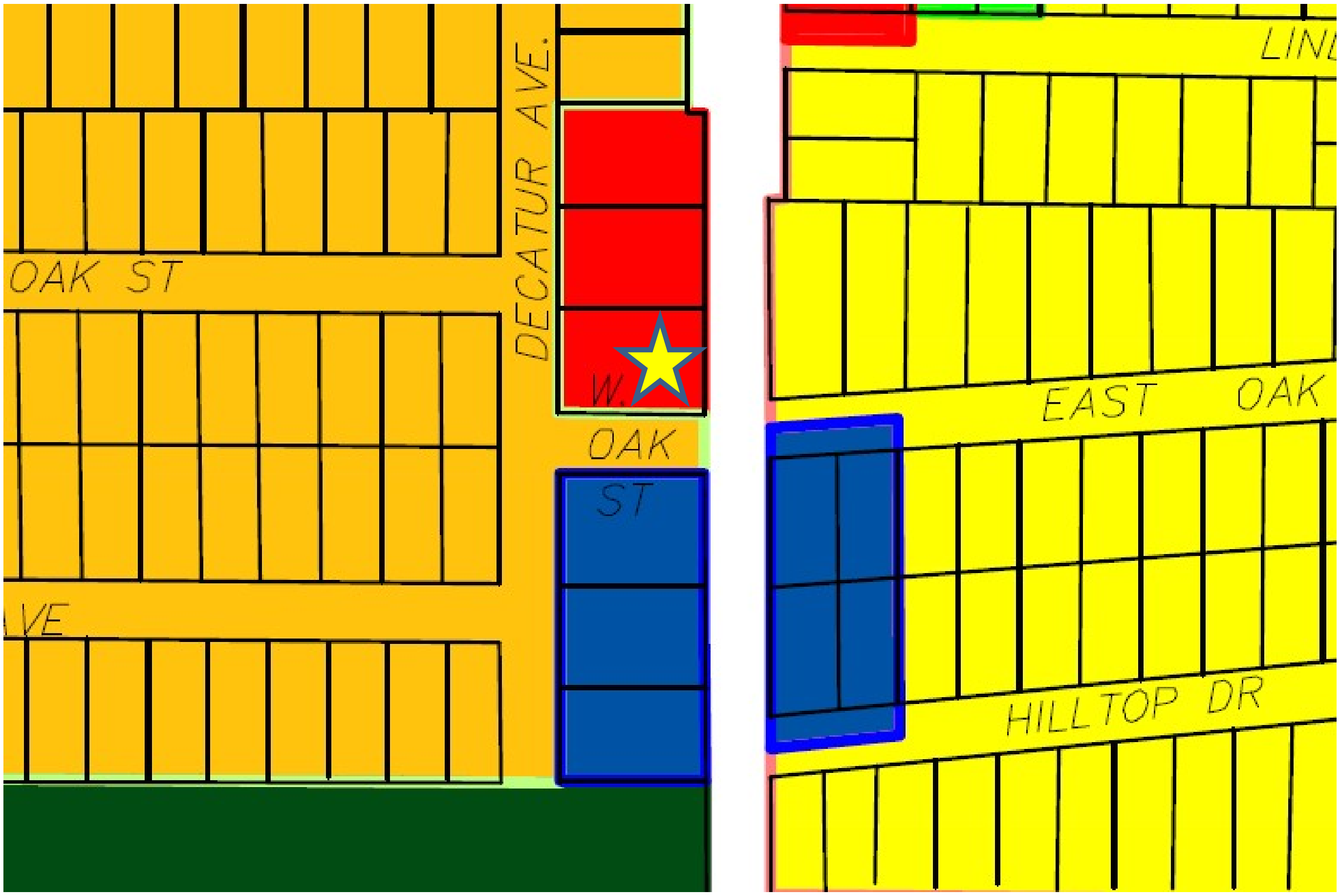
FUTURE LAND USE MAP



Commercial

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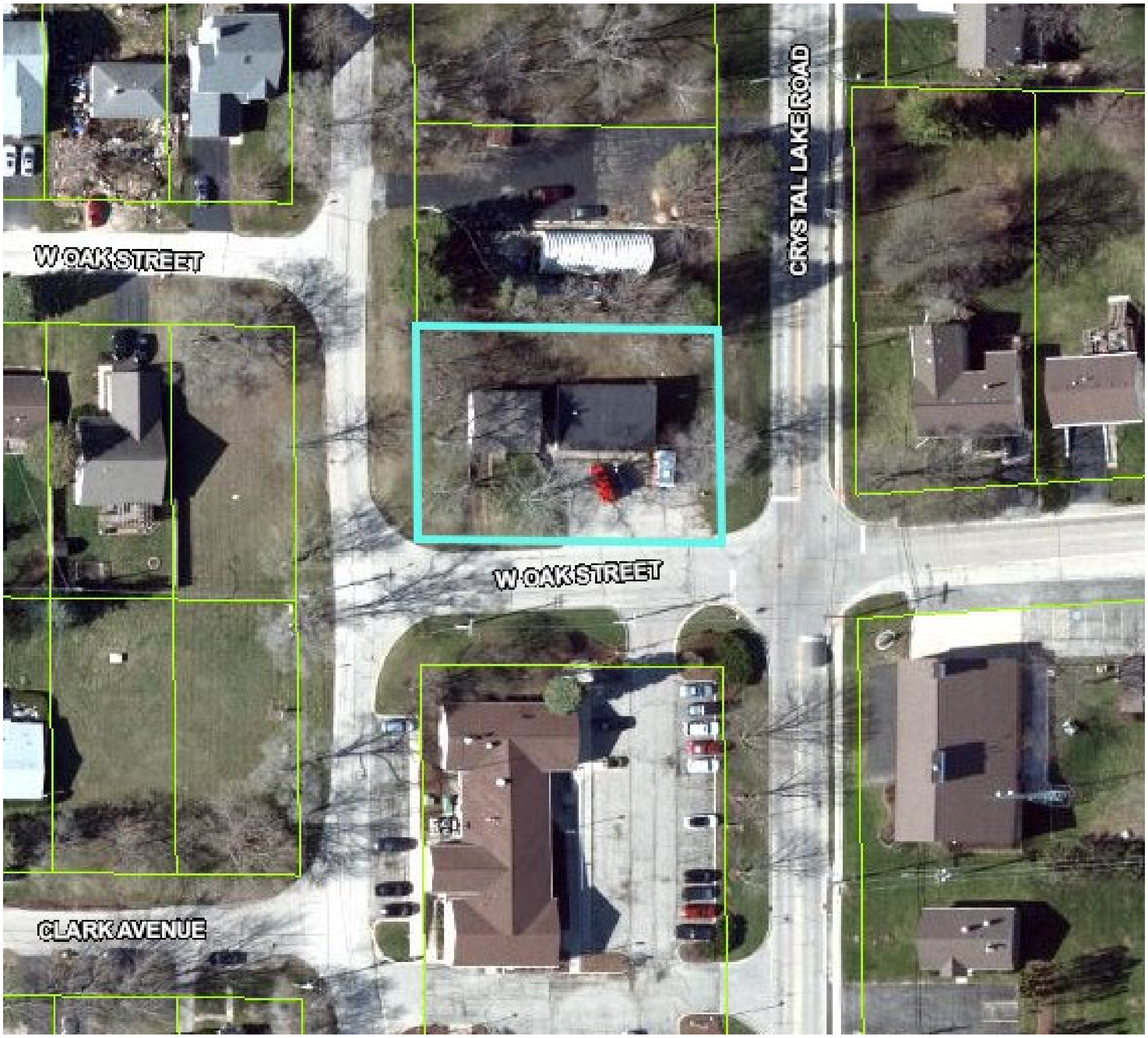
AERIAL PHOTO



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PROPERTY PHOTO

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AGENDA ITEM NO:4.D.1

REQUEST FOR BOARD ACTION

MEETING DATE: July 25, 2023

DEPARTMENT: Public Works

SUBJECT: Award a Contract for the Village Hall and Well 15 Roof and Window Replacement Project

EXECUTIVE SUMMARY

Staff seeks Board approval to award a contract to C3 Construction in the amount of $207,170.00 for the Village Hall and Well 15 roof, gutter, window, and trim project.

On October 10, 2022, the Village Hall and Well 15 experienced wind-driven hail impact damage to the asphalt shingles, windows, gutters, and metal trim on Village Hall and Well 15, requiring Properties staff to file an insurance claim with IRMA, our insurance carrier. IRMA and the Village hired independent professional structural damage companies to assess damages and IRMA approved the Village's claim to proceed with the project repairs.

Staff released a Request for Proposal (RFP) for this project on June 26, 2023, posted it on the Village's website, subsequently sent invitations to 57 vendors, and published it in the Northwest Herald. Public Works received and opened five sealed proposals on July 13, 2023. Responses ranged from a high of $300,850.00 to a low of $207,170.00 from C3 Construction. C3 Construction has been awarded many roofing contracts over the years, all reaching a successful conclusion while maintaining a professional manner.

FINANCIAL IMPACT

The total cost of this project will be $207,170.00, which will all be covered under the Village's insurance program through IRMA. The net cost to the Village after all insurance reimbursements will be the $25,000.00 deductible for this claim.

This project will require the following budget amendments:

A. Increase the budget for the full $207,170.00 cost of the project allocated between the CIP Fund ($162,370.00) and the Water Fund ($44,800.00).
B. Increase the Insurance/Restitution revenue accounts by the same amounts in the CIP Fund and the Water Fund.
C. Increase the deductible account in the Insurance and Tort Division of the General Fund by $25,000.00.
D. Increase the Transfer Out in the Water Fund by $12,500 for the Water Fund deductible cost.
E. Increase the Transfer In in the General Fund by $12,500 for the Water Fund portion of the deductible.

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ATTACHMENTS

1. RFP Results
2. Bid Certification Form
3. Budget Amendment Ordinance

RECOMMENDED MOTION(S)

1. Motion to accept the proposal and award a contract to C3 Construction for the Village Hall and Well 15 Roof and Window Replacement Project in the amount of $207,170.00.

2. Motion to approve an Ordinance Approving a Budget Amendment to the Operating Budget for the Fiscal Year Ending December 31, 2023.

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Lake in the Hills Public Works Department

MEMORANDUM

To: Ryan McDillon, Public Works Director
From: Scott Parchutz, Superintendent of Public Properties
Date: July 13th, 2023
Subject: RFP Bid Results – 2023 Village Hall, Well 15, Roof, Gutter, Window, and Trim Replacement Project

The bid opening for the Village Hall, Well 15, Roof, Gutter, Window, and Trim Replacement Project was held at the Village of Lake in the Hills Public Works Facility located at 9010 Haligus Road, Lake in the Hills, IL 60156 today at 10:00 A.M. Vendors in attendance were Tyler Brown - Carmichael Construction, Ricj Jay - All American Exterior, Elisha Tepper - CJM Roofing. Village staff in attendance were Scott Parchutz – Superintendent of Public Properties, Tyler Eckman – Facilities Crew Leader, Joelle Garcia and Sunni Butler - Administrative Specialist I acting as recorders, Mr. Parchutz read the RFP bid amounts as follows:

Company	RFQ Amount
Carmichael Construction Inc - Marengo, IL	$ 300,850.00
Filotto Roofing Inc - Crest Hills, IL	$ 287,800.00
All American Exterior Solutions - Lake Zurich, IL	$ 255,700.00
CJM Roofing - Crystal Lake, IL	$ 262,742.00
C3 Construction - Crystal Lake , IL	$ 207,170.00

The RFP opening concluded at 10:05 A.M. All RFP submittals will be reviewed by Village Staff and plan to make a recommendation to the Village Board of Trustees at an upcoming Village Board meeting.

APPENDIX 4 VILLAGE OF LAKE IN THE HILLS

BID CERTIFICATION FORM

Village Hall, Well 15, Roof, Gutter, Window, and Trim Replacement Project

CONTRACTOR'S NAME: C3 Construction

ADDRESS: 301 E. Congress Pkwy., #1104, Crystal Lake, IL 60014

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;

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 following all other applicable federal, state, and local laws.

