



PUBLIC MEETING NOTICE AND AGENDA
COMMITTEE OF THE WHOLE MEETING

NOVEMBER 7, 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 Special Service Areas
 2. Fee Waiver for the 2023 Henry's Thanksgiving Day Hustle 5K & Kids Dash
 - B. Police
 1. Purchase of three Dodge Durango Police Vehicles
 - C. Finance
 1. Resolution Estimating the Amount of the Tax Levy for 2023
 2. Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2022, and Annual Funding Request for Fiscal Year 2024
5. Board of Trustees
6. Village President
 - A. Proclamation – Small Business Saturday (Thursday)
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: _____



INFORMATIONAL MEMORANDUM

MEETING DATE: November 7, 2023

DEPARTMENT: Administration

SUBJECT: Special Service Areas

EXECUTIVE SUMMARY

A Special Service Area (SSA) is defined as an area established to levy or impose taxes for the provision of special services to an area within the boundaries of a municipality. When the Village of Lake in the Hills was in the early stages of increased residential development, the Village chose to form Special Service Areas to ensure sustainable funding for the ongoing infrastructure maintenance needs of newly developed areas. As such, several SSAs were formed in the 1990s and early 2000s (“Development SSAs”).

Funds that are collected through the property tax bill of residents living within a Development SSA, are used for the maintenance and/or replacement costs for specific types of infrastructure as defined within the creation Ordinances (Excerpts attached). Increased costs associated with mowing and landscaping have impacted all of the SSAs, however there are no levy increases being proposed for SSA #4B, #5, #8B, #8C, and #15. Tax levy considerations for the remainder of the active Development SSAs has been provided below:

SSA #1: There are no major expenses within SSA #1 outside of standard mowing, landscaping, and prescribed burns. With an average tax per parcel of \$4.50, the Village collected \$2,095 in this SSA in FY23. Unfortunately, the recurring operational costs now exceed \$6,000. For this reason, it is necessary to increase the levy to a minimum of \$4,610 in FY24. This will result in an average increase of \$5.40 per parcel. Since this increase exceeds 5%, a public hearing will be necessary prior to the passage of the levy. **The public hearing will be scheduled for December 14, 2023.***

SSA #2: SSA #2 is the Village’s largest SSA, which overlays Meadowbrook and includes only portions of Sunset Park. This SSA is responsible for the maintenance of six playgrounds, which make up 60% of the costs. Four of these parks are due for replacement; however, the levies in prior years have not yet accrued sufficient funds to cover the cost.

With each of these parks having aged past the Village’s standard of 20 years, replacement parts become much more difficult to secure. However, due to the financial constraints, Staff would recommend staggering the replacement of the playgrounds in order of need across the next four years as follows:

- 2024 – Celebration
- 2025 – Nature’s View
- 2026 – Avalon
- 2027 – Rolling Hills

* It should be noted that the public hearing requirements for SSA levy increases are much less involved than those for zoning matters. These hearings require the standard 48-hour advanced posting requirement that we use for all public meeting agendas. All hearings described herein could be done in back-to-back succession, prior to the regular Board meeting that same night.

Despite the staggering of expenses, a levy increase would still be necessary. The recommended levy would be \$224,580, which would result in an average increase of \$36.91 per parcel, bringing the total tax per parcel from \$61.51 to \$98.41. Since this increase exceeds 5%, a public hearing would be necessary prior to the passage of the levy. **The public hearing would be scheduled for December 14, 2023.***

If the Board is not comfortable with this levy increase, below are some additional alternatives to consider:

- 1) **Eliminate \$325,000 in park replacement costs.** This SSA has three neighborhood parks within a mile of each other: Avalon, Nature's View and Celebration. While it does not seem feasible to revert any of these parks fully to open space, there may be an opportunity to reduce future costs by reducing the features offered at each. Instead of replacing all of these playgrounds in full, one or two of them could be transitioned into a less expensive alternative, such as a basketball court or made into more passive recreational space. There is some risk that residents who utilize these parks have grown accustomed to them with playground facilities. A significant alteration in the character of one or more of the parks may draw criticism.

Staff does not recommend this option at this time, as it may be best considered after the completion of the Parks Master Plan, when staff has more clarity on the overall vision and what park features are most needed and desirable to the residents. In addition, while this solution would provide some relief, it does not fully resolve the immediate need for funds in SSA #2.

- 2) **General Fund Provide a Short-Term Loan.** The General Fund could provide a short-term loan in the amount of \$325,000 to the SSA to cover the unfunded playground replacement costs, requiring the SSA to pay the General Fund back over time. The levy would still need modest increases over time to be able to cover the repayment costs over a 10 year period. If this option is preferred, an increase in the levy to \$147,240 would be recommended, which would result in an average increase of \$3.01 per parcel, bringing the total tax per parcel from \$61.51 to \$64.52.

SSA #3: SSA #3 will require an increase in the levy to \$80,470, to perform tree replacements in FY24. This will result in an average increase of \$3.90 per parcel, bringing the total tax per parcel from \$79.49 to \$83.39. No public hearing would be required.

SSA #4A: SSA #4A will require an increase in the levy to \$44,000 to perform tree planting on Willow Street in FY24. This will result in an average increase of \$3.26 per parcel, bringing the total tax per parcel from \$66.36 to \$69.62. No public hearing would be required.

SSA #6: SSA #6 will require an increase in the levy to \$38,620 to perform tree trimming in FY24. This will result in an average increase of \$3.95 per parcel, bringing the total tax per parcel from \$80.75 to \$84.69. No public hearing would be required.

SSA #7: SSA #7 will require an increase in the levy to \$4,300 to perform tree planting in FY24 and begin saving for Miller Road bike path improvement in 2032. This will result in an average increase of \$12.25 per parcel, bringing the total tax per parcel from \$12.89 to \$25.15. Since this increase exceeds 5%, a public hearing will be necessary prior to the passage of the levy. **The public hearing will be scheduled for December 14, 2023.***

SSA #15: There are no recommended increases in the levy for SSA #15; however, it should be noted that this SSA has the highest tax per parcel at \$178.26. This is due to the fact that the costs associated with the SSA are being absorbed across just 115 households.

* It should be noted that the public hearing requirements for SSA levy increases are much less involved than those for zoning matters. These hearings require the standard 48-hour advanced posting requirement that we use for all public meeting agendas. All hearings described herein could be done in back-to-back succession, prior to the regular Board meeting that same night.

In addition, the Village recently approved the installation of a basketball court at Cattail Park. While a basketball court could have been considered a recreational facility of this SSA, it was presented to the Board as a General Fund expense. Therefore, unless directed otherwise, staff will assign the associated maintenance costs to the General Fund as well, however these would be eligible SSA expenses. The Board may wish to discuss this further.

Additional Policy Considerations

1) Community Park Features Charged to SSA

As previously mentioned, SSA #2 includes portions of Sunset Park. In fact, the boundaries of the SSA nearly split the park in half, with the areas west of the public works entry drive *not* included in the SSA. Instead of serving a singular neighborhood, Sunset Park is considered a “community park” by the standards of the National Recreation and Parks Association (NRPA). Staff is questioning whether the Board is comfortable charging the residents of SSA #2 for the features and amenities included on the property east of public works entry drive. This includes the sheds, shelters, bike paths, and playground equipment at the park. The alternative would be to have the General Fund absorb these expenses.

While the originating Ordinance for SSA #2 includes language that allows the Village to continue the existing practice, it remains a policy decision for the Board’s consideration prior to moving forward with the establishment of the levies in December.

2) Bike Paths in the SSAs.

