

**MINUTES OF THE FINANCE COMMITTEE OF THE VILLAGE OF KENILWORTH
HELD AT THE VILLAGE HALL, 419 RICHMOND ROAD AT 5:00 P.M. ON
TUESDAY, NOVEMBER 6, 2007**

Chairman Thomas Terrill called the meeting to order at 5:06 p.m. Attendance was as follows:

Present:	Thomas Terrill	Chairman
	Cristy Laier	Member
	Katie White	Member
Others Village		
Officials Present:	Bradly Burke	Village Manager
	Richard Cooper	Village Treasurer
	Jim Hughes	Village Trustee
	Maryann Van Dyke	Finance Administrator
Others Present:		
	Grace Terrill	122 Woodstock Avenue
	Bill Sethness	546 Melrose Avenue
	Bill Holland	342 Sterling Road
	Pete Pickard	520 Earlstun Road
	John Roberts	521 Kenilworth Avenue

The minutes of the September 25, 2007 Finance Committee meeting were placed before the Committee. Several corrections were suggested. Member Laier made a motion to approve the minutes as corrected. Member White seconded the motion, and upon a voice vote, the minutes as corrected were unanimously approved.

The Finance Committee first discussed the Village's bank accounts including its IPTIP and North Shore Community Bank balances. The IPTIP and North Shore Community Bank accounts were discussed in the context of restricted funds and location of where restricted fund money is held.

Member Laier expressed concern that the Board was not informed of the decision to adjust the cash balance in the IPTIP account versus the North Shore account.

Chairman Terrill said he gets a sense that the Village Board feels it is not being informed adequately regarding the management of Village funds and movement of cash between Village bank accounts. Chairman Terrill expressed his opinion the Village Board should know in advance any decision to move money between the Village's various bank accounts.

Member White said she did not necessarily agree with Chairman Terrill's comment, and noted she felt staff should not have to ask permission to do their jobs.

Chairman Terrill expressed a concern that there was a question raised by a Trustee at the October meeting and more than a month and a half has passed since the question regarding balances in the IPTIP account and North Shore Community Bank account were posed. Chairman Terrill noted it is November 6, and the Finance Committee is just now getting a response to those questions.

Finance Administrator Van Dyke said she believed the discussion to clean up the accounting in the Water Fund and the Water Improvement Fund took place last winter during the budget process when the full Village Board agreed to establishing a baseline for the Water Fund and Water Improvement Fund balances. Finance Administrator Van Dyke noted no money has been expended and the accounting transaction that has occurred is simply a transfer of funds between two bank accounts in order to address the accounting issues that need to be corrected.

Manager Burke said he would like to respond to Chairman Terrill's comment about the question raised by a Trustee at the October Village Board meeting pertaining to the cash balances in the IPTIP and the North Shore bank accounts. Manager Burke noted it has not been over a month and a half since the last Board meeting held on October 9th. Manager Burke noted within a couple days after the October 9th Board meeting he had met with Trustee Laier, the Trustee who had posed the original question at the Board meeting, and provided a response. Additionally Manager Burke noted he had provided the same explanation to Finance Committee Chairman Terrill and Village President Chisum the following week. Manager Burke noted Village staff is charged with administering the day to day financial activities of the Village which does include routine transfers of funds among bank accounts on a daily basis. Finance Administrator Van Dyke clarified that fund transfers do not happen daily but are a regular occurrence.

Member Laier expressed her opinion there should be a minimum balance in IPTIP and IPTIP accounts should be the location for holding restricted funds for the long-term. Money should not be regularly transferred in and out of the IPTIP accounts.

Member White said she believed what the Committee is saying is that the Village should have adequate funds to cover restricted funds. She said non-routine transactions should come before the Village Board.

Member Laier expressed her opinion the reserves of the restricted funds should be left alone.

Manager Burke reviewed the respective fund balances and tax revenues received to date.

Manager Burke began a review of the Fiscal Year 2008 budget and expenditures to date starting with the Administration Department. Manager Burke provided an explanation of those line items that are currently ahead of budget in terms of expenditures to date for the half way point in the budget cycle. Manager Burke noted the Miscellaneous Expenses line item has been expended completely due to a reimbursement of an escrow due a resident from a demolition application over three years ago. Manager Burke noted under the budget officer system Finance Committee approval is needed to adjust allocations in various line items to address overages like this. Manager Burke requested approval from the Finance Committee to adjust expenditures in the Administration Department budget to address this overage. Member White made a motion to give the Village Manager approval to make such adjustments. Member Laier seconded the motion, which was unanimously approved.