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SCHEDULE OF PRICES

For providing, performing, and completing all Work, the lump sum of the products incorporated in the Work below:

Item	Description	Unit	Quantity	Total Cost
1	Village Hall - Roof, Gutter	Lump Sum	1	**$102,920**
2	Village Hall - Windows and Trim	Lump Sum	1	**$59,450**
3	Well House 15 - Roof and Gutter	Lump Sum	1	**$44,800**
4	Well House 15 - Windows and Trim	Lump Sum	1	**N/A**

TOTAL CONTRACT PRICE (the sum of the extensions):

Two hundred seven thousand, one hundred seventy Dollars and Zero Cents
(in writing) (in writing)

$207,170 Dollars and 0 Cents
(in figures) (in figures)

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 Village Hall and Well 15 roof, gutter, window antrim, that completion will be on or before the Contractor Planned Completion Date stated herein as September 10, 2023.

5. SPECIFICATIONS:

The undersigned will furnish all labor, material, equipment, and services necessary for said Village Hall HVAC and Ballasted Roof Replacement Project, in accordance with the following specifications and drawings as given and attached as exhibits for this project.

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. 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.

C. In the event the Contractor fails to complete the work by the Completion Date, the Contractor will be charged $200.00 per each calendar day over this date as Liquidated Damages, not a penalty, with the understanding that actual damages from the delay would be difficult to ascertain with precision and that the parties agree that this amount is a reasonable approximation of the cost of the delay.

Dated at C3 Construction this 11th day of July, 2023

By: B. Bischoff
(signature)

Its: President
Title

Brian Bischoffer, being duly sworn, deposes and states that he/she is the President of C3 Construction and that the statement above is true and correct. Subscribed and sworn before me this 11TH day of July, 2023

(NOTARY STAMP)

Official Seal
Ellen Jo Daniels
Notary Public State of Illinois
My Commission Expires 6/9/2027

Ellen Jo Daniels
Notary Public

VILLAGE OF LAKE IN THE HILLS

Accepted this ______ day of ____________________, 2023

By: ____
(signature)

Title: ____

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APPENDIX 2 REFERENCE SCHEDULE

1. Organization Village of Gilberts

Contact Person John Swedberg

Telephone number 847-428-2861

Work Description Installed new roofs on 7 different village buildings. Installed a new roof at Village Hall which included a steeple.

2. Organization First Service Residential

Contact Person Nick Topf

Telephone number 847-515-7650

Work Description Sun City/Del Webb. Worked successfully with the board of directors, community members, and maintenance team to do install on public facilities. Job required custom metal, and specifications.

3. Organization First Onsite

Contact Person Todd Mason

Telephone number 815-240-2422

Work Description Stevens Plastics/Hoffman Estates. Modified bit application after wind damage insurance claim. Built temporary roofing system to mitigate damage to interior. Reset drains to take care of pooling problems associated with aging building.

4. Organization First Priority Restoration

Contact Person Steve Harlfinger

Telephone number 800-282-1616

Work Description Sipi Metals insurance work of large-scale metal project involving custom corrugated metal. 20 gauge over open span on busy Elston Ave. in Chicago. Also many shingle projects as well.

5. Organization Village of Lake in the Hills

Contact Person Tyler Eckman

Telephone number 229-629-3747

Work Description 9 different village structures replaced within a 10-day period to coincide with village use schedules. Haine House historical restoration of the entire building.

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VILLAGE OF LAKE IN THE HILLS

Ordinance No. 2023-____

An Ordinance Approving a Budget Amendment to the Operating Budget for the Fiscal Year Ending December 31, 2023

WHEREAS, the Village of Lake in the Hills, McHenry County, Illinois (the "Village"), is a home rule municipality as contemplated under Article VII, Section 6, of the Constitution of the State of Illinois, and the passage of this Ordinance constitutes an exercise of the Village's home rule powers and functions to regulate for the protection of the public health, safety, morals, and welfare, as granted in the Constitution of the State of Illinois; 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, 2023 as part of Ordinance No. 2022-38; and

WHEREAS, the Village of Lake in the Hills acting by and through its President and Board of Trustees has previously approved two Operating Budget Amendments for the Fiscal Year Ending December 31, 2023 as part of Ordinance No. 2023-09 and Ordinance No. 2023-20; 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, 2023 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.

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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 27th day of July, 2023 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 27TH DAY OF JULY, 2023

____
Village President, Ray Bogdanowski

(SEAL)

ATTEST: _______________________________
Village Clerk, Shannon DuBeau

Published:

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Exhibit A

07-27-2023

Village of Lake in the Hills
Budget Transfer/Amendment
For the Fiscal Year Ending December 31, 2023

Account Number	Account Description	Current Budget Amount	Revised Budget Amount	Increase (Decrease)	Amendment Description
GENERAL FUND					
General Fund Revenues					
100.00.00-49.04	Transfers In	578,969	591,469	12,500	Transfer From Water Fund for Well 15 Roof & Window Repair Deductibl
	Total - General Fund Revenues			12,500	
Insurance & Tort Expenditures					
100.70.00-64.32	General Liability - Deductible	25,000	50,000	25,000	Insurance Deductible for Village Hall & Well 15 Roof & Window Repair
	Total - Insurance & Tort Expenditures			25,000	
CIP Fund					
CIP Fund Revenues					
490.00.00-47.20	Insurance / Restitutions	-	162,370	162,370	Insurance Reimbursement for Village Hall Roof & Window Replacement
	Total - CIP Revenues			162,370	
CIP Fund Expenditures					
490.00.00-80.08	Capital-Buildings & Structures	1,668,000	1,830,370	162,370	Village Hall Roof & Window Replacement Project
	Total - CIP Fund Expenditures			162,370	
Water Fund					
Water Fund Revenues					
520.00.00-47.20	Insurance / Restitutions	-	44,800	44,800	Insurance Reimbursement for Well 15 Roof & Window Replacement
	Total - Water Fund Revenues			44,800	
Water Fund Expenditures					
520.00.00-61.08	Maintenance-Buildings & Structures	94,151	138,951	44,800	Well 15 Roof & Window Replacement Project
520.00.00-95.04	Transfers Out	519,498	531,998	12,500	Transfer To General Fund for Well 15 Roof & Window Repair Deductible
	Total - Water Fund Expenditures			57,300	

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AGENDA ITEM NO: 4.D.2

REQUEST FOR BOARD ACTION

MEETING DATE: July 25, 2023

DEPARTMENT: Public Works

SUBJECT: Airport Ground Lease for Hangar PAP-17

EXECUTIVE SUMMARY

The Airport Rules and Regulations document requires tenants to enter into applicable leases, licenses, or storage agreements for Village owned hangers. Benjamin and Laura Wesoloski of Hangartime, LLC are requesting a new ground lease on Hangar PAP-17. This lease is for the period of July 28, 2023 to July 27, 2043. The lease includes an option to renew for four additional five-year terms.

The parties have signed the appropriate lease form and provided acceptable proof of insurance.

FINANCIAL IMPACT

The Airport Fund will receive $2,437.80 annually from the ground lease and $120 from electrical service fees, subject to annual increases approved by the Village Board.

ATTACHMENTS

1. Proposed Ordinance
2. PAP-17 Ground Lease

RECOMMENDED MOTION

Motion to approve the Ordinance and authorize the Village President to sign the ground lease for Hangar PAP-17 with Benjamin and Laura Wesoloski of Hangartime, LLC.

VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2023- ______

An Ordinance Authorizing the Approval of a Ground Lease between the Village of Lake in the Hills and Hangartime, LLC for PAP-17

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

WHEREAS, the Village and Hangartime, LLC wish to enter into a Ground Lease for PAP-17 at the Lake in the Hills Airport for an initial period of 20 years, commencing on July 28, 2023 and ending July 27, 2043 with the option to renew for four (4) additional terms of five years; and

WHEREAS, the dimensions of the land area occupied by the outside perimeter of PAP-17 is approximately 42’3” x 18’ by 16’5” x 20’7” of billable hangar space.

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 the President is hereby authorized to enter into a Ground Lease between the Village and Hangartime, LLC for PAP-17 at the Lake in the Hills Airport (“Exhibit A”), attached hereto and made a part hereof.

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.

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SECTION 4: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Passed this 27th day of July, 2023 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 27TH DAY OF JULY, 2023

____
Village President, Ray Bogdanowski

(SEAL)

ATTEST: ________________________________
Village Clerk, Shannon DuBeau

Published:_________________________________

Revised July 2023

VILLAGE OF LAKE IN THE HILLS
LAKE IN THE HILLS AIRPORT GROUND LEASE

THIS GROUND LEASE (this "Lease") made and entered into at Lake in the Hills, Illinois, this 27th day of July, 2023 by and between the Village of Lake in the Hills, an Illinois municipal corporation (the "Lessor") and Hangartime, LLC (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor does hereby let and lease to the Lessee the parcel of property depicted on Exhibit A attached to and by this reference incorporated into this Lease at the Lake in the Hills Airport (the "Airport"), which parcel of property is commonly known as:

[PAP-17]

Lot dimensions: 42'3" X 18'' **by** 16'5' X 20'7" (The "Premises").

ARTICLE 1: TERM; RENEWAL

1.01 This Lease shall commence on July 28th, 2023, and shall continue for a period of 20 years and shall terminate July 27th, 2043 (the "Initial Term") unless sooner terminated as hereinafter provided.

1.02 The parties shall have the option to renew this Lease for four (4) additional terms of five years (the "Extension Terms"), which Extension Terms shall commence on the day immediately following the last day of the then existing Term, provided (i) that the Lessee notifies the Lessor in writing (the "Extension Notice") at least 60 days prior to the expiration of the existing Term that the Lessee intends to renew this Lease for one of the Extension Terms; (ii) that the Lessee is not in default of any obligation or duty imposed upon it by this Lease; (iii) that the Lessor provides written consent to the Extension Term; and (iii) that the Lessor may increase, modify, or otherwise alter, for the Extension Terms, the amount of rent paid by the Lessee. The Lessor shall notify the Lessee in writing of any rent increase (the "Rental Increase Notice") within 30 days of receipt of the Extension Notice. In the event the Lessee determines that the rental increase is unreasonable, the Lessee shall have 10 days after Lessor's delivery of the Rental Increase Notice to elect to terminate this Lease. In the event the Lessee elects to terminate this Lease pursuant to the terms of this Article 1.02, then the Lessee shall provide the Lessor with written notice (the "Termination Notice") of its intention to do so no later than 10 days after the Lessor's delivery of the Rental Increase Notice. In the event the Lessor does not receive the Termination Notice within the 10-day period of time, it shall be conclusively presumed that the Lessee has elected not to terminate this Lease

ARTICLE 2: USE

2.01 The Premises shall be used, occupied, and maintained by the Lessee for the sole purpose of supporting an Aircraft Hangar/Storage facility (the "Hangar") for aircraft owned or leased by the Lessee and for lease for storage of other aircraft, and uses reasonably incidental thereto, and for no other purpose (the "Approved Uses").

2.02 The Lessee shall not conduct any business activities or aviation-related activities other than the Approved Uses, unless the Lessee shall also have a separate and valid commercial activity agreement with the Lessor. The Lessee shall comply with (a) all applicable governmental laws, ordinances, codes, rules, and regulations and applicable orders and directions of public officers thereunder and (b) all requirements of carriers of insurance on the Premises respecting all matters of occupancy, condition, maintenance, and use of the Premises, whether any of the foregoing shall be directed to the Lessee or the Lessor, including but not limited to any environmental laws or regulations by any local, state, or federal government and the Airport rules and regulations.

2.03 The Lessee agrees to occupy the entire Premises and to properly maintain and operate the Approved Uses at all times during the term(s) of this Lease.

2.04 The Lessee shall be entitled to the non-exclusive use, in common with other users, of the public facilities of the Airport solely for the purpose of ingress and egress to and from the Premises. The Lessee shall not use the public areas for the transient or permanent tie-down of aircraft or for any purposes other that as expressly permitted by this Lease.

2.05 The Lessee shall, at the Lessee's own expense, comply with all present and hereinafter enacted environmental laws, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6941 et seq., Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., Safe Drinking Water Act, 42 U.S.C. Section 300 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., and the regulations promulgated thereunder and any other laws, regulations, and ordinances (whether enacted by the local, state or federal governments) now in effect or hereinafter enacted, that deal with the regulation or protection of the environment and hazardous materials. The Lessee shall not cause or permit any hazardous material to be used, generated, manufactured, produced, or stored on, under, or about the Premises. The Lessee shall not keep on the Premises any inflammables, such as gasoline, kerosene, naphtha, or benzine or other volatile chemicals or compounds or explosives or any other articles of intrinsically dangerous nature, except such materials and equipment commonly related to airplane maintenance. The Lessee further shall indemnify, defend, and hold harmless the Lessor from and against any and all liability, loss, damage, expense, penalties, and legal and investigation fees or costs arising from or related to any claim or action for injury or liability brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse effects on, the environment of the Premises.