A majority of the SSA Ordinances were put in place in the early 1990s and early 2000s, long before formalized bike path systems became popular. Today, bike paths provide a myriad of health benefits, as well as being a green transportation alternative for the community. In fact, in April, 2020, the Village Board adopted a Complete Streets Policy, the goal of which is to provide safe and comfortable routes for walking, bicycling, and public transportation as we design our roadways in the future.

As bike paths provide a method of transportation within and often outside SSA boundaries, staff is seeking input from the Board as to whether bike path expenses across all SSAs should be moved to the General Fund since they are beneficial to the community as a whole. Bike path segments are currently budgeted in SSA #2, #3, #4A, #5, #6 and #7; however, the language within the originating Ordinances for SSA #4A, #5, #6, and #7 does not appear to support this expense. This would leave SSA #2 and SSA #3 up for the Board’s consideration.

The projected impact to the General Fund would be approximately \$911,670, with a majority of this coming from SSA #2 and SSA #3; however, this expense would be spread over the next 30 years based on the replacement schedule.

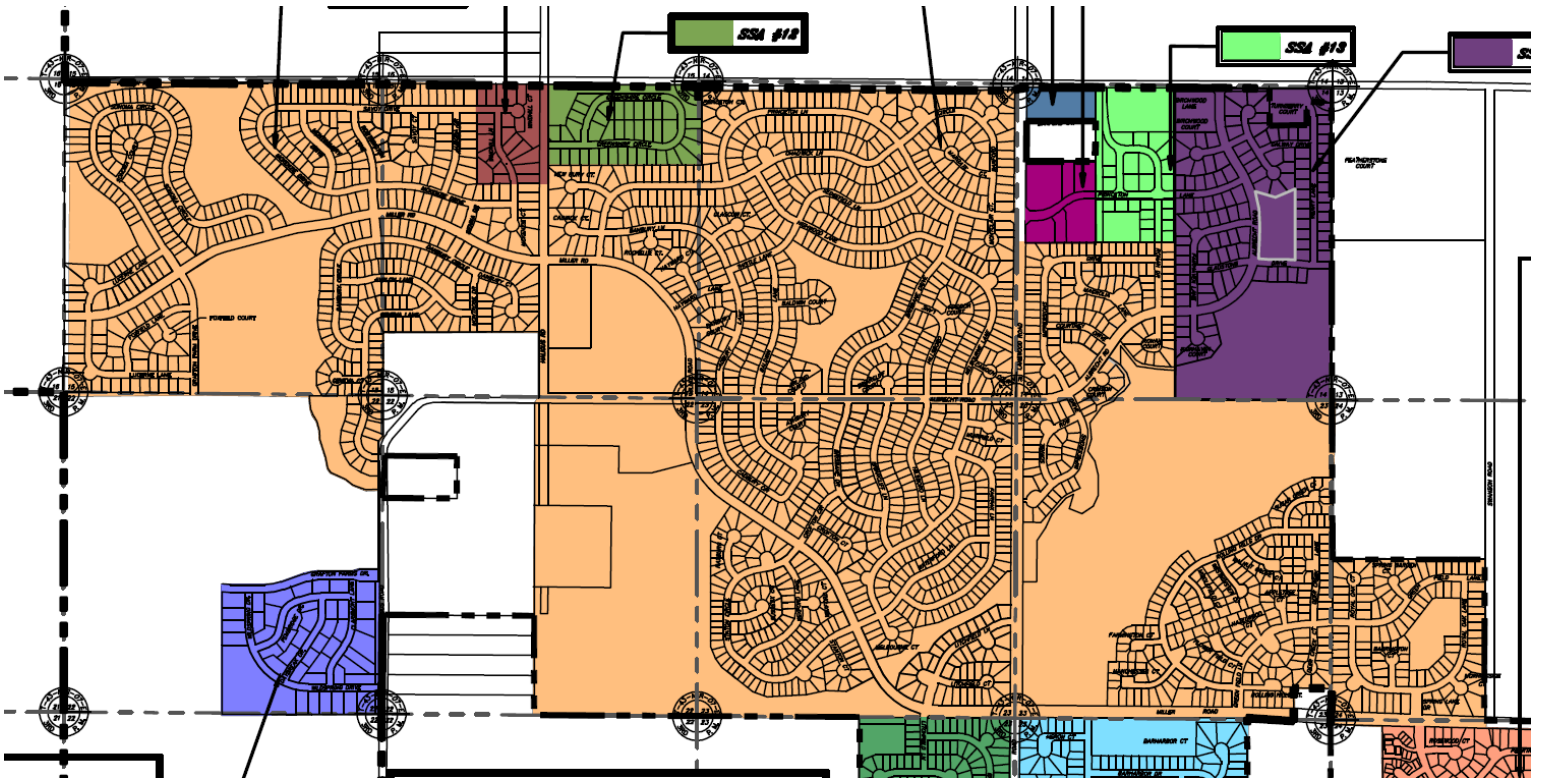
ATTACHMENTS

1. Map of SSA #2

SUGGESTED DIRECTION

Staff is seeking the Board’s direction on the proposed levies for the SSAs.

Map of SSA #2





REQUEST FOR BOARD ACTION

MEETING DATE: November 7, 2023

DEPARTMENT: Parks and Recreation

SUBJECT: Fee Waiver for the 2023 Henry's Thanksgiving Day Hustle 5K & Kids Dash

EXECUTIVE SUMMARY

A long-standing running race, the Henry's Thanksgiving Day Hustle 5K & Kids Dash, is in its 11th year and utilizes a portion of Sunset Park. As such, the event is required to submit a Special Event Permit application. All of the requisite materials were submitted with the application, including a letter to the Village Board (Attachment 1) requesting support through the provision of fee waivers. Kopf Running, the host of the event, has indicated that all proceeds will benefit the Muscular Dystrophy Association, a registered 501(c)3 organization. The fee waiver request is as follows:

- Special Event Permit Fees including:
 - Application fee of \$25
 - Refundable deposit of \$1,000
 - Emergency Action Plan Review fee of \$150

The letter also requests a fee waiver of background checks; however, this fee is not applicable to this event.

The letter requests Village Board approval for the placement of temporary signage, a request that can be fulfilled internally with a staff review and approval.

Staff brought this item forward to the Parks and Recreation Board on November 2, 2023. The Parks and Recreation provided a favorable recommendation for staff to present to the Village Board for consideration.

FINANCIAL IMPACT

The following is a summary of the estimated financial impact of the event for 2023:

- Fees waivers totaling \$1,175 of which \$1,000 would be refundable.

ATTACHMENTS

1. Kopf Running Village Support Request - Henry's Thanksgiving Day Hustle 5K & Kids Dash

SUGGESTED DIRECTION

Motion to approve the fee waiver request from Kopf Running for their November 23, 2023 Henry's Thanksgiving Day Hustle 5K & Kids Dash.

October 28, 2023

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



RE: Village Support Request – 2023 Muscular Dystrophy Association Fundraising Event
Henry's Thanksgiving Day Hustle 5K & Kids Dash

Dear President Bogdanowski and Village Trustees;

Kopf Running is excited to once again be hosting the 11th Annual Henry's Thanksgiving Day Hustle 5K & Kids Dash with over 600 participants out of Marlowe Middle School in Lake in the Hills.

Henry's Thanksgiving Day Hustle 5K & Kids Dash – Thursday, November 23, 2023

We intend to utilize Village bike paths along with Sunset Park and a small portion of Haligus Road for our event. Starting at the Marlowe Middle School parking lot, participants will exit school grounds and make an immediate left onto the bike path that runs parallel to Haligus Road. Participants will cross over Haligus Road at Geneva Lane and continue along the bike path past the skate park and into Sunset Park. Participants will then do a loop inside Sunset Park before exiting back onto Haligus Road near the Public Works building and Bark Park. Participants will continue onto Haligus Road before entering back onto the bike path at Geneva Lane and finish the race at Marlowe Middle School. We have worked with Director Trevor Bosack on submitting the application for approval.