Manager Burke proceeded to review the six month budget report for the Fiscal Year 2008 budget including an explanation of all department expenditures. Manager Burke proceeded to review the revenue and expenditures for the Water Department. A discussion of the status of the Fiscal Year 2008 budget at the halfway point in the year followed.

Member White had to leave the meeting and called in and began attending the meeting via telephone at 6:10 p.m.

Resident Pete Pickard, 520 Earlston Road, posed several questions about the debt structure for the Water Fund, and Manager Burke responded.

Chairman Terrill thanked Manager Burke for the report and noted there were only a few questions but everything in the report appeared very clear to him and asked if there were any questions from the public.

Resident Bill Sethness, 546 Melrose Avenue, noted the Village Board should be aware of total Village legal expenses and added it was his understanding by the materials presented that there is approximately \$93,000 in legal fees included in the budget. A discussion of legal expenses followed.

Member Laier noted the Village has had a number of issues to address where Village legal services were necessary which resulted in increased legal fees in recent years. Mr. Sethness just wanted to inquire if the Board was sensitive to this growing expenditure.

Trustee Hughes asked a question about the off-setting expenditure of police pension tax revenue in the base line budget presented. Manager Burke noted this did need to be clarified and thanked Trustee Hughes for his comment. Chairman Terrill asked that the document be revised before distribution to the Village Board at a future date.

Trustee Hughes suggested a cover sheet explaining the assumptions built into the base line budget would be helpful to facilitate understanding, and posed a question about the Village Board seeing a shortfall here and having to make a decision. Trustee Hughes said it seemed to him that the Board may need to consider if money could be saved in certain areas which would free up funds for capital improvements.

Member White said she could not agree more about trying to tighten up expenses without putting the Village at risk.

Chairman Terrill said we have to find the money for capital somewhere. He expressed his hope the Village will not have so many consulting and legal fees in the future. Member Laier said with the Comprehensive Plan there will be additional legal fees and consulting fees related to the implementation of the Comprehensive Plan.

Chairman Terrill said we have to consider strongly if there are any expenses which could be reduced such as legal fees or police training.

A discussion regarding the Village's budget process and procedures for identifying priorities and objectives followed.

Trustee Hughes suggested the Finance Committee and Village Board may want to consider giving guidance to staff regarding preparation of the Fiscal Year 2009 budget. Trustee Hughes stated the Board may want to explore the possibility of giving staff certain parameters such as keeping the budget within a certain dollar increase or limited to a certain percentage increase.

Manager Burke said next step in the budgeting cycle for the Village would be for staff to update the 3-year baseline projections based upon tonight's discussion and provide the Committee with a timeline of the proposed budget schedule for Fiscal Year 2009 for Committee consideration.

Chairman Terrill suggested the Finance Committee move on to discuss its next topic and noted he would like the Finance Committee to consider a motion related to the creation of a Blue Ribbon Committee on Village finances. Chairman Terrill noted he has exchanged emails with Village President Chisum regarding the creation of such a Blue Ribbon Committee and stated he had provided the Village President with a list of six possible members for the committee.

Chairman Terrill quoted from the October 10th Village Board minutes, where Village President Chisum said "If there is a desire to have a Blue Ribbon Committee the full Finance Committee should put forth the request." Chairman Terrill continued to quote from the October 2007 Village Board meeting minutes and noted that at this meeting, a "sense of the Board" vote was taken where a majority of Trustees expressed their support for creation of a Blue Ribbon Committee.

Chairman Terrill noted at the October 2007 meeting he had presented a potential charge for the Blue Ribbon Committee being considered. Chairman Terrill outlined what he anticipated the proposed charge of the committee to be:

1. Examine the major Village expenditures in the long term plan data for 2009-2011.
2. Review possible revenue enhancement opportunities.
3. Recommend possible solutions to achieve a continuous balanced budget.

Chairman Terrill noted at the October 2007 Village Board meeting, Village Attorney Adams explained the Village Code requirements for creation of advisory committees and quoted the following from the October 9, 2007 meeting minutes: "Counsel Adams reminded the Trustees all such committees must be created by either ordinance or a resolution, and members are appointed by the President with the approval of the Trustees. Therefore a request from a committee chair is not sufficient to set up such a committee."

Chairman Terrill made a motion for recommending the Village Board pass a resolution or ordinance creating a Blue Ribbon Committee on Village Finances.