ARTICLE 3: RENT

3.01 The amount of rent payable to the Lessor (the "Rent") is set forth on the rent schedule ("the Rent Schedule") attached to and by this reference incorporated into this Lease as Exhibit B. The Rent, during the Initial Term and any Extension Term, is subject to rate increases, as approved by the Village Board of Trustees, effective at or near the beginning of each calendar year, up to a maximum 10 percent increase over the prior calendar year's rent. The first month's Rent shall be paid upon the execution of this Lease and each month's Rent thereafter shall be paid in advance on or before the first day of a calendar month during the term(s) of this Lease. Rent for any partial calendar month within the Term shall be prorated on a per diem basis assuming a 30-day month.

3.02 The Lessee agrees to pay all rent and any other amount owing hereunder on the due date thereof to the Lessor at its office at 600 Harvest Gate, Lake in the Hills, Illinois, or to such other person at such other address as the Lessor may from time to time designate in writing. The Lessee hereby agrees that the Lessee's obligation to pay such rent and other amounts shall be absolute and unconditional under all circumstances, including, without limitation, the following circumstances: (a) any setoff counter-claim, recoupment, defense, or other right that the Lessee may have against the Lessor, or anyone else for any reason whatsoever; (b) any damage to, loss, or destruction of the Premises or any interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever, unless directly caused by the negligent acts of Lessor; (c) any insolvency, bankruptcy, reorganization, or similar proceedings by or against the Lessee; and (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statutes or otherwise, to terminate, cancel, quit, or surrender any portion of the Premises hereunder except in accordance with the expressed terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except in the event of termination without the fault of Lessee or termination upon change of ownership in accordance with Article 12 of this Lease, or dis-affirmed by the Lessee, all remaining rent payments which would have become due and payable in accordance with the terms hereof had this Lease not been terminated or dis-affirmed in whole or part shall become immediately due and payable. Each rent or any other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

3.03 The Lessee shall also pay the Lessor a late charge upon payment of Rent after the tenth day of any month in the amount of 10 percent of the amount owed. Payment of a late charge to the Lessor shall in no way interfere with the Lessee's obligation to pay Rent on the first day of each month. Payment by the Lessee of a late charge shall not be deemed a waiver of or otherwise limit the Lessor's remedies under this Lease.

ARTICLE 4: LESSOR'S RIGHT TO RELOCATE LESSEE

4.01 The Lessee acknowledges that at any time during the term(s) of this Lease, the Lessor may need to relocate the Hangar to another comparable location at the Airport (the "Relocation"). In the event the Lessor determines in its sole and absolute discretion that Relocation is necessary, the Lessor shall provide the Lessee with 30 days written notice of its intention to relocate. The Hangar will be relocated to another location that, in the sole discretion of the Lessor, is comparable to the Premises, and the definition of the "Premises" shall be revised to reflect the new location. The Lessor will pay for the following costs of Relocation: preparation of the new site, relocation of the Hangar and hangar facilities onto the new site, and all costs directly associated with the Relocation. The Lessee shall have no right to reimbursement from the Lessor for any costs incurred by the Lessee as a result of the Relocation, except for reasonable costs incurred by the Lessee as a result of Lessor's Relocation actions.

4.02 The Lessor shall not be responsible for theft, loss, injury, damage, or destruction of the Hangar or of any aircraft or other property on the Premises during the Relocation. The Lessee hereby releases and discharges the Lessor for the loss of or damage to the Lessee's property, except for that loss or damage arising out of the Lessor's negligence during the Relocation.

ARTICLE 5: CONDITION OF PREMISES; REPAIR

5.01 The Lessee has inspected the Premises and accepts the Premises in an "as is" condition. The Lessee acknowledges that its decision to enter into this Lease was based on its own knowledge and analysis and not on any representations by the Lessor, and the Lessee waives any and all claims against the Lessor in connections therewith. At the termination of this Lease, the Lessee shall, at Lessee's sole expense, remove the Hangar, including any foundation, and restore the Premises to a natural state, including grading and grass seeding.

5.02 The Lessee agrees, at its sole cost and expense, to repair, replace, or reconstruct the Hangar and other improvements located on the Premises that are damaged or destroyed by fire or other casualty, or required to be repaired, removed, or reconstructed by any governmental or military authority. Such repair, replacement, or reconstruction shall be accomplished within such time as may be reasonable under the circumstances after allowing for delays caused by strikes, lockouts, acts of God, fire, extraordinary weather conditions, or any other cause or casualty beyond the reasonable control of Lessee (the "Reasonable Time Period"). The design and specifications of such repair, replacement, or reconstruction shall be as determined by Lessee; but such work shall restore the Premises to not less than its condition prior to said need for repair.

ARTICLE 6: COVENANTS

The Lessee agrees to all of the following covenants:

(a) The Lessee shall not commit, suffer, or allow to be committed or suffered any acts of waste on the Premises, or commit or permit to be committed any acts which will in any way constitute a public or private nuisance or an unlawful or immoral act. Only the Approved Uses shall be permitted.

(b) All maintenance to the Hangar or other improvements or any repair of damages to same from any cause shall be the sole responsibility of the Lessee and shall be made in the Reasonable Time Period and at the Lessee's expense (unless such damage was caused by the negligence of the Lessor) and same shall comply fully with all applicable laws, ordinances, and other government regulations, codes, and directions.

(c) The Lessee shall not erect or install any sign of any kind anywhere in or on the Premises without the specific prior written consent of the Lessor. In addition, the Lessee shall not use any broadcast or audio advertising media, including but not limited to loudspeakers, phonographs, or radio or television broadcasts, in a manner visible or audible outside of the Hangar.

(d) The Lessee shall not install any exterior lighting or plumbing fixtures, shades, or awnings or exterior decoration or paintings or build any enclosures or audio or television antenna, loudspeakers, sound amplifiers, or similar devices on the roof or exterior walls of the Hangar without the specific prior written consent of the Lessor.

(e) The Lessee shall store all trash and garbage within proper receptacles in the Hangar and around the Premises. The Lessee shall not burn any trash or garbage of any kind in or about the Premises.

ARTICLE 7: REMEDIES

7.01 In the event of any default by the Lessee with respect to any of the events below and the Lessee's failure to cure said default within 10 days after written notice thereof by the Lessor, the Lessor may immediately terminate this Lease and/or the Lessee's right to possession hereunder, and pursue any other remedy available to the Lessor at law or in equity and including, without limitation, those remedies set forth at the end of this Article, upon the happening of one or more of the following events:

(a) The making by the Lessee of an assignment for the benefit of the creditors without the written consent of the Village Administrator;

(b) The operation or supervision of any business other than the Approved Uses conducted in the Premises by the Lessee, or by anyone else, except only with the prior specific written consent of the Lessor;

(c) The levying of a writ of execution or attachment on or against the property of the Lessee;

(d) The doing, or permitting to be done, by the Lessee of any act which creates a mechanic's lien or claim therefor against the Premises or any part of the Premises;

(e) The failure of the Lessee to pay any Rent when due, which shall not be in lieu of any statutorily prescribed remedies for the Lessee's failure to pay Rent but shall be in addition thereto;

(f) If the estate created hereby shall be taken in execution or by other process of law or if proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or voluntary or involuntary dissolution of the Lessee or composition for the benefit of a creditor or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of the Lessee for any purpose and said proceedings are not dismissed, and any receiver, trustee, or liquidator appointed therein discharged within 10 days after the institution of said proceedings;

(g) Any failure of the Lessee to keep and perform fully any of its covenants under this Lease;

(h) The abandonment of the Premises by the Lessee or the discontinuance by the Lessee of the proper maintenance and operation of the Approved Uses for a consecutive period of three months or longer;

(i) If the Lessee is a corporation, the sale of any of the Lessee's stock pledged for any purpose, whether by virtue of execution or otherwise.

7.02 Upon the event of a default hereunder by the Lessee, the Lessor shall have the right to cure the default, at its option, by any means reasonably necessary. In such event, the Lessee shall reimburse the Lessor for all reasonable costs incurred by the Lessor in curing the default.

7.03 Upon the termination of this Lease or the Lessee's right to possession hereunder, the Lessor may re-enter the Premises using such force as may be necessary and in compliance with applicable law and remove all persons, fixtures, property and equipment therefrom and the Lessor shall not be liable for damages or otherwise by reason of re-entry or termination of possession of the term of this Lease. Upon termination of either the Lessee's right to possession or the Lease, the Lessor shall be entitled to recover immediately an amount equal to the minimum rent for the balance of the term less the amount of any minimum rental obtained from any other lessee for the balance of the term in the event the said premises are re-let. Upon and after entry into possession without termination of this Lease, the Lessor may, but need not, re-let the Premises or any part thereof for the account of the Lessee for such rent, for such time and upon such terms as the Lessor in its sole discretion shall determine.

ARTICLE 8: TAXES

The Premises is owned by the Lessor and is currently tax-exempt. Therefore, in the event the Lessee's operations on the Premises cause a tax to be assessed against, levied upon, or otherwise become payable in respect of the Premises or the use thereof, the Lessee shall pay all taxes relating to the Premises or to this Lease, including all real estate taxes, personal property taxes and leasehold taxes, unforeseen as well as foreseen, that are assessed against, levied upon and become payable in respect of the Premises or the use thereof during the term(s) of this Lease; provided, however, that in the event such taxes are imposed as a result of Lessor's actions under the Lease, then the Lessee shall not be responsible for said taxes. Such payment of taxes by Lessee shall be in addition to the payment of Rent.

ARTICLE 9: INSURANCE; INDEMNIFICATION

9.01 The Lessee shall, at Lessee's sole cost, during the entire term hereof, keep in full force and effect a policy of airport liability and property damage insurance with respect to the Hangar and the Premises or any other occupant of the Premises, in which the limits of public liability shall not be less that $1 million per occurrence. The policy shall name the Lessor and its trustees, officers, employees, attorneys, legal representatives, and agents as additional insureds and shall contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor 30 days prior written notice thereof. The insurance shall be with companies licensed to do business in the State of Illinois. The insurance shall be in a form reasonably acceptable to the Lessor and a copy of the policy and a certificate of insurance shall be delivered to the Lessor prior to the commencement hereof. In the event the Lessee shall fail to procure said insurance, the

Lessor may, but shall be under no obligation to, procure such insurance in which event the Lessee agrees to pay to the Lessor, as additional rent, the amount of premium therefore on the first day of the month following the month in which the Lessor notifies the Lessee of the amount of premium due hereunder.

9.02 The Lessee, shall at the Lessee's sole cost, during the entire term hereof, keep in full force and effect a policy for fire and property damage insurance with respect to the Hangar and all other Lessee property contained on the Premises, as well as all other improvements on the Premises, in such amount and form, and with such companies, as the Lessor may reasonably determine. The Lessee shall, from time to time, as requested by the Lessor, deliver certificates of such insurance verifying coverage to the Lessor.

9.03 Except only to the extent otherwise prohibited by law, the Lessee covenants and agrees to indemnify and hold harmless the Lessor and its trustees, officers, employees, attorneys, legal representatives, and agents from any and all losses, claims, damages, costs, or expenses, including attorney's fees, the Lessor may be required to pay as a result of acts and/or omissions of the Lessee or any agent of the Lessee.

ARTICLE 10: SUBORDINATION

The parties to this Lease desire that this Lease be prior in lien to all other documents, including mortgages, trust deeds, or other encumbrances that may hereafter be recorded against the Premises. Lessee agrees to subordinate any mortgage, trust deed, or other encumbrance that may hereafter be placed on the Premises, or to any advances to be made thereunder and to interest thereon and all renewals, replacements, and extensions thereof, to this Lease; and the Lessee agrees to execute any instrument or instruments which the Lessor may reasonably, at the Lessor's sole and complete discretion, require to effect such subordination, provided that the Lessee and its successors and assigns shall have the right to freely, peaceably, and quietly occupy and enjoy the full possession and use of said premises as long as the Lessee shall not be in default under this Lease, and subject to the Lessor's right to relocate the Lessee as set forth in Article 4 of this Lease. In the event of any mortgagee, trustee, or encumbrancer notifying the Lessee to that effect, this Lease shall be deemed prior in lien to said mortgage, trust deed, or encumbrance whether or not this Lease is dated prior to or subsequent to the date of said mortgage, trust deed, or encumbrance.