We are requesting the following support from the Village to enhance this event and ensure as much of the proceeds go to benefit the Muscular Dystrophy Association (MDA):

- Waiver of the \$25.00 application fee
- Waiver of the background checks of \$50.00 each
- Waiver of the \$150.00 emergency safety plan review fee
- Waiver of the \$1,000.00 refundable security deposit
- Permission to place directional signs at selected locations along the course directing participants out and back to Marlowe Middle School.
- Permission to place promotional signage within the Village up to two weeks prior to the event and to be taken down no later than one week after the event.

On behalf of Kopf Running, MDA and the many participants of Henry's Thanksgiving Day Hustle 5K & Kids Dash, I thank you in advance for your support of this event.

Seth A. Kopf

Owner, Kopf Running & Henry's Thanksgiving Day Hustle 5K & Kids Dash

CC:

Trevor Bosack

Nancy Sujet

Pat Boulden

Karen Filippello



REQUEST FOR BOARD ACTION

MEETING DATE: November 7, 2023

DEPARTMENT: Police

SUBJECT: Purchase of Three Dodge Durango Police Vehicles

EXECUTIVE SUMMARY

In Fiscal Year 2023, the police department budgeted to replace three patrol squad cars based upon the vehicles reaching the end of their useful service life. The vehicles scheduled for replacement are as follows:

- 2017 Ford Utility Interceptor with 122,000 miles and 16,300 engine idle hours
- 2017 Ford Utility Interceptor with 104,000 miles and 14,000 engine idle hours
- 2018 Ford Utility Interceptor with 110,000 miles and 15,000 engine idle hours

Based on the inaccessibility of the Ford police vehicles during FY23, the department has elected to purchase Dodge Durango Police Vehicles.

The McHenry County Procurement and Special Service Department solicited bids for police vehicles, awarding BID # 23-6516 to Sunnyside Company, McHenry, IL. While we were not a party to this bid process, Sunnyside Company is honoring their bid price for other Government units within the State of Illinois. In the interest getting the vehicles ordered as soon as possible, and to take advantage of the bid price secured by the County, staff is requesting that the Board waive the competitive bidding process.

FINANCIAL IMPACT

The total cost of the three Dodge Durango vehicles is expected to be \$174,000. This includes the initial cost of the vehicles at \$128,142, plus the cost for the police equipment and installation. The FY23 Budget in the Capital Improvement Plan Fund included \$167,600 for the purchase of these vehicles. Unfortunately, despite the orders being placed in FY23, the associated expenses will not be posted until FY24 when the Village takes possession of the vehicles. Therefore, the FY23 budget allocation will be rolled into the proposed FY24 Budget, which will also include two additional police vehicles (not Dodge Durango's), scheduled for purchase later in FY24. No budget amendments are required at this time, since the expenses will not be incurred until FY24.

ATTACHMENTS

1. McHenry County FY23 Sheriff Fleet Bid Notification and Award Letter
2. Sunnyside Company Dodge Durango Police Pursuit Vehicle Order Form
3. Sunnyside Company letter of bid award

RECOMMENDED MOTION

Motion to waive competitive bidding and authorize the advanced purchase of three Dodge Durango Police Vehicles from Sunnyside Company in the amount of \$128,142.00, payable in FY24.

SERVICE FINDER

PROCUREMENT AND SPECIAL SERVICES

Adam M. Letendre

Director of Procurement and Special Services

RFPs, RFQs & Bids

2024 FY Sheriff's Fleet Vehicles

Department: Procurement and Special Services

Category: BID

RFP Number: 23-6516

Start Date: 08/04/2023 4:00 PM

Close Date: 08/22/2023 9:00 AM

Contact	Geoffrey Bauernfeind, Procurement Specialist
E-Mail	<u>Submissions@mchenrycountyil.gov</u>
CC E-Mail	<u>gwbauernfeind@mchenrycountyil.gov</u>
Schedule	
August 04, 2023	Solicitation Available
August 10, 2023	Vendor Questions Submitted via E-Mail Due No Later than 4:00PM CST
August 16, 2023	Vendor Questions Answered via Addendum posted no later than 4:00PM CST
August 22, 2023	Submissions Due No Later than 9:00AM CST. Submit PDFs via E-Mail
August 22, 2023	Bid Opening Conducted via WebEx at 1:00PM CST
	WebEx Information
Link	https://mchenrycountyil.webex.com/mchenrycountyil/j.php?MTID=md3bca91c1fbe81960bcc1b0c1b89122f

Meeting Number	2489 901 1027
Password	6516
Call in Number	1-408-418-9388

Document Links

Mandatory Solicitation Document

Mandatory Bid Pricing Workbook

Mandatory W9

Mandatory Vendor Information Form

Standard Terms and Conditions

Purchasing Ordinance

[Return to full list >>](#)



McHenry County
Purchasing Department
2200 N Seminary Avenue
Woodstock IL 60098
purchasing@mchenrycountyil.gov

September 19, 2023

Brian Larie
General Manger
Sunnyside Company
4810 W. Elm Street
McHenry, IL, 60050

Re: Bid 23-6516
2024 FY Sheriff's Fleet Vehicles

Dear Mr. Larie,

This letter is to notify you McHenry County's Sheriff's Department awards Bid 23-6516, 2024 FY Sheriff's Fleet Vehicles to Sunnyside Company.

If you require any additional information, please do not hesitate to contact purchasing at purchasing@mchenrycountyil.gov

Thank you for your assistance and we look forward to working with you.

Sincerely,

A handwritten signature in black ink that reads "Adam Letendre".

