

Village of Fox Lake
Finance Committee Meeting
December 12, 2006
5:00 p.m.

I. Call to Order

The Meeting was called to order at 5:00 p.m.

II. Roll Call

Present were Chairman Ulasz, Trustee Murrey, Trustee Beskow, Trustee Bender, Trustee Working and Trustee Borchers. Also in attendance was Mayor Irwin.

III. Approval of Prior Meeting Minutes

Chairman Ulasz asked if there were any questions or clarifications to the minutes of November 28, 2006. With there being no comments they will stand as presented.

IV. Bills to be paid

Chairman Ulasz asked if there were any questions regarding the bills to be paid. With there being no comments they will stand as presented.

V. Ratification of Manual Check List

Chairman Ulasz asked if any questions. Manual checklist stands as presented.

VI. Grainger Bills to be Paid

Chairman Ulasz asked if there were any questions. There were no comments, the Grainger bills will stand as presented.

VII. Old Business

Electricity Procurement Update

Treasurer Christensen stated there are two parts. The first one everyone should have received the Brubaker Contract. We had entered into an agreement with the Illinois Association Waste Water to go out and purchase electricity in participation before the auction price. The Association only took it only so far and then they turned it over to the members. As we talked about before I recommend we use the same Consultant to finish the project so there is a motion on the Board Agenda to allow me to continue to use Brubaker and Associates to finish the project and as you can see there is a maximum cap on the amount.

Resolution for Electrical Power Procurement

Paul Christensen stated the second part is the cost for electricity is down right now. Right now it is about 1 cent per kilowatt cheaper or 18% cheaper than it was about two months ago. I had talked with our Consultant at Brubaker and he has stated we really should get started so I have been working with him the last week; as of tonight I thought we would be ready to actually enter into an agreement. During the day today we got favorable pricing from three bidders, Peoples Energy, WPS and Sempra. If you remember in Attorney Teegen's memo we had anticipated the two lowest to be Peoples and WPS, and in the end it was. We had to scramble a little bit, because we didn't receive their quotes on Friday, but did receive on Monday and they are the most favorable. People's was a little bit lower than WPS; they offered a price of \$57.64 per megawatt as

opposed to \$58.25 per megawatt that WPS offered. I had decided we would go forward with People's and try to lock up the contract. The problem we ended up having is with the change over with ComEd, there are some internal problems that People's is not willing to accept. What we are going to attempt to do; is pull every meter that we had that is affected. If we left the electricity as is, that is for the pump stations, Northwest Region and Leisure wells. If we left it as it is now we would receive a 64% increase, which is a difference of about \$31,000 dollars. If we go out and use People's cost estimate our increase will only be 3.5% or \$1,700.00. With all the complications we had, Peeples has stated that they will not accept our accounts if ComEd changes our accounts January 1st. ComEd has stated they will not change it earlier so that they can accept it. We came up with a solution, we are going to change our very large accounts; most of load or 95% is the pumps from Northwest Region and Tall Oaks; we are going to switch those over before January 1st so we never have to go with the high auction prices. All the small accounts we will switch over in January; that is the best compromise we can come up with, we will have to pay a little extra money for it but it will save a very large amount of money in the long run. It is the best solution we came up with. I talked with Attorney Teegen and he stated the best thing to do is pass the Resolution, it gives leeway but there is protection to the Board as well as the Finance Chairman and Treasurer since it has a cap on it. I am going to hand out the revised contract and we will most likely execute this with Peeples Energy at a rate of 6.8 cents.

Trustee Bender asked for the length of the contract? Paul Christensen stated it is for 17 months; then the renewal would be for 12 months. I do want to mention one thing, as you are aware Attorney General Lisa Madigan that she put in legislation to freeze the rates, that was not passed in December. She has stated she may bring that up again in January. I have talked to other Villages as well as our Consultant, and they believe that this is not going to go through, and if it should it would only affect residential. If by some chance there is a rate freeze for all we would of in a sense spent \$1,600.00 more than what you would have to spend otherwise. That is the down side, if we wait and there is not a freeze we will have an increase of \$31,000 for January alone, everyone felt that it is a risk we should take, it is a minimal risk.

Trustee Murrey stated if you have seeing the information from the Citizen Utility Board, they have been providing a lot of information. With the Committee's permission I will make the motion this evening. Paul Christensen stated the People's contract that was distributed this evening is to be attached to the Resolution as Exhibit A; it is the most up to date contract. The only expected changes are regarding the meters, some will come in prior to January and some will be coming in after January as we have discussed.

VIII. New Business

Discussion on request by Skytel to Assign Lease Agreement to Bell Industries Inc.

Paul Christensen stated that is really just a clean up matter, Attorney Teegen stated the Mayor and myself should not sign it independently. As everyone knows we have leases on the top of our water towers; MCI use to own SkyTel and it has now been transferred to Bell Industries. We are asking for a motion to authorize the Mayor to sign the transfer agreement. Attorney Teegen has reviewed the contract. There were no concerns; Chairman Ulasz stated she would make that motion this evening.

Presentation of May 2006 Actuary by Tim Sharp

Treasurer Christensen stated the Police Pension had a meeting today and approved the Actuarial Report presented by Tim Sharp, Actuary. This is the first step in the tax levy; we will take this number and apply it to the tax levy. Paul Christensen introduced Tim Sharp to the Village Board.

Tim Sharp stated he was back to be back with you. Tim Sharp went through the Actuary Report with the Trustees in detail. The Pension Board is doing a really good job with the investments, we are now 55% funded, and the fund is in good shape. Remember this is a conversion from an IMRF. The Village is keeping the funding obligations for the Pension Fund. The Tax Levy requirement is \$481,993 this year.

Trustee Bender asked are you basically saying we are in good shape and we are going in the right direction? Tim Sharp stated yes, we are making the payments and the investments are getting a good return.

Holiday Bonus

Treasurer Christensen stated that this is the same as in prior years. There is a motion under Trustee Ulasz. We have done this the last 5 years and I put it on the agenda should a discussion be required. There was no discussion; Chairman Ulasz stated she would make the motion this evening.

Discussion Related to 2007-2008 Budget Projections and Related Property Tax Levy

Treasurer Christensen stated he was going to talk about the Property Tax Levy and Trustee Ulasz will talk about the budget projections. Essentially the numbers this year were dictated, we look at how much we need for garbage, liability cost, Police Pension number and also the projection. We are a tax cap community, which means we cannot raise our taxes more than 3.4% of the prior year. However, we are allowed to grab new growth, which is construction. Along the same lines in we anticipate a 5% increase in our tax levy we must do a Truth in Taxation Hearing, which is scheduled at 7:00 p.m. during the Village Board Meeting.

Trustee Ulasz stated she had passed out at the last Finance Meeting an update to the Trustees regarding impacts on the general fund for the next budget cycle. We will be starting the budget process in January. There are concerns that will be addressed and if we work together on this we can get this done in a timely manner. Chairman Ulasz asked if the Trustees had any questions on the projected budget? Trustee Bender stated not at this time.

IX. Committee Comments

None

X. Audience Comments

None

XI. Adjournment

There being no other business to discuss the Committee Meeting was adjourned at 5:30 p.m.

Carol Ward
Deputy Clerk