ARTICLE 11: IMPROVEMENTS; MECHANIC'S LIENS

11.01 This Section 11.01 is applicable if the Premises are unimproved as of the effective date of this Lease. During the term of this Lease, unless this Lease shall be sooner terminated in accordance with the terms hereof; the Lessee, at it sole cost and expense, shall construct or place on the Premises the Hangar and related improvements in accordance with the Lessee's plans and specifications as set forth in Exhibit C attached to and by this reference incorporated into this Lease (the "Plans"). The Hangar and related improvements shall be constructed in accordance with all applicable federal, state and local laws, codes, ordinances, and regulations and shall have the specific prior written approval of the Lessor.

11.02 All repairs, construction, modifications, alterations, or changes made by the Lessee to the Premises shall be done or contracted for only with the Lessor's specific prior written consent, which the Lessor may withhold for any reason that the Lessor deems sufficient. Notwithstanding anything to the contrary herein, no alterations to the Premises are allowed during the term(s) of this Lease except for the construction of the Hangar and related improvements. Any of the foregoing that the Lessee undertakes shall be done at the Lessee's sole cost and expense and none of the foregoing nor any other act shall be allowed or suffered which may create any mechanic's lien or claim for lien against the Premises. In the event any lien or claim for lien upon the Lessor's title or the Premises results from any act or neglect of the Lessee, and the Lessee fails to remove said lien or dismiss such claim for lien within 10 days after the Lessors notice to do so, the Lessor may, but need not, remove the lien or satisfy such claim for lien by paying the full amount thereof without any investigation or contest of the validity or amount thereof and the Lessee shall pay the Lessor promptly upon demand, and as additional rent, the amount paid out by the Lessor, including the Lessor's costs, expenses, and counsel fees.

ARTICLE 12: ASSIGNMENT OR SUBLETTING

The Lessee agrees not to assign, encumber, or in any manner transfer this Lease or any interest hereunder and not to permit the use or occupancy of the Premises, whether by license, concession or otherwise by anyone other than the Lessee without the specific prior written consent of the Lessor (which consent shall not be unreasonably denied); provided, however, that the Lessee may sublet the Premises for the remainder of the then existing Term with the prior written consent of the Lessor (which consent shall not be unreasonably denied) and subject to the terms of this Lease. Any assignment or subletting permitted hereunder shall not be deemed to relieve the Lessee of its obligation to pay rental and perform its other obligations hereunder. Consent by the Lessor of one assignment or one subletting or one use or occupancy of the Premises shall not constitute a waiver of the Lessor's rights under this Article as to any subsequent assignments, subletting, or use or occupancy. If the Lessee is a corporation or partnership, and if, during the term of this Lease, the ownership of the shares of stock or partnership interests which constitute control of the Lessee changes by reason of sale, gift, death, or otherwise, the Lessee shall provide the Lessor with written notice and confirmation of the new owner's intent to be bound by the terms of the Lease, along with evidence of the new owner's financial information to insure that the new owner is capable of performing the obligations set forth in this Lease. In the event the Lessor concludes, in the exercise of its discretion, that the new owner is not capable of performing the obligations under this Lease, the Lessor may at any time thereafter terminate this Lease by giving the Lessee written notice of such termination at least 30 days prior to the date of termination stated in the notice. Receipt of rent after such change of control shall not affect the Lessor's rights under the preceding sentence.

ARTICLE 13: UNTENANTABILITY

In the event that the Hangar shall be destroyed or so damaged by fire, explosion, windstorm, or other casualty as to be untenantable, the Lessee shall within the Reasonable Time Period secure the Hangar and restore it in accordance with the terms of this Lease and rents due hereunder shall not be abated.

ARTICLE 14: SURRENDER OF PREMISES; HOLD OVER

14.01 At the expiration of the tenancy hereby created, whether by lapse of time or otherwise, or upon termination of the Lessee's right of possession, the Lessee shall immediately surrender possession of the Premises to the Lessor in good condition, and shall remove the Hangar and all other improvements therefrom. If such possession is not immediately surrendered, then the Lessor may immediately enter the Premises and possess itself thereof and remove all persons and effects therefrom using such force as may be necessary and in compliance with applicable law. If the Lessee shall fail or refuse to remove all of the Lessee's property from the Premises, then the Lessee shall be conclusively presumed to have abandoned the same, and title thereto shall thereupon pass to the Lessor without any cost either by set-off; credit, allowance, or otherwise, and the Lessor may at its option accept title to such property, or at the Lessee's expense may remove the same or any part thereof in any manner that the Lessor shall choose and store the same without incurring liability to the Lessee or any other person.

14.02 It is agreed and understood that any holding over by the Lessee of the Premises at the expiration or cancellation of this Lease shall operate and be construed as a tenancy from month to month at a rental of three times the current monthly rental, and in addition the Lessee shall be liable to the Lessor for all loss or damage on account of any holding over against the Lessor's will after the expiration or cancellation of this Lease, whether such loss or damage may be contemplated at this time or not. No receipt or acceptance of money by the Lessor from the Lessee after the expiration or cancellation of this Lease or after the service of any notice, after the commencement of any suit, or after any judgment for possession of the Premises, shall reinstate, continue or extend the terms of this Lease, or affect any such notice, demand, or suit or imply consent for any action for which the Lessor's consent is required or operate as a waiver of any right of the Lessor to retake and resume possession of the Premises and remove the structures.

ARTICLE 15: COSTS AND FEES

The Lessee shall pay upon demand all of the Lessor's costs, charges, and expenses, including fees of attorneys, agents, and others retained by the Lessor, incurred in enforcing any of the obligations of Lessee under this Lease or in any litigation, negotiation, or transaction in which the Lessor shall, without the Lessor's fault, become involved through or on account of this Lease. In the event it becomes necessary for either party hereto to file suit to enforce this Lease or any provision contained herein, the prevailing party in such suit shall be entitled to recover, in addition to all other remedies or damages provided for in this Lease, reasonable attorneys' fees and costs incurred in such suit at trial or on appeal or in connection with any bankruptcy or similar proceeding.

ARTICLE 16: SUCCESSORS AND ASSIGNS

The terms, covenants, and conditions hereof shall be binding upon, apply and inure to the benefit of the heirs, executors, administrators, successors in interest and assigns of; the parties hereto. No rights, however, shall inure to the benefit of any assignee or sub-lessee of the Lessee except only if such assignment or sublease has been specifically consented to by the Lessor in writing as provided herein.

ARTICLE 17: REMEDIES CUMULATIVE

All rights and remedies of the Lessor enumerated in this Lease shall be cumulative and none shall exclude any other right or remedy allowed by law, and said rights and remedies may be exercised and enforced concurrently as often as occasion therefor arises.

ARTICLE 18: ESTOPPEL CERTIFICATE

Each party agrees at any time and from time to time, upon not less than 20 days prior written request by the other, to execute, acknowledge, and deliver to the other a statement in writing certifying that this Lease is unmodified and in full force and effect and the date to which the rental and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser of this leasehold or the fee, or mortgagee or assignee of any mortgage upon this leasehold or the fee of the Premises.

ARTICLE 19: MISCELLANEOUS

19.01 The necessary grammatical changes required to make the provisions of this Lease apply to the past, present, and future and in the plural sense where appropriate and to corporations, associations, partnerships, or individuals, male or female, shall in all instances be assumed as though in each case fully expressed.

19.02 The laws of, but not the conflicts of law rules of, the State of Illinois shall govern the validity, performance, and enforcement of this Lease.

19.03 The headings of several articles contained herein are for convenience only and do not limit or construe the contents of the articles.

19.04 All of the covenants of this Lease are independent covenants. If any provisions of this Lease are found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, then the remainder of the Lease will not be affected, and in lieu of each provision which is found to be illegal, invalid, or unenforceable, there will be added as part of this Lease a provision as similar to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

19.05 Notwithstanding any other provision to the contrary herein, either Lessor or Lessee may, in its sole discretion, terminate this Lease upon 30 day’s written notice to the other party.

ARTICLE 20: NOTICES

Any notices required or desired to be given under this Lease shall be in writing and (i) personally served, (ii) given by certified mail, return receipt requested, (iii) given by overnight express delivery, or (iv) given by facsimile transmission, with any such facsimile transmission confirmed by next business day overnight express delivery. Any notice shall be addressed to the party to receive it at the following address or at such other address as the party may from time to time direct in writing:

To the Lessee at:

Hangartime, LLC
Benjamin Wesoloski & Laura Wesoloski
469 Newcastle Dr
Cary, IL 60013

and to the Lessor at:

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

with a copy to:

Village of Lake in the Hills
600 Harvest Gate
Lake in the Hills, Illinois 60156
Attention: Airport Manager

Express Delivery notices shall be deemed to be given upon receipt. Postal notices shall be deemed to be given three days after deposit with the United States Postal Service. Facsimile notices shall be deemed given upon the date of transmission, provided that compliance is made with the remaining obligations of this Article 20.

ARTICLE 21: PRIOR AGREEMENTS

This Lease replaces and supersedes any other written or oral prior agreement, arrangement, or understanding between the Lessee and the Lessor or its agent, which prior agreement(s) shall be considered null and void and of no further effect whatsoever as of the date hereof.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year above.

[LESSOR] VILLAGE OF LAKE IN THE HILLS

By: ______________________________________
Village President

Attest: ______________________________________
Village Clerk

[LESSEE] Hangartime, LLC

By: ______________________________________
Benjamin Wesoloski **Laura Wesoloski**

Title: ______________________________________

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EXHIBIT A
PREMISES

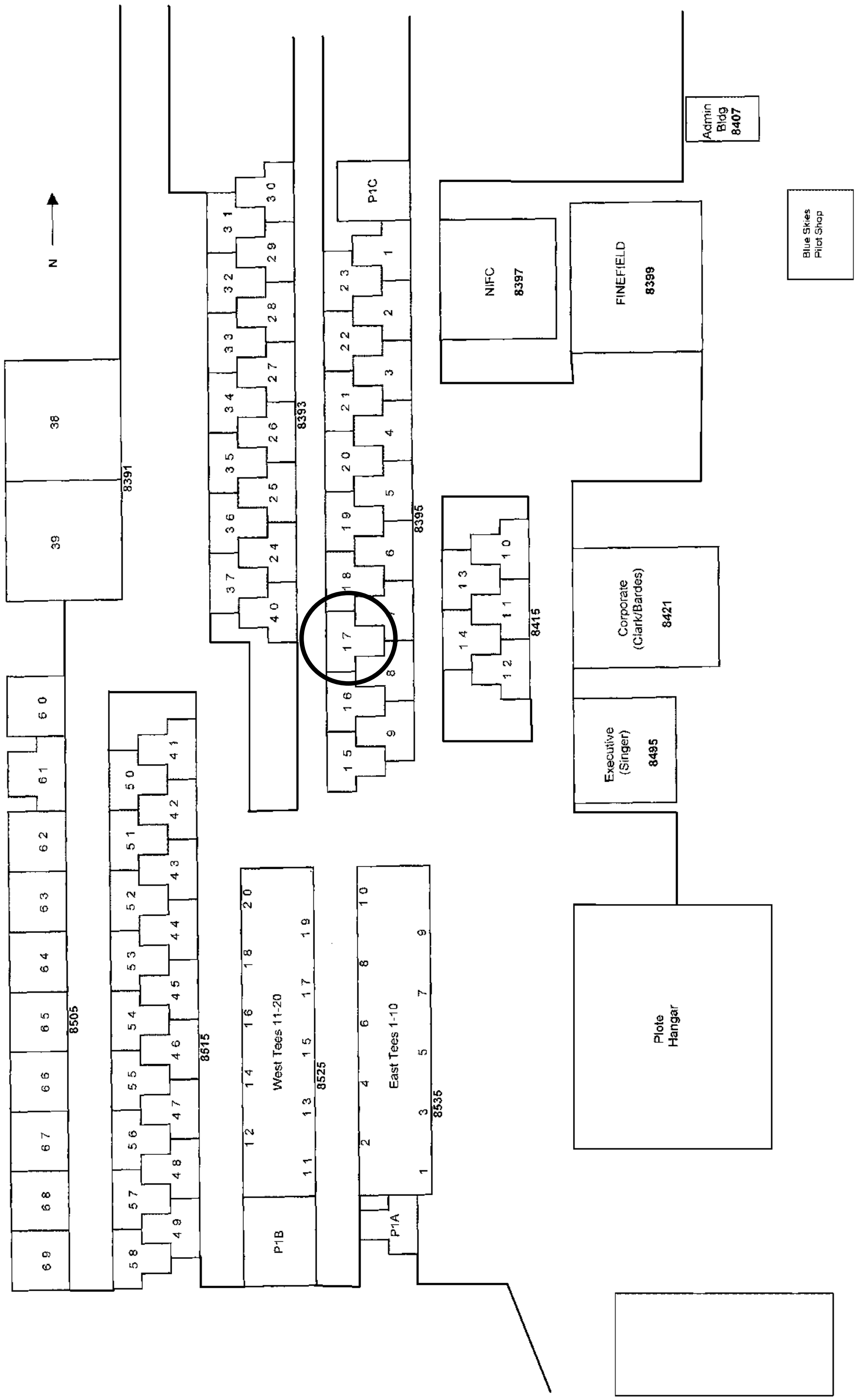

EXHIBIT B
Rent Schedule

Village Owned Facility Leases and Tie Downs		
Description	**Rate**	**Frequency**
Hard surface tie downs	$90.00	Monthly
Grass tie downs	$60.00	Monthly
East and West T-Hangar Building Leases	$320.00	Monthly
Maintenance Hangar Building Lease	$3,086.39	Monthly
8603 Pyott Road Building Lease	$2,117.43	Monthly
Airport Office Sublease	$375.00	Monthly