Adam Letendre
Director of Procurement and Special Services

**United States 2024
DODGE DURANGO (PPV) POLICE PURSUIT VEHICLE**

DURANGO POLICE PURSUIT VEHICLE AWD (PPV)				
	MODEL	CODE	BASE VEHICLE PRICE*	
	DURANGO PURSUIT VEHICLE AWD	WDEE75 / 2BZ	\$39,348.00	\$ -
	Plus or minus from the base vehicle above \$			
X	DURANGO PURSUIT VEHICLE AWD	WDEE75 / 22Z	\$42,058.00	\$ 42,058.00
	*PRICE INCLUDES - BASE PRICE, ENGINE/TRANSMISSION QUICK ORDER PACKAGE, AS WELL AS ANY AND ALL STANDARD EQUIPMENT OPTIONS, 4SETS OF KEYS/FOBS, AND DELIVERY.			
	ANY BID REFLECTING PRICING ON ANY NO COST OPTIONS, OR STANDARD EQUIPMENT WILL BE ELIMINATED			
	- MODEL CODE DESCRIPTION			
	DURANGO PURSUIT VEHICLE AWD		WDEE75 4 Key FOBs are Standard.	
	- QUICK ORDER PACKAGE CODE DESCRIPTION			
	POWERTRAIN AVAILABILITY			
	ENGINE	TRANSMISSION		
	5.7L V8 HEMI MDS VVT ENGINE (EZH)	8-SPD AUTO 8HP70 TRANS (BUY) (DFD)	22Z FLEET ONLY	
	3.6L V6 24V VVT ENGINE UPG I W/ESS (ERC)	8-SPD AUTO 850RE TRANS (MAKE) (DFT)	2BZ FLEET ONLY	
	- \$ OPTIONS (IF DESIRED)			
		2_Z	PRICES	
	18X8.0 PAINTED ALUMINUM WHEELS	WP1	\$ 369.00	\$ -
	4 ADDITIONAL KEY FOBS	XCS	N/A, Refer to GXF	\$ -
X	BLACK LEFT LED SPOT LAMP	LNF	\$ 575.00	\$ 575.00
	BLACK RIGHT LED SPOT LAMP W/H LNF	LNA	\$ 549.00	\$ -
X	DEACTIVATE REAR DOORS/WINDOWS	CW6	\$ 81.00	\$ 81.00
X	DELETE LIFTGATE BADGE	(N/C) MT8	N/C	N/C
	DISPLAY INTERGRATION MODULE UBN	M/H RX8	\$ 1,436.00	\$ -
X	DOOR/WINDOW ACTIVATION KIT	CW7	N/A	N/A
	DRIVER SIDE BALLISTIC DOOR PANEL	XDV	\$ 2,547.00	\$ -
	ENTIRE FLEET ALIKE KEY (FREQ 1)	GXF	\$ 316.00	\$ -
	ENTIRE FLEET ALIKE KEY (FREQ 2)	GXA	\$ 316.00	\$ -
	ENTIRE FLEET ALIKE KEY (FREQ 3)	GXE	\$ 316.00	\$ -
	ENTIRE FLEET ALIKE KEY (FREQ 4)	GXG	\$ 316.00	\$ -
	FLOOR CARPET	CKD	\$ 136.00	\$ -
	FULL LENGTH FLOOR CONSOLE N/A W/CUG	CUF	\$ 316.00	\$ -
	PASSENGER SIDE BALLISTIC DOOR PANEL W/H XDV	XDG	\$ 2,439.00	\$ -
	POLICE FLOOR CONSOLE	CUG	\$ 891.00	\$ -
	POWER LIFTGATE	JRC	\$ 415.00	\$ -
	SECURITY ALARM	LSA	\$ 162.00	\$ -
	SKID PLATE GROUP	ADL	\$ 316.00	\$ -
	TECHNOLOGY GROUP W/H XAN	ADG	\$ 2,511.00	\$ -
	UCONNECT 5 NAV W 10.1" DISPLAY (USA)	UBN	\$ 986.00	\$ -
	- COLOR & TRIM CODES			
	COLOR/TRIM DESCRIPTION	BLACK	PRICES	
X	CLOTH BUCKET SEATS W/ SHIFT INSERT Includes Cloth Rear Seat	(S)(N/C) C5X9	S - N/C	S - N/C
	CLOTH BUCKET SEATS W/REAR VINYL	W/2_Z A7X9	\$ 136.00	\$ -
	MONOTONE PAINT - APA			
	PRIMARY COLOR	COLOR CODE	PRICES	
	BLUE BY YOU PEARL COAT PARTS ARE BLACK W/SPECIAL POLICE PAINTS	HANG ON PBU	\$ 540.00	\$ -

	DB BLACK CLEAR COAT (N/C)	PXJ	N/C	\$ -
	DESTROYER GREY CLEAR COAT	PDN	\$ 356.00	\$ -
	FROSTBITE PEARL COAT	PCA	\$ 356.00	\$ -
	MICHAGAN STATE BLUE <i>PARTS ARE BLACK W/SPECIAL POLICE PAINTS</i> HANG ON	P79	\$ 540.00	\$ -
	NIGHT MOVES	PCQ	\$ 356.00	\$ -
	OCTANE RED PEARL COAT	PRV	\$ 356.00	\$ -
	RED OXIDE	PHC	\$ 356.00	\$ -
	TRIPLE NICKEL	PSE	\$ 356.00	\$ -
	VAPOR GREY	PAS	\$ 356.00	\$ -
X	WHITE KNUCKLE CLEAR COAT <i>Bright White Clear Coat</i> (N/C)	PW7	N/C	N/C
(S) STANDARD EQUIPMENT		(N/C) FCA NO COST OPTIONS		\$ 42,714.00



RAM

Jeep

DODGE



11/02/2023

To Whom It May Concern:

This letter is to notify / inform specific agencies that Sunnyside Chrysler Dodge Jeep Ram was awarded the 2024 County of McHenry Sheriffs Fleet Vehicles bid. This bid is reference as "RFP: 23-6516" and is good for the 2024 model year. It can be found at this link on the County of McHenry, IL website:

<https://www.mchenrycountyil.gov/Home/Components/RFP/RFP/847/10681>

This bid is valid for any other state/government agency to piggy back off this awarded bid for their own fleet. This bid includes the 2024 Dodge Durango PPV and 2024 Ram 2500 Crew Cab's for the duration of the model year.

Thank you for your consideration.

Brian Larie
Sales Manager

Sunnyside Chrysler Dodge Jeep Ram



REQUEST FOR BOARD ACTION

MEETING DATE: November 7, 2023

DEPARTMENT: Finance

SUBJECT: Resolution – Estimating the Amount of the Tax Levy for 2023

EXECUTIVE SUMMARY

Illinois compiled statutes require that the corporate authorities of the Village estimate the amount of tax to be levied not less than 20 days prior to the adoption of the final levy which is scheduled to be presented at the December 12th Committee of the Whole Meeting with approval at the December 14th Village Board Meeting.

For the 14th consecutive year, there is no increase proposed to existing property owners taken as a whole. The proposed levy does, however, capture property taxes on new construction as a funding source for the increased demand for Village services generated by that new construction.

The projected equalized assessed valuation (EAV) for 2023 is estimated to be \$928,031,018, which represents a 9.9% increase from the 2022 EAV of \$844,273,937 and would result in the highest EAV on record for the Village eclipsing the previous high mark of \$845,433,071 in 2008. The projected EAV for 2023 is based on the McHenry County Assessor's Estimated EAV Report that was recently provided to the Village. Also included on that report is the estimated new construction portion of the EAV for 2023 of \$2,834,466.

The estimated tax rate is expected to decrease by -8.7% from 0.655199 to 0.597893 due to the projected 9.9% increase in EAV. This would be the lowest tax rate on record for the Village dipping below the previous low rate of 0.622000 in 2007.

Each individual property owner's real estate tax bill will fluctuate based on the percentage change in EAV for each property compared to the percentage change for the entire Village as a whole. However, all existing property in total will see no increase in their portion of the property tax levy which will remain at the 2022 level of \$5,481,690.

The portion of the tax levy that is attributable to new construction for the 2021 and 2022 Tax Years is \$49,984 which will also remain at that constant level. The portion of the tax levy that is attributable to new construction from the 2023 Tax Year is \$16,947 which is calculated by applying the 0.597893 estimated tax rate against the projected new construction EAV of \$2,834,466.

Therefore, the total estimated amount to be levied for corporate and special purpose property taxes for 2023 is \$5,548,621 which is a 0.3% increase from the 2022 tax extension of \$5,531,674.42. The 2023 tax levy for debt service for SSA#51 for G.O. Bonds Series 2019 in the amount of \$105,450 is proposed to be abated entirely so that total is not included in the proposed 2023 levy amount.