*$5 or $10 respectively of the overnight transient fees will be waived if the aircraft operator

Overnight Transient Storage		
Description	**Rate**	**Frequency**
Grass Tie Down	$5.00*	Daily
Hard Surface Tie Down or Ramp Area	$10.00*	Daily
T-Hangar	$30.00	Daily

purchases at least
15 gallons of aviation fuel in conjunction with that overnight stay.

Land Leases		
Description	**Rate**	**Frequency**
Square Hangars	$13.30*	Cents per Month
T-Hangar Size A (39’3” x 14’8”; 16’6” x 14’7” approx.)	$195.28	Monthly
T-Hangar Size B (42’3” x 18’; 16’5” x 20’7” approx.)	$203.15	Monthly
T-Hangar Size C (46’ x 21’; 19’6” x 23’8” approx.)	$218.87	Monthly

*Per square foot of land area occupied based on the outside perimeter of the structure (rounded to the nearest foot) unless otherwise specified in the lease.

Private Hangar Electrical Service Fee (monthly fee by breaker size and configuration)		
Breaker Size (Amps)	**Monthly Fee (USD)**	**Comments**
20	$7	Single breaker serves 3 individual hangars
20	$10	Single breaker serves 2 individual hangars
20	$20	Fee per individual breaker
30	$29	Fee per individual breaker
40	$39	Fee per individual breaker
50	$49	Fee per individual breaker
60	$59	Fee per individual breaker

EXHIBIT B CONTINUED
Disconnect/Reconnect – Electrical

If a tenant makes a request to the Village to disconnect Village provided electrical service to a private hangar, the disconnection may be completed subject to review to ensure it is feasible to complete the request. If the request is approved the tenant will not be allowed to reconnect to the Village provided electrical service for a period of 12 months. The 12-month period shall start on the date the electrical is disconnected to the private hangar. After the 12-month period, the tenant can submit a request to reconnect to the Village provided electrical service. The Village will charge a fee of $65.00 to reconnect the Village provided electrical service.

Waiver to Late Fees

If a late fee is assessed according to the lease, a request to waive the late fee may be considered by the Village Finance Department. The late fee may be waived in the event all of the following conditions are met:

1. A written request to waive the late fee must be presented to the Finance Department; and
2. The Finance Department must receive the written request to waive the late fee by the last business day of the month the payment was due and was not received until after the 10th of the same month; and
3. The tenant has displayed a good payment history during the preceeding12 months. A good payment history shall be defined as having a) no late fees posted to the account, and b) no late fee waiver requested for the account during the preceding 12 months and c) no returned payments associated with the account.

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EXHIBIT C
PLANS

Not applicable.

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AGENDA ITEM NO: 4.D.3

REQUEST FOR BOARD ACTION

MEETING DATE: July 25, 2023

DEPARTMENT: Public Works

SUBJECT: Airport Ground Lease for Hangar PAP-23

EXECUTIVE SUMMARY

The Airport Rules and Regulations document requires tenants to enter into applicable leases, licenses, or storage agreements for Village owned hangers. Benjamin and Laura Wesoloski of Hangartime, LLC are requesting a new ground lease on Hangar PAP-23. This lease is for the period of July 28, 2023 to July 27, 2043. The lease includes an option to renew for four additional five-year terms.

The parties have signed the appropriate lease form and provided acceptable proof of insurance.

FINANCIAL IMPACT

The Airport Fund will receive $2,437.80 annually from the ground lease and $84 from electrical service fees, subject to annual increases approved by Village ordinance.

ATTACHMENTS

1. Proposed Ordinance
2. PAP-23 Ground Lease

RECOMMENDED MOTION

Motion to approve the Ordinance and authorize the Village President and Village Clerk to sign the ground lease for Hangar PAP-23 with Benjamin and Laura Wesoloski of Hangartime, LLC.

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VILLAGE OF LAKE IN THE HILLS

ORDINANCE NO. 2023- ______

An Ordinance Authorizing the Approval of a Ground Lease between the Village of Lake in the Hills and Hangartime, LLC for PAP-23

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

WHEREAS, the Village and Hangartime, LLC wish to enter into a Ground Lease for PAP-23 at the Lake in the Hills Airport for an initial period of 20 years, commencing on July 28, 2023 and ending July 27, 2043 with the option to renew for four (4) additional terms of five years; and

WHEREAS, the dimensions of the land area occupied by the outside perimeter of PAP-23 is approximately 42’3” x 18’ by 16’5” x 20’7” of billable hangar space.

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 the President is hereby authorized to enter into a Ground Lease between the Village and Hangartime, LLC for PAP-23 at the Lake in the Hills Airport (“Exhibit A”), attached hereto and made a part hereof.

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.

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SECTION 4: This Ordinance shall be in full force and effect upon its passage, approval and publication in pamphlet form (which publication is hereby authorized) as provided by law.

Passed this 27th day of July, 2023 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 27TH DAY OF JULY, 2023

____
Village President, Ray Bogdanowski

(SEAL)

ATTEST: ________________________________
Village Clerk, Shannon DuBeau

Published:_________________________________

Revised July 2023

VILLAGE OF LAKE IN THE HILLS
LAKE IN THE HILLS AIRPORT GROUND LEASE

THIS GROUND LEASE (this "Lease") made and entered into at Lake in the Hills, Illinois, this 27th day of July, 2023 by and between the Village of Lake in the Hills, an Illinois municipal corporation (the "Lessor") and Hangartime, LLC (the "Lessee").

W I T N E S S E T H:

WHEREAS, the Lessor does hereby let and lease to the Lessee the parcel of property depicted on Exhibit A attached to and by this reference incorporated into this Lease at the Lake in the Hills Airport (the "Airport"), which parcel of property is commonly known as:

[PAP-23]

Lot dimensions: 42'3" X 18'' **by** 16'5' X 20'7" (The "Premises").

ARTICLE 1: TERM; RENEWAL

1.01 This Lease shall commence on July 28th, 2023, and shall continue for a period of 20 years and shall terminate July 27th, 2043 (the "Initial Term") unless sooner terminated as hereinafter provided.

1.02 The parties shall have the option to renew this Lease for four (4) additional terms of five years (the "Extension Terms"), which Extension Terms shall commence on the day immediately following the last day of the then existing Term, provided (i) that the Lessee notifies the Lessor in writing (the "Extension Notice") at least 60 days prior to the expiration of the existing Term that the Lessee intends to renew this Lease for one of the Extension Terms; (ii) that the Lessee is not in default of any obligation or duty imposed upon it by this Lease; (iii) that the Lessor provides written consent to the Extension Term; and (iii) that the Lessor may increase, modify, or otherwise alter, for the Extension Terms, the amount of rent paid by the Lessee. The Lessor shall notify the Lessee in writing of any rent increase (the "Rental Increase Notice") within 30 days of receipt of the Extension Notice. In the event the Lessee determines that the rental increase is unreasonable, the Lessee shall have 10 days after Lessor's delivery of the Rental Increase Notice to elect to terminate this Lease. In the event the Lessee elects to terminate this Lease pursuant to the terms of this Article 1.02, then the Lessee shall provide the Lessor with written notice (the "Termination Notice") of its intention to do so no later than 10 days after the Lessor's delivery of the Rental Increase Notice. In the event the Lessor does not receive the Termination Notice within the 10-day period of time, it shall be conclusively presumed that the Lessee has elected not to terminate this Lease

ARTICLE 2: USE

2.01 The Premises shall be used, occupied, and maintained by the Lessee for the sole purpose of supporting an Aircraft Hangar/Storage facility (the "Hangar") for aircraft owned or leased by the Lessee and for lease for storage of other aircraft, and uses reasonably incidental thereto, and for no other purpose (the “Approved Uses”).

2.02 The Lessee shall not conduct any business activities or aviation-related activities other than the Approved Uses, unless the Lessee shall also have a separate and valid commercial activity agreement with the Lessor. The Lessee shall comply with (a) all applicable governmental laws, ordinances, codes, rules, and regulations and applicable orders and directions of public officers thereunder and (b) all requirements of carriers of insurance on the Premises respecting all matters of occupancy, condition, maintenance, and use of the Premises, whether any of the foregoing shall be directed to the Lessee or the Lessor, including but not limited to any environmental laws or regulations by any local, state, or federal government and the Airport rules and regulations.

2.03 The Lessee agrees to occupy the entire Premises and to properly maintain and operate the Approved Uses at all times during the term(s) of this Lease.

2.04 The Lessee shall be entitled to the non-exclusive use, in common with other users, of the public facilities of the Airport solely for the purpose of ingress and egress to and from the Premises. The Lessee shall not use the public areas for the transient or permanent tie-down of aircraft or for any purposes other that as expressly permitted by this Lease.

2.05 The Lessee shall, at the Lessee’s own expense, comply with all present and hereinafter enacted environmental laws, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6941 et seq., Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq., Safe Drinking Water Act, 42 U.S.C. Section 300 et seq., the Clean Air Act, 42 U.S.C. Section 7401 et seq., and the regulations promulgated thereunder and any other laws, regulations, and ordinances (whether enacted by the local, state or federal governments) now in effect or hereinafter enacted, that deal with the regulation or protection of the environment and hazardous materials. The Lessee shall not cause or permit any hazardous material to be used, generated, manufactured, produced, or stored on, under, or about the Premises. The Lessee shall not keep on the Premises any inflammables, such as gasoline, kerosene, naphtha, or benzine or other volatile chemicals or compounds or explosives or any other articles of intrinsically dangerous nature, except such materials and equipment commonly related to airplane maintenance. The Lessee further shall indemnify, defend, and hold harmless the Lessor from and against any and all liability, loss, damage, expense, penalties, and legal and investigation fees or costs arising from or related to any claim or action for injury or liability brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse effects on, the environment of the Premises.

ARTICLE 3: RENT

3.01 The amount of rent payable to the Lessor (the “Rent”) is set forth on the rent schedule (“the Rent Schedule”) attached to and by this reference incorporated into this Lease as Exhibit B. The Rent, during the Initial Term and any Extension Term, is subject to rate increases, as approved by the Village Board of Trustees, effective at or near the beginning of each calendar year, up to a maximum 10 percent increase over the prior calendar year’s rent. The first month’s Rent shall be paid upon the execution of this Lease and each month's Rent thereafter shall be paid in advance on or before the first day of a calendar month during the term(s) of this Lease. Rent for any partial calendar month within the Term shall be prorated on a per diem basis assuming a 30-day month.