The components of the proposed 2023 levy of \$5,548,621 can be summarized as follows:

Levy	Amount
<u>Existing Property</u>	
Corporate	\$ 5,474,690
IMRF	\$ 1,000
Police Protection	\$ 1,000
Police Pension	\$ 1,000
Audit	\$ 1,000
Liability Insurance	\$ 1,000
Social Security	\$ 1,000
Workers Compensation	\$ 1,000
Sub-Total Existing Property	\$ 5,481,690
<u>New Construction</u>	
<u>Prior Years</u>	
Corporate	\$ 49,984
<u>Current Year</u>	
Corporate	\$ 16,947
Sub-Total New Construction	\$ 66,931
Total 2023 Tax Levy	\$ 5,548,621

Based on the estimated EAV for 2023 of \$928,031,018, the estimated tax rate is then calculated as follows:

VILLAGE OF LAKE IN THE HILLS			
Estimated 2023 Tax Rate Calculation			
Levy	Limiting Rate Per Statues	Estimated 2023 Rate	Proposed Levy
Corporate	None	0.597137	\$ 5,541,621
IMRF	None	0.000108	\$ 1,000
Police Protection	None	0.000108	\$ 1,000
Police Pension	None	0.000108	\$ 1,000
Audit	None	0.000108	\$ 1,000
Liability Insurance	None	0.000108	\$ 1,000
Social Security	None	0.000108	\$ 1,000
Workers Compensation	None	0.000108	\$ 1,000
Total		0.597893	\$ 5,548,621
Notes: 1) Based on the estimated EAV of \$928,031,018.			
2) Rates are per \$100 of EAV and are expressed as a percentage.			
3) Based on a projected 2023 tax rate of 0.597893 per \$100 of EAV, the tax rate is projected to have decreased by -39.7% since 1991.			

Pursuant to the Truth in Taxation Act, since the estimated levy for 2023 does not exceed the levy extension or abatement for 2022 by more than 5%, a public hearing is not required prior to the adoption of the levy for 2023. A Resolution Estimating the Amount of the Tax Levy for 2023 at \$5,548,621 is attached along with the 2023 levy distribution and property tax trend analysis.

FINANCIAL IMPACT

The estimated property tax levy for 2023 to be collected in 2024 of \$5,548,621 will be approximately 24% of the entire projected General Fund budgeted revenues for Fiscal Year 2024.

ATTACHMENTS

1. Resolution Estimating the Amount of the Tax Levy for 2023
2. Property Tax Trend Analysis from 1991 through 2023
3. McHenry County Assessor Estimated EAV Report for Tax Year 2023

RECOMMENDED MOTION

Motion to approve the attached Resolution Estimating the Amount of the Tax Levy for 2023 at \$5,548,621.

VILLAGE OF LAKE IN THE HILLS

Resolution No. 2023 - _____

A Resolution Estimating the Amount of the Tax Levy for 2023

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

1. The total amount of the Levy to be received in Fiscal Year 2024 covering real estate assessed for the calendar year 2023 in the Village of Lake in the Hills is estimated to be \$5,548,621.00 or a 0.3% increase from the amount actually extended or abated for the 2022 assessment year of \$5,531,674.42.
2. Pursuant to the Truth in Taxation Act, since the estimated Levy for 2023 does not exceed the amount of the Levy extended or abated for 2022 by more than 5%, a public hearing is not required prior to the adoption of the Levy for 2023.

Passed this 9th day of November, 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 9TH DAY OF NOVEMBER, 2023

Village President, Ray Bogdanowski

(SEAL)

ATTEST: _____
Village Clerk, Shannon DuBeau

Published: _____

Village of Lake in the Hills
Property Tax Trend Analysis

Year	Levy Extension on Base EAV	% Inc. (Dec.)	Levy Extension on Prior Years' New Const EAV	Levy Extension on Current Year's New Const EAV	Total Levy Extension	EAV	% Inc. (Dec.)	Tax Rate	% Inc. (Dec.)
1991 Actual	623,240					62,863,441		0.991400	
1992 Actual	756,154	21.3%				80,006,058	27.3%	0.945100	-4.7%
1993 Actual	979,094	29.5%				103,540,172	29.4%	0.945600	0.1%
1994 Actual	1,277,088	30.4%				151,618,879	46.4%	0.842300	-10.9%
1995 Actual	1,636,066	28.1%				203,997,661	34.5%	0.802000	-4.8%
1996 Actual	2,010,462	22.9%				262,359,059	28.6%	0.766300	-4.5%
1997 Actual	2,373,765	18.1%				315,407,653	20.2%	0.752600	-1.8%
1998 Actual	2,618,374	10.3%				353,320,313	12.0%	0.740800	-1.6%
1999 Actual	2,829,078	8.0%				384,124,305	8.7%	0.736500	-0.6%
2000 Actual	3,136,877	10.9%				430,829,910	12.2%	0.728100	-1.1%
2001 Actual	3,471,982	10.7%				478,234,115	11.0%	0.726000	-0.3%
2002 Actual	3,677,022	5.9%				525,062,963	9.8%	0.700300	-3.5%
2003 Actual	3,952,276	7.5%				581,472,987	10.7%	0.679700	-2.9%
2004 Actual	4,251,099	7.6%				645,572,336	11.02%	0.658500	-3.1%
2005 Actual	4,658,103	9.6%				713,775,474	10.56%	0.652600	-0.9%
2006 Actual	4,884,529	4.9%				773,725,560	8.40%	0.631300	-3.3%
2007 Actual	5,156,731	5.6%				829,056,353	7.15%	0.622000	-1.5%
2008 Actual	5,408,776	4.9%				845,433,071	1.98%	0.639764	2.9%
2009 Actual	5,627,859	4.1%				837,906,529	-0.89%	0.671657	5.0%
2010 Actual	5,627,827	0.0%				737,383,217	-12.00%	0.763216	13.6%
2011 Actual	5,560,280	-1.2%				707,118,817	-4.10%	0.786329	3.0%
2012 Actual	5,493,550	-1.2%				621,887,649	-12.05%	0.883367	12.3%
2013 Actual	5,483,629	-0.2%				579,598,035	-6.80%	0.946109	7.1%
2014 Actual	5,481,695	0.0%				559,768,458	-3.42%	0.979279	3.5%
2015 Actual	5,481,691	0.0%				574,643,551	2.66%	0.953929	-2.6%
2016 Actual	5,481,688	0.0%				612,565,991	6.60%	0.894873	-6.2%
2017 Actual	5,481,723	0.0%				647,914,863	5.77%	0.846056	-5.5%
2018 Actual	5,481,747	0.0%				688,569,936	6.27%	0.796106	-5.9%
2019 Actual	5,481,777	0.0%				737,600,981	7.12%	0.743190	-6.6%
2020 Actual	5,481,772	0.0%				761,745,562	3.27%	0.719633	-3.2%
2021 Actual	5,481,703	0.0%	0	33,226	5,514,929	789,341,144	3.62%	0.698675	-2.9%
2022 Actual	5,481,690	0.0%	33,226	16,759	5,531,674	844,273,937	6.96%	0.655199	-6.2%
2023 Proposed	5,481,690	0.0%	49,984	16,947	5,548,621	928,031,018	9.92%	0.597893	-8.7%

Assessor Estimated EAV Report by Tax District McHenry County

Tax Year: 2023

VCLI - LAKE IN THE HILLS VILLAGE

Totals		New Construction	
Board of Review Abstract	1,025,296,540	Commercial	621,394
- Exemptions	97,265,522	Farm	0
- Under Assessed	0	Industrial	0
+ State Assessed	0	Local Rail Road	0
Total EAV	928,031,018	Mineral	0
- Tif Increment / Ezone	0	Residential	2,213,072
Rate Setting EAV	928,031,018	Total	2,834,466

Exemption Category	Commercial		Farm		Industrial		Local Rail Road		Mineral		Residential		State Rail Road		Totals	
	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count	Value	Count
Parcel Count		350		14		106		0		25		10,309		0		10,804
Board of Review Abstract	67,486,005		477,748		24,808,425		0		3,652,745		928,871,617		0		1,025,296,540	
- Home Improvement	0	0	0	0	0	0	0	0	0	0	163,415	31	0	0	163,415	31
- Veteran's	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
+ State Assessed	0		0		0		0		0		0		0		0	
= EAV	67,486,005	0	477,748	0	24,808,425	0	0	0	3,652,745	0	928,708,202	31	0	0	1,025,133,125	31
- Senior Assessment Freeze	0	0	0	0	0	0	0	0	0	0	8,931,645	332	0	0	8,931,645	332
- Owner Occupied	0	0	0	0	0	0	0	0	0	0	67,418,847	8,431	0	0	67,418,847	8,431
- Senior Citizen's	0	0	0	0	0	0	0	0	0	0	11,592,109	1,450	0	0	11,592,109	1,450
- Disabled Person	0	0	0	0	0	0	0	0	0	0	184,000	92	0	0	184,000	92
- Disabled Veteran	0	0	0	0	0	0	0	0	0	0	8,878,065	113	0	0	8,878,065	113
- Returning Veteran	0	0	0	0	0	0	0	0	0	0	5,000	1	0	0	5,000	1
- Natural Disaster	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Fraternal Freeze	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Vet Freeze	92,441	1	0	0	0	0	0	0	0	0	0	0	0	0	92,441	1
- Under Assessed	0		0		0		0		0		0		0		0	0
- E-Zone	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- TIF	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
- Drainage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
= Taxable Value	67,393,564		477,748		24,808,425		0		3,652,745		831,698,536		0		928,031,018	



REQUEST FOR BOARD ACTION

MEETING DATE: November 7, 2023

DEPARTMENT: Finance

SUBJECT: Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2022 and Annual Funding Request for Fiscal Year 2024

EXECUTIVE SUMMARY

Attached is the Village of Lake in the Hills Police Pension Fund Municipal Compliance Report (MCR) for the Fiscal Year Ended December 31, 2022. This is a report on the financial condition of the fund as of the end of the most recently completed fiscal year and is required to be presented prior to the Village Board levying taxes for the year on behalf of the Police Pension Fund.

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

The Police Pension Board approved the MCR for presentation to the Village Board at its meeting on October 16, 2023 and requested a lump sum payment from the Village for Fiscal Year 2024 for at least the amount of the recommended contribution of \$1,016,887.

FINANCIAL IMPACT

- Total net position of the fund decreased by 3.20% or \$1,454,478 from the prior year.
- The recommended Village contribution increased by \$314,855 from the prior year to \$1,016,887.
- The actual investment return for the fund was a negative -14.4% for the year.
- The funded ratio of the fund increased by 6.93% from the prior year (from 90.02% to 96.95%).
- The unfunded liability of the fund decreased by 66.92% or \$3,073,143 from the prior year (from \$4,592,460 to \$1,519,317).

ATTACHMENTS

1. Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for Fiscal Year Ended December 31, 2022.

RECOMMENDED MOTIONS

1. Motion to accept and place on file the Village of Lake in the Hills Police Pension Fund Municipal Compliance Report for the Fiscal Year Ended December 31, 2022.
2. Motion to approve the Village of Lake in the Hills Police Pension Fund's funding request for Fiscal Year 2024 in the amount of \$1,017,000 to be paid in twelve equal monthly installments of \$84,750 from any readily available and unrestricted General Fund revenue source.



Lauterbach & Amen, LLP

CERTIFIED PUBLIC ACCOUNTANTS

668 NORTH RIVER RD. • NAPERVILLE, ILLINOIS 60563

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September 28, 2023

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

Enclosed please find a copy of your Municipal Compliance Report for the Lake in the Hills Police Pension Fund for the fiscal year ended December 31, 2022. We have prepared the report with the most recent information available at our office. Should you have more current information, or notice any inaccuracies, we are prepared to make any necessary revisions and return them to you.

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

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

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

Respectfully submitted,

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

THE VILLAGE OF LAKE IN THE HILLS,
ILLINOIS

POLICE PENSION FUND

PUBLIC ACT 95-0950

MUNICIPAL COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022

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

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2022**

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

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

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Total Cash and Investments (including accrued interest)	<u>\$43,936,913</u>	<u>\$45,398,198</u>
Total Net Position	<u>\$43,931,645</u>	<u>\$45,386,123</u>

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

Estimated Receipts - Employee Contributions	<u>\$409,500</u>
Estimated Receipts - All Other Sources	
Investment Earnings	<u>\$2,965,700</u>
Municipal Contribution	<u>\$1,016,887</u>

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

(a) Pay all Pensions and Other Obligations	<u>\$1,937,300</u>
(b) Annual Requirement of the Fund as Determined by:	
Illinois Police Officers' Pension Investment Fund	<u>\$923,569</u>
Private Actuary - Lauterbach & Amen, LLP	
Recommended Municipal Contribution	<u>\$1,016,887</u>
Alternative Municipal Contribution	<u>\$647,724</u>

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

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2022**

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

	Current Fiscal Year	Preceding Fiscal Year
Net Income Received from Investment of Assets	<u>(\$6,422,266)</u>	<u>\$5,231,524</u>
Assumed Investment Return		
Illinois Police Officers' Pension Investment Fund	<u>6.800%</u>	<u>6.500%</u>
Private Actuary - Lauterbach & Amen, LLP	<u>6.750%</u>	<u>6.750%</u>
Actual Investment Return	<u>(14.378)%</u>	<u>12.339%</u>

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

Number of Active Members	<u>42</u>
--------------------------	-----------

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

	Number of	Total Amount Disbursed
(i) Regular Retirement Pension	<u>16</u>	<u>\$1,113,001</u>
(ii) Disability Pension	<u>8</u>	<u>\$376,933</u>
(iii) Survivors and Child Benefits	<u>0</u>	<u>\$0</u>
Totals	<u>24</u>	<u>\$1,489,934</u>

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

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2022**

7) The funded ratio of the fund:

	<u>Current Fiscal Year</u>	<u>Preceding Fiscal Year</u>
Illinois Police Officers' Pension Investment Fund	<u>95.59%</u>	<u>86.06%</u>
Private Actuary - Lauterbach & Amen, LLP	<u>96.95%</u>	<u>90.02%</u>

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

Unfunded Liability:

Illinois Police Officers' Pension Investment Fund	<u>\$2,231,371</u>
Private Actuary - Lauterbach & Amen, LLP	<u>\$1,519,317</u>

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

9) Please see attached Investment/Cash Management policy if applicable

Please see Notes Page attached.

CERTIFICATION OF MUNICIPAL POLICE
PENSION FUND COMPLIANCE REPORT

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

Adopted this 16 day of October, 2023

President Laurie E. Howell Date 10/16/23

Secretary Jim [Signature] Date 10/16/23

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

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2022**

INDEX OF ASSUMPTIONS

- 1) Total Cash and Investments - as Reported at Market Value in the Audited Financial Statements for the Years Ended December 31, 2022 and 2021.

Total Net Position - as Reported in the Audited Financial Statements for the Years Ended December 31, 2022 and 2021.

- 2) Estimated Receipts - Employee Contributions as Reported in the Audited Financial Statements for the Estimated Receipts - All Other Sources:

Investment Earnings - Cash and Investments as Reported in the Audited Financial Statements for the Year Ended December 31, 2022, times 6.75% (Actuarial Investment Return Assumption) Rounded to the Nearest \$100.

Municipal Contributions - Recommended Tax Levy Requirement as Reported by Lauterbach & Amen, LLP, Actuarial Valuation for the Year Ended December 31, 2022.

- 3) (a) Pay all Pensions and Other Obligations - Total Non-Investment Deductions as Reported in the Audited Financial Statements for the Year Ended December 31, 2022, plus a 25% Increase, Rounded to the Nearest \$100.

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

Illinois Police Officers' Pension Investment Fund - Suggested Amount of Tax Levy as Reported in the December 31, 2022 Actuarial Valuation.

Private Actuary - Lauterbach & Amen, LLP:

Recommended Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the December 31, 2022 Actuarial Valuation.