3.02 The Lessee agrees to pay all rent and any other amount owing hereunder on the due date thereof to the Lessor at its office at 600 Harvest Gate, Lake in the Hills, Illinois, or to such other person at such other address as the Lessor may from time to time designate in writing. The Lessee hereby agrees that the Lessee's obligation to pay such rent and other amounts shall be absolute and unconditional under all circumstances, including, without limitation, the following circumstances: (a) any setoff counter-claim, recoupment, defense, or other right that the Lessee may have against the Lessor, or anyone else for any reason whatsoever; (b) any damage to, loss, or destruction of the Premises or any interruption or cessation in the use or possession thereof by the Lessee for any reason whatsoever, unless directly caused by the negligent acts of Lessor; (c) any insolvency, bankruptcy, reorganization, or similar proceedings by or against the Lessee; and (d) any other event or circumstance whatsoever, whether or not similar to any of the foregoing. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statutes or otherwise, to terminate, cancel, quit, or surrender any portion of the Premises hereunder except in accordance with the expressed terms hereof. If for any reason whatsoever this Lease shall be terminated in whole or in part by operation of law or otherwise, except in the event of termination without the fault of Lessee or termination upon change of ownership in accordance with Article 12 of this Lease, or dis-affirmed by the Lessee, all remaining rent payments which would have become due and payable in accordance with the terms hereof had this Lease not been terminated or dis-affirmed in whole or part shall become immediately due and payable. Each rent or any other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

3.03 The Lessee shall also pay the Lessor a late charge upon payment of Rent after the tenth day of any month in the amount of 10 percent of the amount owed. Payment of a late charge to the Lessor shall in no way interfere with the Lessee's obligation to pay Rent on the first day of each month. Payment by the Lessee of a late charge shall not be deemed a waiver of or otherwise limit the Lessor's remedies under this Lease.

ARTICLE 4: LESSOR'S RIGHT TO RELOCATE LESSEE

4.01 The Lessee acknowledges that at any time during the term(s) of this Lease, the Lessor may need to relocate the Hangar to another comparable location at the Airport (the "Relocation"). In the event the Lessor determines in its sole and absolute discretion that Relocation is necessary, the Lessor shall provide the Lessee with 30 days written notice of its intention to relocate. The Hangar will be relocated to another location that, in the sole discretion of the Lessor, is comparable to the Premises, and the definition of the "Premises" shall be revised to reflect the new location. The Lessor will pay for the following costs of Relocation: preparation of the new site, relocation of the Hangar and hangar facilities onto the new site, and all costs directly associated with the Relocation. The Lessee shall have no right to reimbursement from the Lessor for any costs incurred by the Lessee as a result of the Relocation, except for reasonable costs incurred by the Lessee as a result of Lessor's Relocation actions.

4.02 The Lessor shall not be responsible for theft, loss, injury, damage, or destruction of the Hangar or of any aircraft or other property on the Premises during the Relocation. The Lessee hereby releases and discharges the Lessor for the loss of or damage to the Lessee's property, except for that loss or damage arising out of the Lessor's negligence during the Relocation.

ARTICLE 5: CONDITION OF PREMISES; REPAIR

5.01 The Lessee has inspected the Premises and accepts the Premises in an "as is" condition. The Lessee acknowledges that its decision to enter into this Lease was based on its own knowledge and analysis and not on any representations by the Lessor, and the Lessee waives any and all claims against the Lessor in connections therewith. At the termination of this Lease, the Lessee shall, at Lessee's sole expense, remove the Hangar, including any foundation, and restore the Premises to a natural state, including grading and grass seeding.

5.02 The Lessee agrees, at its sole cost and expense, to repair, replace, or reconstruct the Hangar and other improvements located on the Premises that are damaged or destroyed by fire or other casualty, or required to be repaired, removed, or reconstructed by any governmental or military authority. Such repair, replacement, or reconstruction shall be accomplished within such time as may be reasonable under the circumstances after allowing for delays caused by strikes, lockouts, acts of God, fire, extraordinary weather conditions, or any other cause or casualty beyond the reasonable control of Lessee (the "Reasonable Time Period"). The design and specifications of such repair, replacement, or reconstruction shall be as determined by Lessee; but such work shall restore the Premises to not less than its condition prior to said need for repair.

ARTICLE 6: COVENANTS

The Lessee agrees to all of the following covenants:

(a) The Lessee shall not commit, suffer, or allow to be committed or suffered any acts of waste on the Premises, or commit or permit to be committed any acts which will in any way constitute a public or private nuisance or an unlawful or immoral act. Only the Approved Uses shall be permitted.

(b) All maintenance to the Hangar or other improvements or any repair of damages to same from any cause shall be the sole responsibility of the Lessee and shall be made in the Reasonable Time Period and at the Lessee's expense (unless such damage was caused by the negligence of the Lessor) and same shall comply fully with all applicable laws, ordinances, and other government regulations, codes, and directions.

(c) The Lessee shall not erect or install any sign of any kind anywhere in or on the Premises without the specific prior written consent of the Lessor. In addition, the Lessee shall not use any broadcast or audio advertising media, including but not limited to loudspeakers, phonographs, or radio or television broadcasts, in a manner visible or audible outside of the Hangar.

(d) The Lessee shall not install any exterior lighting or plumbing fixtures, shades, or awnings or exterior decoration or paintings or build any enclosures or audio or television antenna, loudspeakers, sound amplifiers, or similar devices on the roof or exterior walls of the Hangar without the specific prior written consent of the Lessor.

(e) The Lessee shall store all trash and garbage within proper receptacles in the Hangar and around the Premises. The Lessee shall not burn any trash or garbage of any kind in or about the Premises.

ARTICLE 7: REMEDIES

7.01 In the event of any default by the Lessee with respect to any of the events below and the Lessee's failure to cure said default within 10 days after written notice thereof by the Lessor, the Lessor may immediately terminate this Lease and/or the Lessee's right to possession hereunder, and pursue any other remedy available to the Lessor at law or in equity and including, without limitation, those remedies set forth at the end of this Article, upon the happening of one or more of the following events:

(a) The making by the Lessee of an assignment for the benefit of the creditors without the written consent of the Village Administrator;

(b) The operation or supervision of any business other than the Approved Uses conducted in the Premises by the Lessee, or by anyone else, except only with the prior specific written consent of the Lessor;

(c) The levying of a writ of execution or attachment on or against the property of the Lessee;

(d) The doing, or permitting to be done, by the Lessee of any act which creates a mechanic's lien or claim therefor against the Premises or any part of the Premises;

(e) The failure of the Lessee to pay any Rent when due, which shall not be in lieu of any statutorily prescribed remedies for the Lessee's failure to pay Rent but shall be in addition thereto;

(f) If the estate created hereby shall be taken in execution or by other process of law or if proceedings are instituted in a court of competent jurisdiction for the reorganization, liquidation, or voluntary or involuntary dissolution of the Lessee or composition for the benefit of a creditor or for its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of the Lessee for any purpose and said proceedings are not dismissed, and any receiver, trustee, or liquidator appointed therein discharged within 10 days after the institution of said proceedings;

(g) Any failure of the Lessee to keep and perform fully any of its covenants under this Lease;

(h) The abandonment of the Premises by the Lessee or the discontinuance by the Lessee of the proper maintenance and operation of the Approved Uses for a consecutive period of three months or longer;

(i) If the Lessee is a corporation, the sale of any of the Lessee's stock pledged for any purpose, whether by virtue of execution or otherwise.

7.02 Upon the event of a default hereunder by the Lessee, the Lessor shall have the right to cure the default, at its option, by any means reasonably necessary. In such event, the Lessee shall reimburse the Lessor for all reasonable costs incurred by the Lessor in curing the default.

7.03 Upon the termination of this Lease or the Lessee's right to possession hereunder, the Lessor may re-enter the Premises using such force as may be necessary and in compliance with applicable law and remove all persons, fixtures, property and equipment therefrom and the Lessor shall not be liable for damages or otherwise by reason of re-entry or termination of possession of the term of this Lease. Upon termination of either the Lessee's right to possession or the Lease, the Lessor shall be entitled to recover immediately an amount equal to the minimum rent for the balance of the term less the amount of any minimum rental obtained from any other lessee for the balance of the term in the event the said premises are re-let. Upon and after entry into possession without termination of this Lease, the Lessor may, but need not, re-let the Premises or any part thereof for the account of the Lessee for such rent, for such time and upon such terms as the Lessor in its sole discretion shall determine.

ARTICLE 8: TAXES

The Premises is owned by the Lessor and is currently tax-exempt. Therefore, in the event the Lessee's operations on the Premises cause a tax to be assessed against, levied upon, or otherwise become payable in respect of the Premises or the use thereof, the Lessee shall pay all taxes relating to the Premises or to this Lease, including all real estate taxes, personal property taxes and leasehold taxes, unforeseen as well as foreseen, that are assessed against, levied upon and become payable in respect of the Premises or the use thereof during the term(s) of this Lease; provided, however, that in the event such taxes are imposed as a result of Lessor's actions under the Lease, then the Lessee shall not be responsible for said taxes. Such payment of taxes by Lessee shall be in addition to the payment of Rent.

ARTICLE 9: INSURANCE; INDEMNIFICATION

9.01 The Lessee shall, at Lessee's sole cost, during the entire term hereof, keep in full force and effect a policy of airport liability and property damage insurance with respect to the Hangar and the Premises or any other occupant of the Premises, in which the limits of public liability shall not be less that $1 million per occurrence. The policy shall name the Lessor and its trustees, officers, employees, attorneys, legal representatives, and agents as additional insureds and shall contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor 30 days prior written notice thereof. The insurance shall be with companies licensed to do business in the State of Illinois. The insurance shall be in a form reasonably acceptable to the Lessor and a copy of the policy and a certificate of insurance shall be delivered to the Lessor prior to the commencement hereof. In the event the Lessee shall fail to procure said insurance, the

Lessor may, but shall be under no obligation to, procure such insurance in which event the Lessee agrees to pay to the Lessor, as additional rent, the amount of premium therefore on the first day of the month following the month in which the Lessor notifies the Lessee of the amount of premium due hereunder.

9.02 The Lessee, shall at the Lessee's sole cost, during the entire term hereof, keep in full force and effect a policy for fire and property damage insurance with respect to the Hangar and all other Lessee property contained on the Premises, as well as all other improvements on the Premises, in such amount and form, and with such companies, as the Lessor may reasonably determine. The Lessee shall, from time to time, as requested by the Lessor, deliver certificates of such insurance verifying coverage to the Lessor.

9.03 Except only to the extent otherwise prohibited by law, the Lessee covenants and agrees to indemnify and hold harmless the Lessor and its trustees, officers, employees, attorneys, legal representatives, and agents from any and all losses, claims, damages, costs, or expenses, including attorney's fees, the Lessor may be required to pay as a result of acts and/or omissions of the Lessee or any agent of the Lessee.

ARTICLE 10: SUBORDINATION

The parties to this Lease desire that this Lease be prior in lien to all other documents, including mortgages, trust deeds, or other encumbrances that may hereafter be recorded against the Premises. Lessee agrees to subordinate any mortgage, trust deed, or other encumbrance that may hereafter be placed on the Premises, or to any advances to be made thereunder and to interest thereon and all renewals, replacements, and extensions thereof, to this Lease; and the Lessee agrees to execute any instrument or instruments which the Lessor may reasonably, at the Lessor's sole and complete discretion, require to effect such subordination, provided that the Lessee and its successors and assigns shall have the right to freely, peaceably, and quietly occupy and enjoy the full possession and use of said premises as long as the Lessee shall not be in default under this Lease, and subject to the Lessor's right to relocate the Lessee as set forth in Article 4 of this Lease. In the event of any mortgagee, trustee, or encumbrancer notifying the Lessee to that effect, this Lease shall be deemed prior in lien to said mortgage, trust deed, or encumbrance whether or not this Lease is dated prior to or subsequent to the date of said mortgage, trust deed, or encumbrance.

ARTICLE 11: IMPROVEMENTS; MECHANIC'S LIENS

11.01 This Section 11.01 is applicable if the Premises are unimproved as of the effective date of this Lease. During the term of this Lease, unless this Lease shall be sooner terminated in accordance with the terms hereof; the Lessee, at it sole cost and expense, shall construct or place on the Premises the Hangar and related improvements in accordance with the Lessee's plans and specifications as set forth in Exhibit C attached to and by this reference incorporated into this Lease (the "Plans"). The Hangar and related improvements shall be constructed in accordance with all applicable federal, state and local laws, codes, ordinances, and regulations and shall have the specific prior written approval of the Lessor.

11.02 All repairs, construction, modifications, alterations, or changes made by the Lessee to the Premises shall be done or contracted for only with the Lessor's specific prior written consent, which the Lessor may withhold for any reason that the Lessor deems sufficient. Notwithstanding anything to the contrary herein, no alterations to the Premises are allowed during the term(s) of this Lease except for the construction of the Hangar and related improvements. Any of the foregoing that the Lessee undertakes shall be done at the Lessee's sole cost and expense and none of the foregoing nor any other act shall be allowed or suffered which may create any mechanic's lien or claim for lien against the Premises. In the event any lien or claim for lien upon the Lessor's title or the Premises results from any act or neglect of the Lessee, and the Lessee fails to remove said lien or dismiss such claim for lien within 10 days after the Lessors notice to do so, the Lessor may, but need not, remove the lien or satisfy such claim for lien by paying the full amount thereof without any investigation or contest of the validity or amount thereof and the Lessee shall pay the Lessor promptly upon demand, and as additional rent, the amount paid out by the Lessor, including the Lessor's costs, expenses, and counsel fees.

ARTICLE 12: ASSIGNMENT OR SUBLETTING

The Lessee agrees not to assign, encumber, or in any manner transfer this Lease or any interest hereunder and not to permit the use or occupancy of the Premises, whether by license, concession or otherwise by anyone other than the Lessee without the specific prior written consent of the Lessor (which consent shall not be unreasonably denied); provided, however, that the Lessee may sublet the Premises for the remainder of the then existing Term with the prior written consent of the Lessor (which consent shall not be unreasonably denied) and subject to the terms of this Lease. Any assignment or subletting permitted hereunder shall not be deemed to relieve the Lessee of its obligation to pay rental and perform its other obligations hereunder. Consent by the Lessor of one assignment or one subletting or one use or occupancy of the Premises shall not constitute a waiver of the Lessor's rights under this Article as to any subsequent assignments, subletting, or use or occupancy. If the Lessee is a corporation or partnership, and if, during the term of this Lease, the ownership of the shares of stock or partnership interests which constitute control of the Lessee changes by reason of sale, gift, death, or otherwise, the Lessee shall provide the Lessor with written notice and confirmation of the new owner's intent to be bound by the terms of the Lease, along with evidence of the new owner's financial information to insure that the new owner is capable of performing the obligations set forth in this Lease. In the event the Lessor concludes, in the exercise of its discretion, that the new owner is not capable of performing the obligations under this Lease, the Lessor may at any time thereafter terminate this Lease by giving the Lessee written notice of such termination at least 30 days prior to the date of termination stated in the notice. Receipt of rent after such change of control shall not affect the Lessor's rights under the preceding sentence.

ARTICLE 13: UNTENANTABILITY

In the event that the Hangar shall be destroyed or so damaged by fire, explosion, windstorm, or other casualty as to be untenantable, the Lessee shall within the Reasonable Time Period secure the Hangar and restore it in accordance with the terms of this Lease and rents due hereunder shall not be abated.

ARTICLE 14: SURRENDER OF PREMISES; HOLD OVER

14.01 At the expiration of the tenancy hereby created, whether by lapse of time or otherwise, or upon termination of the Lessee's right of possession, the Lessee shall immediately surrender possession of the Premises to the Lessor in good condition, and shall remove the Hangar and all other improvements therefrom. If such possession is not immediately surrendered, then the Lessor may immediately enter the Premises and possess itself thereof and remove all persons and effects therefrom using such force as may be necessary and in compliance with applicable law. If the Lessee shall fail or refuse to remove all of the Lessee's property from the Premises, then the Lessee shall be conclusively presumed to have abandoned the same, and title thereto shall thereupon pass to the Lessor without any cost either by set-off; credit, allowance, or otherwise, and the Lessor may at its option accept title to such property, or at the Lessee's expense may remove the same or any part thereof in any manner that the Lessor shall choose and store the same without incurring liability to the Lessee or any other person.

14.02 It is agreed and understood that any holding over by the Lessee of the Premises at the expiration or cancellation of this Lease shall operate and be construed as a tenancy from month to month at a rental of three times the current monthly rental, and in addition the Lessee shall be liable to the Lessor for all loss or damage on account of any holding over against the Lessor's will after the expiration or cancellation of this Lease, whether such loss or damage may be contemplated at this time or not. No receipt or acceptance of money by the Lessor from the Lessee after the expiration or cancellation of this Lease or after the service of any notice, after the commencement of any suit, or after any judgment for possession of the Premises, shall reinstate, continue or extend the terms of this Lease, or affect any such notice, demand, or suit or imply consent for any action for which the Lessor's consent is required or operate as a waiver of any right of the Lessor to retake and resume possession of the Premises and remove the structures.

ARTICLE 15: COSTS AND FEES

The Lessee shall pay upon demand all of the Lessor's costs, charges, and expenses, including fees of attorneys, agents, and others retained by the Lessor, incurred in enforcing any of the obligations of Lessee under this Lease or in any litigation, negotiation, or transaction in which the Lessor shall, without the Lessor's fault, become involved through or on account of this Lease. In the event it becomes necessary for either party hereto to file suit to enforce this Lease or any provision contained herein, the prevailing party in such suit shall be entitled to recover, in addition to all other remedies or damages provided for in this Lease, reasonable attorneys' fees and costs incurred in such suit at trial or on appeal or in connection with any bankruptcy or similar proceeding.

ARTICLE 16: SUCCESSORS AND ASSIGNS

The terms, covenants, and conditions hereof shall be binding upon, apply and inure to the benefit of the heirs, executors, administrators, successors in interest and assigns of; the parties hereto. No rights, however, shall inure to the benefit of any assignee or sub-lessee of the Lessee except only if such assignment or sublease has been specifically consented to by the Lessor in writing as provided herein.

ARTICLE 17: REMEDIES CUMULATIVE

All rights and remedies of the Lessor enumerated in this Lease shall be cumulative and none shall exclude any other right or remedy allowed by law, and said rights and remedies may be exercised and enforced concurrently as often as occasion therefor arises.

ARTICLE 18: ESTOPPEL CERTIFICATE

Each party agrees at any time and from time to time, upon not less than 20 days prior written request by the other, to execute, acknowledge, and deliver to the other a statement in writing certifying that this Lease is unmodified and in full force and effect and the date to which the rental and other charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this paragraph may be relied upon by any prospective purchaser of this leasehold or the fee, or mortgagee or assignee of any mortgage upon this leasehold or the fee of the Premises.

ARTICLE 19: MISCELLANEOUS

19.01 The necessary grammatical changes required to make the provisions of this Lease apply to the past, present, and future and in the plural sense where appropriate and to corporations, associations, partnerships, or individuals, male or female, shall in all instances be assumed as though in each case fully expressed.

19.02 The laws of, but not the conflicts of law rules of, the State of Illinois shall govern the validity, performance, and enforcement of this Lease.

19.03 The headings of several articles contained herein are for convenience only and do not limit or construe the contents of the articles.

19.04 All of the covenants of this Lease are independent covenants. If any provisions of this Lease are found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, then the remainder of the Lease will not be affected, and in lieu of each provision which is found to be illegal, invalid, or unenforceable, there will be added as part of this Lease a provision as similar to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, and enforceable.

19.05 Notwithstanding any other provision to the contrary herein, either Lessor or Lessee may, in its sole discretion, terminate this Lease upon 30 day’s written notice to the other party.

ARTICLE 20: NOTICES

Any notices required or desired to be given under this Lease shall be in writing and (i) personally served, (ii) given by certified mail, return receipt requested, (iii) given by overnight express delivery, or (iv) given by facsimile transmission, with any such facsimile transmission confirmed by next business day overnight express delivery. Any notice shall be addressed to the party to receive it at the following address or at such other address as the party may from time to time direct in writing:

To the Lessee at:

Hangartime, LLC
Benjamin Wesoloski & Laura Wesoloski
469 Newcastle Dr
Cary, IL 60013

and to the Lessor at:

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

with a copy to:

Village of Lake in the Hills
600 Harvest Gate
Lake in the Hills, Illinois 60156
Attention: Airport Manager

Express Delivery notices shall be deemed to be given upon receipt. Postal notices shall be deemed to be given three days after deposit with the United States Postal Service. Facsimile notices shall be deemed given upon the date of transmission, provided that compliance is made with the remaining obligations of this Article 20.

ARTICLE 21: PRIOR AGREEMENTS

This Lease replaces and supersedes any other written or oral prior agreement, arrangement, or understanding between the Lessee and the Lessor or its agent, which prior agreement(s) shall be considered null and void and of no further effect whatsoever as of the date hereof.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year above.

[LESSOR] VILLAGE OF LAKE IN THE HILLS

By: ______________________________
Village President

Attest: ______________________________
Village Clerk

[LESSEE] Hangartime, LLC

By: ______________________________
Benjamin Wesoloski **Laura Wesoloski**

Title: ______________________________

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EXHIBIT A
PREMISES

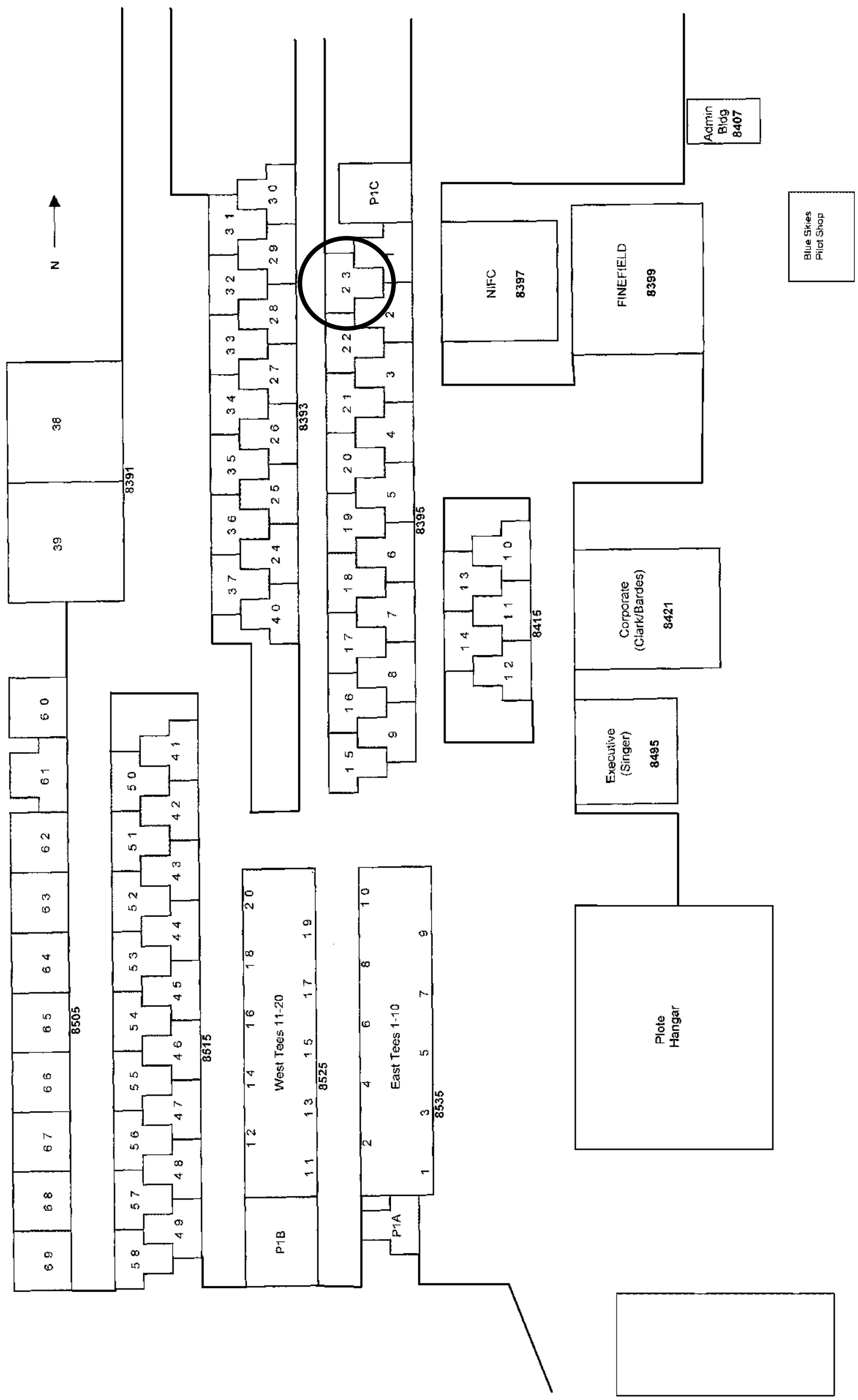

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EXHIBIT B
Rent Schedule

Village Owned Facility Leases and Tie Downs		
Description	**Rate**	**Frequency**
Hard surface tie downs	$90.00	Monthly
Grass tie downs	$60.00	Monthly
East and West T-Hangar Building Leases	$320.00	Monthly
Maintenance Hangar Building Lease	$3,086.39	Monthly
8603 Pyott Road Building Lease	$2,117.43	Monthly
Airport Office Sublease	$375.00	Monthly

*$5 or $10 respectively of the overnight transient fees will be waived if the aircraft operator

Overnight Transient Storage		
Description	**Rate**	**Frequency**
Grass Tie Down	$5.00*	Daily
Hard Surface Tie Down or Ramp Area	$10.00*	Daily
T-Hangar	$30.00	Daily

purchases at least
15 gallons of aviation fuel in conjunction with that overnight stay.