Alternative Amount of Tax Levy as Reported by Lauterbach & Amen, LLP in the December 31, 2022 Actuarial Valuation.

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

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2022**

INDEX OF ASSUMPTIONS

- 4) Net Income Received from Investment of Assets - Investment Income (Loss) net of Investment Expense, as Reported in the Audited Financial Statements for the Years Ended December 31, 2022 and 2021.

Assumed Investment Return:

Illinois Police Officers' Pension Investment Fund - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Years Ended December 31, 2022 and 2021 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Interest Rate Assumption as Reported in the Years Ended December 31, 2022 and 2021 Actuarial Valuations.

Actual Investment Return -Net Income Received from Investments as Reported Above as a Percentage of the Average of the Beginning and Ending Balances of the Fiscal Year Cash Investments, Excluding Net Investment Income, Gains, and Losses for the Fiscal Year Return Being calculated, as Reported in the Audited Financial Statements for the Fiscal Years Ended December 31, 2022 and 2021.

- 5) Number of Active Members - Illinois Department of Insurance Annual Statement for December 31, 2022 - Schedule P.
- 6) (i) Regular Retirement Pension - Illinois Department of Insurance Annual Statement for December 31, 2022 - Schedule P for Number of Participants and Expense page 1 for Total Amount Disbursed.
- (ii) Disability Pension - Same as above.
- (iii) Survivors and Child Benefits - Same as above.

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

**Public Act 95-950 - Municipal Compliance Report
For the Fiscal Year Ending December 31, 2022**

INDEX OF ASSUMPTIONS

7) The funded ratio of the fund:

Illinois Police Officers' Pension Investment Fund - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the December 31, 2022 and 2021 Actuarial Valuations.

Private Actuary - Current and Preceding Fiscal Year Net Present Assets as a percentage of Total Assets as Reported in the December 31, 2022 and 2021 Actuarial Valuations.

8) Unfunded Liability:

Illinois Police Officers' Pension Investment Fund - Deferred Asset (Unfunded Accrued Liability) as Reported in the December 31, 2022 Actuarial Valuation.

Private Actuary - Deferred Asset (Unfunded Accrued Liability) as Reported by Lauterbach & Amen, LLP in the December 31, 2022 Actuarial Valuation.

CASH MANAGEMENT POLICY

of the

LAKE IN THE HILLS POLICE PENSION FUND

Adopted January 17, 2022

This Cash Management Policy (the “Policy”) is adopted by the Board of Trustees (the “Board”) of the Lake in the Hills Police Pension Fund (LITHPPF).

1. INTRODUCTION

The purpose of this Cash Management Policy is to require cash forecasts so as to ensure sufficient operating liquidity by estimating the available cash deposits, expected inflows, and required disbursements during a given period. This Policy aims to ensure an efficient working process that allows the LITHPPF to meet monthly benefit obligations and operating expenses and transfer excess funds to the Police Officers’ Pension Investment Fund (POPIF) for investment purposes.

2. SCOPE

This Policy will address the following procedures and processes for cash management:

- Objectives of the Cash Management Policy
- Authorized Representatives
- Cash Management Procedures
- Cash Flow Planning

3. OBJECTIVES

The cash forecast analysis is intended to measure and assess the LITHPPF’s ability to meet its liquidity needs. Cash forecasting can reduce the need for liquidation of long-term investments before maturity in the event of a cash shortfall, and can identify idle funds and determine whether those funds could be transferred to the POPIF for investment purposes.

Outline the procedure for the LITHPPF to transfer cash to the POPIF.

4. ACCOUNT REPRESENTATIVES

The Account Representative for the purpose of transferring cash to the POPIF shall be the Treasurer. In order to initiate a transfer, it will also require the approval of either the President or the Secretary. The approval needs to be documented. Once approved, the Treasurer will make the transfer.

5. CASH MANAGEMENT PROCEDURES

The LITHPPF shall keep, at a minimum, an estimated three months of expenses in a local account. The amount of cash kept in the local account will fluctuate and will necessitate transfers to and from the POPIF. Requests to redeem cash from the POPIF can be made on a monthly basis and should occur via the Automated Clearing House (ACH) electronic funds transfer system.

If the LITHPPF has determined that it has a surplus of cash in the local account, it should transfer the funds to the POPIF for investment. The Treasurer (Account Representative) shall send transfers to the POPIF in the manner prescribed by the POPIF. The Treasurer shall indicate that the transfer is for the LITHPPF, the dollar amount to be transferred, and the date the transfer will be made.

It is the responsibility of the LITHPPF to ensure enough money is kept on hand to meet benefit obligations and other operating expenditures, and to act in their fiduciary capacity as board members in the administration and payment of monthly retirement benefits and expenses.

6. CASH FLOW PLANNING

The LITHPPF shall prepare an estimated cash flow projection annually on a calendar year basis. This cash flow projection should be presented and discussed at the Board's October meeting. The cash flow projection at a minimum should include the following:

- Estimated cash balance for 12 months
- Estimated employee contributions
- Estimated employer contributions
- Estimated pension benefits
- Estimated administrative expenses
- Estimated monthly net inflow and outflow
- Estimated monthly funding request/money transfer

The cash forecast should be based on conservative assumptions about both the cash receipts and disbursement portions of the analysis, and these assumptions should be reviewed and updated regularly.

The cash forecast should be updated periodically by the Board to ensure sufficient liquidity and actual cash flow results should be compared with the forecast projections.

Lake in the Hills

POLICE PENSION FUND INVESTMENT POLICY

1.0 **Policy:**

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

2.0 **Scope:**

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

3.0 **Prudence:**

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

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

4.0 **Investment Philosophy:**

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

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

5.0 **Goals and Objectives:**

For total fund assets, the goals are as follows:

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

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

6.0 Delegation of Authority:

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

The establishment of investment policies is the responsibility of the Police Pension Board (Board). Management and administrative responsibility for the investment program is the responsibility of the Board who has established written procedures for the operation of the investment program as defined in this policy. Included procedures are: safekeeping, delivery vs. payment, investment accounting, wire transfer agreements and collateral/depository agreements. Such procedures include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board. The Board shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Board may from time to time amend the written procedures in a manner not inconsistent with this policy or with state statutes.

7.0 Ethics and Conflicts of Interest:

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

8.0 Authorized Financial Dealers and Institutions:

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

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

- audited financial statements
- proof of Financial Industry Regulatory Authority (FINRA) certification
- proof of state registration
- completed broker/dealer questionnaire
- certification of having read the Pension Fund’s investment policy
- depository contracts

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

9.0 **Authorized and Suitable Investments:**

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

- 1) Interest bearing direct obligations of the United States of America.
- 2) Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.
- 3) Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, "agencies of the United States of America" includes: (i) the Federal National Mortgage Association; (ii) federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Acts of 1971 or amendments to that Act; (iii) federal home loan banks and the Federal Home Loan Mortgage Corporation; and (iv) any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.
- 4) Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
- 5) Interest bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or

instrumentalities of the federal government.

- 6) Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.
- 7) Interest bearing bonds of the State of Illinois.
- 8) Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool (Illinois Funds) in accordance with the Deposit of State Moneys Act and interest bearing funds or pooled accounts of the Illinois Metropolitan Investment Fund, or funds managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.
- 9) Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.
- 10) Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.
- 11) Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open-ended management investment companies; provided that the portfolio of the money market mutual fund is limited to the following: (i) bonds, notes certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as to principal and interest; (ii) bonds, notes debentures, or other similar obligations of the United States of America or its agencies; and (iii) short term obligations of corporations organized in the United States with assets exceeding \$400,000,000, provided that (A) the obligations mature no later than 180 days

from the date of purchase, (B) at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest classifications, and (C) the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.

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

13) (1) separate accounts that are managed by life insurance companies authorized to transact business in Illinois and are comprised of diversified portfolios consisting of common or preferred stocks, bonds, or money market instruments; (2) separate accounts that are managed by insurance companies authorized to transact business in Illinois, and are comprised of real estate or loans upon real estate secured by first or second mortgages; (3) Mutual Funds that meet the following requirements: (i) the mutual fund is managed by an investment company and registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953; (ii) the mutual fund has been in operation for at least 5 years; (iii) the mutual fund has total net assets of \$250 million or more, and; (iv) the mutual fund is comprised of a diversified portfolio of common or preferred stocks, bonds, or money market instruments; and (4) through an investment adviser, invest a portion of the assets in common and preferred stocks authorized for investments of trust funds under the laws of the state of Illinois. The stocks must meet all of the following requirements: (a) the common stocks are listed on a national securities exchange or board of trade (as defined in the federal Securities Exchange Act of 1934 and set forth in Section 3.G of the Illinois Securities Law of 1953) or quoted in the national Association of Securities Dealers Automated Quotation

System National Market System (NASDAQN MS), (b) the securities are of a corporation created or existing under the laws of the United States or any state, district, or territory thereof and the corporation has been in existence at least 5 years, (c) the corporation has not been in arrears on payment of dividends on its preferred stock during the preceding 5 years, (d) the market value of stock in any one corporation does not exceed 5% of the cash and invested assets of the pension fund, and the investments in the stock of any one corporation do not exceed 5% of the total outstanding stock of that corporation, (e) the straight preferred stocks or convertible preferred stocks are issued or guaranteed by a corporation whose common stock qualifies for investment by the board, (f) the issuer of the stocks has been subject to the requirements of Section 12 of the federal Securities Exchange Act of 1934 and has been current with the filing requirements of Sections 13 and 14 of that Act during the preceding 3 years.

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

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

(2) If subsequently downgraded below investment grade, the bonds must be liquidated by the manager from the portfolio within 90 days after being downgraded.

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

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

(1) The common stocks must be listed on a national

securities exchange or board of trade (as defined in the Federal Securities Exchange Act of 1934 and set forth in paragraph G of Section 3 of the Illinois Securities Law of 1953) or quoted in the National Association of Securities Dealers Automated Quotation System National Market System.

- (2) The securities must be of a corporation in existence for at least 5 years.
 - (3) The market value of stock in any one corporation may not exceed 5% of the total outstanding stock of that corporation.
 - (4) The straight preferred stocks or convertible preferred stocks must be issued or guaranteed by a corporation whose common stock qualifies for investment by the board.
- (b) The mutual funds must meet the following requirements:
- (1) The mutual fund must be managed by an investment company registered under the Federal Investment Company Act of 1940 and registered under the Illinois Securities Law of 1953.

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

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

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

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

To the extent a public agency has custody of funds not owned by it or another public agency and does not otherwise have authority to invest such funds, the public agency may invest such funds as if they were its own. Such funds must be released to the appropriate person at the earliest reasonable time, but in no case exceeding 31 days, after the private person becomes entitled to the receipt of them. All earnings accruing on any investments or deposits made pursuant to the provisions of this Act shall be credited to the public agency by or for which such investments or deposits were made, except as provided otherwise in Section 4.1 of the State Finance Act or the Local Governmental Tax Collection Act, and except where by specific statutory provisions such earnings are directed to be credited to and paid to a particular fund.

10.0 **Collateralization:**

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

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

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

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

The amount of collateral provided will not be less than 110% of the fair market value of the net amount of public funds secured. The ratio of fair market value of collateral to the amount of funds secured will be reviewed monthly, and additional collateral will be required when the ratio declines below the level required and collateral will be released if the fair market value exceeds the required level. Pledged collateral will be held in safekeeping, by an independent third party depository, or the Federal Reserve Bank of Boston designated by the Fund and evidenced by a safekeeping agreement. Collateral agreements will preclude the release of the pledged assets without an authorized signature from the Fund.

11.0 **Safekeeping and Custody:**

All fixed income security transactions entered into by the Fund shall be conducted on a delivery-verses-payment (DVP) basis. Securities will be held by one third party custodian designated by the Treasurer and Board, and evidenced by safekeeping receipts plus any tri-party arrangements utilized by mutual funds and/or

repurchase agreements. If an independent third party custodian is not used, an excess SIPC policy is required naming the Fund as the insured.

12.0 **Diversification and Risk:**

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

- No nonbank financial institution shall hold more than 40% of the Fund's investment portfolio, exclusive of U.S. Treasury securities in safekeeping, unless an excess SIPC policy is in place naming the fund as insured.
- Monies deposited at a financial institution shall not exceed 75% of the capital stock and surplus of that institution.
- Deposits in the Illinois Public Treasurer's Investment Pool (Illinois Funds) shall not exceed 50% of the Fund's investment portfolio.
- Brokered certificates of deposit shall not exceed 25% of the Fund's investment portfolio.
- Equities:
 - International – minimum of 3%.
 - Large Cap – minimum of 50%.
 - Mid Cap – minimum of 3%.
 - Small Cap – minimum of 3%.
 - Other – minimum of 0%
 - Growth to Value split – 50%/50% plus or minus 10%.
- Bonds: The fund shall seek to minimize credit risk by investing in investment grade corporate bonds as well as US Government securities.

13.0 **Equity Selection Criteria:**

The following criteria will be used in selecting an Equity Fund for investment consideration. Criteria may be added to, deleted from, or modified as

agreed by the Board provided at a minimum all statutory requirements are met.

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

- Style: The style will be consistent with the asset allocation mix as previously identified.
- Manager Longevity: The lead manager must have a minimum of five years managing the fund. Consistency of the underlying team should be documented.
- Fund Longevity: The fund must have been in existence for at least five years.
- Net Asset Size: The net asset size of the individual equity fund must be at least \$500,000,000.
- Consistency of Style: The fund must demonstrate a five-year consistency of style. Minimal “style drifting” will be accepted.
- Positive Risk Adjusted Return: The fund will demonstrate a five-year positive risk adjusted return.
- Competitive Fees: Annual expenses, consulting fees, front load, transaction costs and all other fees associated with the purchase and maintenance of the investment will be competitive as compared to like investments. All fees will be fully disclosed.
- Sustainability Factors: Pursuant to 40 ILCS 5/1-113.6 and 1-113.17, the Lake in the Hills Police Pension Fund will include material, relevant, and decision-useful sustainability factors that may be considered by the Pension Bond within the bounds of financial and fiduciary prudence, in evaluating investment decisions.

These factors consist of but are not limited to:

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

14.0 **Rebalancing Policy:**

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

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

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

15.0 **Internal Controls:**

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

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

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

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

16.0 **Performance Standards:**

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

16.1 **Performance Benchmarks-Fixed:**

The fixed income assets shall be invested in one of two distinct strategies; (1) actively managed utilizing a professional

money manager, and (2) internally, utilizing a passive strategy that is managed per the policies and procedures established by the Board. The goal of the Board, over a market cycle, shall be to meet or exceed the returns of the Barclay's Intermediate Government Credit Index.

16.2 **Performance Benchmarks - Equities:**

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

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

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

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

- Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

- Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
- Significant qualitative changes to the investment management organization.

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

18.0 **Reporting:**

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

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

18.1 **Marking to Market:**

A statement of the market value of the portfolio shall be issued at least quarterly. This will ensure that the minimal amount of review has been performed on the investment portfolio in terms of value and subsequent price volatility. Review should be consistent with the GFOA Recommended Practice on Mark-to-Market Practices for State and Local Government Investment Portfolios and Investment Pools (attachment 3).

19.0 **Investment Policy Adoption:**

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