Land Leases		
Description	**Rate**	**Frequency**
Square Hangars	$13.30*	Cents per Month
T-Hangar Size A (39’3” x 14’8”; 16’6” x 14’7” approx.)	$195.28	Monthly
T-Hangar Size B (42’3” x 18’; 16’5” x 20’7” approx.)	$203.15	Monthly
T-Hangar Size C (46’ x 21’; 19’6” x 23’8” approx.)	$218.87	Monthly

*Per square foot of land area occupied based on the outside perimeter of the structure (rounded to the nearest foot) unless otherwise specified in the lease.

Private Hangar Electrical Service Fee (monthly fee by breaker size and configuration)		
Breaker Size (Amps)	**Monthly Fee (USD)**	**Comments**
20	$7	Single breaker serves 3 individual hangars
20	$10	Single breaker serves 2 individual hangars
20	$20	Fee per individual breaker
30	$29	Fee per individual breaker
40	$39	Fee per individual breaker
50	$49	Fee per individual breaker
60	$59	Fee per individual breaker

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EXHIBIT B CONTINUED
Disconnect/Reconnect – Electrical

If a tenant makes a request to the Village to disconnect Village provided electrical service to a private hangar, the disconnection may be completed subject to review to ensure it is feasible to complete the request. If the request is approved the tenant will not be allowed to reconnect to the Village provided electrical service for a period of 12 months. The 12-month period shall start on the date the electrical is disconnected to the private hangar. After the 12-month period, the tenant can submit a request to reconnect to the Village provided electrical service. The Village will charge a fee of $65.00 to reconnect the Village provided electrical service.

Waiver to Late Fees

If a late fee is assessed according to the lease, a request to waive the late fee may be considered by the Village Finance Department. The late fee may be waived in the event all of the following conditions are met:

1. A written request to waive the late fee must be presented to the Finance Department; and
2. The Finance Department must receive the written request to waive the late fee by the last business day of the month the payment was due and was not received until after the 10^{th} of the same month; and
3. The tenant has displayed a good payment history during the preceeding12 months. A good payment history shall be defined as having a) no late fees posted to the account, and b) no late fee waiver requested for the account during the preceding 12 months and c) no returned payments associated with the account.

EXHIBIT C
PLANS

Not applicable.

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AGENDA ITEM NO: 4.E.1

REQUEST FOR BOARD ACTION

MEETING DATE: July 25, 2023

DEPARTMENT: Parks and Recreation

SUBJECT: Resolution to Approve an Intergovernmental Agreement with the Cary Park District

EXECUTIVE SUMMARY

Staff is recommending that the Village consider entering into an Intergovernmental Agreement with the Cary Park District for the Joint Use of Facilities, which are the multi-passenger vehicles used for adult trip programming. This agreement encourages collaboration with the Park District to maximize the use of each agency's multi-passenger vehicle, thereby reducing costs and increasing the Village's ability to serve the residents.

Under this agreement, the Village and the Park District will work together to jointly plan trips for both Lake in the Hills and Cary residents. In circumstances where Lake in the Hills is unable to fill the capacity of our bus with our own patrons, we will accept patrons from the Park District as space allows. Likewise, if the Village is at capacity for our bus with a waitlist, the Park District will accept our patrons as space allows. If both agencies have additional capacity, they agree that a single bus may be used to provide transportation for the patrons of both. Further collaboration would also include coordination and facilitation of all activities for the assigned trip, and supervision of participants of co-op groups in case of an emergency.

The agreement is for an initial one-year term ending July 26, 2024; however, it will automatically renew for additional one-year terms unless notice is provided 60 days prior to renewal. The Village may terminate the agreement at any time with 60 days written notice.

FINANCIAL IMPACT

Ultimately, the Village expects this program to help minimize losses associated with the advanced purchase of ticketed trip events.

ATTACHMENTS

1. Resolution
2. Proposed Intergovernmental Agreement

RECOMMENDED MOTION

Motion to Approve the Resolution to Approve an Intergovernmental Agreement for the Joint Use of Facilities By and Between the Cary Park District and the Village of Lake in the Hills.

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VILLAGE OF LAKE IN THE HILLS

RESOLUTION NO. 2023-

A Resolution Approving an Intergovernmental Agreement for the Joint Use of Facilities By and Between the Cary Park District and the Village of Lake in the Hills

WHEREAS, the 1970 Illinois Constitution provides that units of local government may contract and otherwise associate amongst themselves and with individuals, associations and corporations in any manner not prohibited by law or ordinance (Illinois Constitution of 1970, Article VII, §10); and

WHEREAS, Section 8-18 of the Park District Code of Illinois (70 ILCS 1205/8-18) provides that park districts have the power and authority to develop, operate, finance and participate in joint recreational programs with park districts and municipalities and to enter into joint agreements pertaining thereto, including the joint use of facilities and equipment and the securing of liability insurance in connection with such use; and

WHEREAS, the Village of Lake in the Hills (the "Village"), as a home rule unit, offers recreational programming to residents and has the authority to enter this Agreement for the welfare of the public, pursuant to the Illinois Constitution of 1970, Article VII, §6(a).

WHEREAS, Section 3 of the Intergovernmental Cooperation Act (5 ILCS 220/3) provides that any power or powers, privileges, functions, or authority exercised or which may be exercised by a public agency of the state may be exercised, combined, transferred, and enjoyed jointly with any other public agency of this state and jointly with any public agency, including park districts and municipalities; and

WHEREAS, the Cary Park District ("Park District") and the Village each have a multi-passenger bus that is used to offer trip programs; and

WHEREAS, The Park District and the Village have mutually determined that it would be in the best interests of the residents of their respective agencies to enter into this agreement for collaboration and combining of resources regarding trip programming.

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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.

SECTION 2: The Intergovernmental Agreement for the Joint Use of Facilities By and Between the Cary Park District and the Village of Lake in the Hills, attached hereto and by this reference incorporated herein and made a part hereof, shall be and thereby is approved.

SECTION 3. This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

Passed this 27th day of July 2023 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 27TH DAY OF JULY, 2023

Village President, Ray Bogdanowski

(SEAL)

ATTEST:

Village Clerk, Shannon DuBeau

Published:

INTERGOVERNMENTAL AGREEMENT FOR THE JOINT USE OF FACILITIES BY AND BETWEEN THE CARY PARK DISTRICT AND THE VILLAGE OF LAKE IN THE HILLS

THIS AGREEMENT made and entered into this 27th day of July, 2023, by and between the Cary Park District, a unit of local government located in McHenry County, Illinois (hereinafter referred to as "Park District"), and the Village of Lake in The Hills, a home rule unit of local government in McHenry County, Illinois (hereinafter referred to as the "Village"),

WITNESSETH:

WHEREAS, the 1970 Illinois Constitution provides that units of local government may contract and otherwise associate amongst themselves and with individuals, associations and corporations in any manner not prohibited by law or ordinance (Illinois Constitution of 1970, Article VII, § 10); and

WHEREAS, Section 8-18 of the Park District Code of Illinois (70 ILCS 1205/8-18) provides that park districts have the power and authority to develop, operate, finance and participate in joint recreational programs with park districts and municipalities and to enter into joint agreements pertaining thereto, including the joint use of facilities and equipment and the securing of liability insurance in connection with such use; and

WHEREAS, the Village, as a home rule unit, offers recreational programming to residents and has the authority to enter this Agreement for the welfare of the public, pursuant to the Illinois Constitution of 1970, Article VII, § 6(a); and

WHEREAS, Section 3 of the Intergovernmental Cooperation Act (5 ILCS 220/3) provides that any power or powers, privileges, functions, or authority exercised or which may be exercised by a public agency of the state may be exercised, combined, transferred, and enjoyed jointly with any other public agency of this state and jointly with any public agency, including park districts and municipalities; and

WHEREAS, Park District and the Village each have a multi-passenger bus that is used to offer trip programs; and

WHEREAS, Park District and the Village have mutually determined that it would be in the best interests of the residents of their respective agencies to enter into this agreement for collaboration and combining of resources regarding trip programming.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements as hereinafter set forth, which are hereby incorporated by reference in the terms of this Agreement, Park District and the Village hereby agree as follows:

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1. **Joint Trip Programming**

Park District and the Village agree to work together to plan trips for their residents and fill vacancies whenever practical, through joint trip programming. If either Park District or the Village is unable to fill the capacity of their bus with their own participants, the agency with additional capacity will accommodate waitlisted participants from the other agency as space allows. If both agencies have additional capacity, they agree that one bus may be used to provide transportation for the participants of both.

2. **Conditions of Joint Use**

Park District and the Village agree to do the following for jointly planned trips:

- Coordinate transportation as needed for waitlisted participants.
- Coordinate and facilitate all activities for the assigned trip.
- Assist with coordination and facilitation of unassigned trip.
- Supervise participants of either group in case of an emergency.
- Schedule and provide all details for the assigned trip in a timely matter in order to meet advertisement deadlines of both agencies.
- Secure contracts, submit deposits, submit final payments and process any/all financial matters for assigned trip.
- Invoice opposite agency for trip fees based on participation for assigned trip.

3. **Costs**

At the time the joint trip is planned and prior to the purchase of tickets, both Park District and the Village will confirm the number of participants they have registered. Each agency is responsible for the cost associated with those tickets and will be invoiced accordingly by the agency who is designated to purchase the tickets.

4. **Term**

This Agreement shall be effective from July 27, 2023 through July 26, 2024; provided that such term shall be automatically renewed for additional one (1) year terms unless either party provides the other party with written notice of its intent to terminate this Agreement not less than sixty (60) days prior to the end of the initial term or any renewal term. This Agreement may be terminated by either party at any time during the initial term or any renewal term by giving the other party not less than sixty (60) days written notice.

5. **Notices**

Any and all notices required hereunder to be sent to Park District or the Village shall be served, in writing, by personal delivery or certified mail as follows:

Cary Park District
Attention: Deputy Director
255 Briargate Road
Cary, IL 60013

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

6. **Liability and Insurance**

Park District and the Village shall each, at their respective sole cost and expense, maintain liability insurance for their own respective agency in an amount no less than $6 million, specifically including, without limitation, each agency's multi-passenger bus which will be used in connection with this Agreement. For this purpose, it shall be acceptable for Park District or the Village to provide the necessary coverage through appropriate intergovernmental risk management pools or other methods. Either party may request that the other party provide it with satisfactory evidence to show that the such party currently has in effect the policy of insurance and coverage required to be purchased or provided hereunder, including satisfactory evidence that all premiums thereon have been paid.

7. **Amendments; Transferability; Counterparts**

The agreements, covenants, terms and conditions herein contained may be modified only through the written mutual consent of the parties hereto. None of the terms or obligations stated in this Agreement may be transferred without the written consent of the other party, nor shall any obligation stated herein inure to the benefit of a third party. The parties may execute this Agreement in counterparts and may exchange signatures through electronic submission.

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IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

CARY PARK DISTRICT
McHenry County, Illinois

By: S Kelly
Deputy Director

Attest: Erica Hall
Department Head

VILLAGE OF LAKE IN THE HILLS
McHenry County, Illinois

By:______________________________
Village Administrator

Attest:______________________________
Department Head