Member White said there is no difference between the charge to the Finance Committee and the proposed charge to the members of the Blue Ribbon Committee. She said the charge outlined is exactly that of the Finance Committee.

Chairman Terrill expressed his underlying motive regarding the establishment of this Committee is that he feels it is important for a number of recognized citizens to see the financial plight of the Village. Chairman Terrill expressed his opinion a Blue Ribbon Committee will help the information be communicated thoroughly to the public, and reiterated the members of the committee would be an independent group working on behalf of the Village.

Member White said she would hope the Trustees and staff are viewed as independent.

Chairman Terrill said the Blue Ribbon Committee members would be attending Finance Committee and Village Board meetings to assist in gaining an understanding of Village finances and operations and to develop their recommendations.

Member White said the difference between Blue Ribbon Committee on Home Rule and the proposed committee is that the Village Board at the time did not have a lot of information on Home Rule or time to work on this issue. She said the Village Board has spent a lot of time developing a financial plan that lays out expenditures over the next ten years. Trustee White noted this plan is a result of priorities identified and developed by the Village Board as a result of feedback from Village staff.

Member White expressed confusion regarding the roles of the Finance Committee and the proposed Blue Ribbon Committee in the course of the development of the Village's budget. Member White said she thought this Blue Ribbon Committee will simply ask to see the budget and the work completed previously by the staff, and both Finance Committee and the proposed Blue Ribbon Committee will be doing the same work in parallel fashion. Member White expressed her opinion she would like to see the work on Village finances being done by the Village Board as a whole in a fashion similar to the planning and budgeting work completed over the course of the previous year.

Chairman Terrill said he still goes back to President Chisum's comments at the last Village Board meeting regarding the Finance Committee needing to make a recommendation to the Village Board on the possible creation of an advisory committee.

Member Laier seconded a motion to create a Blue Ribbon Committee. She said an outside committee is a good thing. Member Laier said we have to go to the residents to solicit their help and support in finding additional revenue opportunities for the Village.

Bill Holland said the "sense of the Board" vote at the October Village Board meeting was answered last month. There are tough decisions that have to be made by the Board including hard decisions on expenses and revenues. A Blue Ribbon Committee would be present during the Finance Committee deliberations and process and could convey their support of the Village Board's decisions regarding the budget or project planning.

Chairman Terrill reviewed the motion from the October meeting, which captured a "sense of the Village Board" regarding the topic of creating a committee.

Bill Holland suggested that the missing piece may be the timing of the establishment of the Blue Ribbon Committee. Mr. Holland suggested the creation of a Blue Ribbon Committee be done immediately or as early as next week at the regular Village Board meeting.

Member White said if there is a certain start time, then perhaps there should be a duration and end date.

Trustee Hughes said perhaps the Committee could be dissolved after the Fiscal Year 2009 budget is approved.

Bill Holland expressed his opinion the Blue Ribbon Committee members should be sitting during the three years of the baseline budget process and be in effect until 2011.

Chairman Terrill said he met with Village President Chisum and Village Manager Burke, and noted he had mentioned that this Blue Ribbon Committee may be able to play a role in exploring the potential for Home Rule and a transfer tax. He said he was aware of the group that opposes Home Rule. The Blue Ribbon Committee could assist in tempering any opposition. Chairman Terrill said we are talking about at least two referendums if the Village pursues Home Rule and a real estate transfer tax. The action of creating a Blue Ribbon Committee is necessary now to get the word out to the community.

Chairman Terrill asked if there were any more discussion.

Member White said her own perception is specific residents do not have to be named as a formal committee to be out there doing work on behalf of or in support of the Village Board. Member White expressed her opinion she would like to see as many people as possible engaged in discussions of Village finances and not simply a small number of individuals serving on a Blue Ribbon Committee.

Chairman Terrill noted Trustee Miller had recommended a Blue Ribbon Committee in 2006 to study Village Hall improvements.

Member White said she agreed with a Village Hall committee to assist in taking it to the next step after the space needs analysis, included in this year's budget, is completed.

A voice vote was taken on the motion to recommend the Village Board pass a resolution or ordinance establishing a Blue Ribbon Committee on Village Finances as follows:

Yea:	Laier, Terrill
Nay:	White
Absent:	None
Abstain:	None

Member White said she was fully in favor of a Blue Ribbon Committee for a specific purpose such as studying the Village Hall buildings.

Manager Burke stated he wished to clarify the history on the earlier comments regarding a recommendation for the creation of a Blue Ribbon Committee to study Village Hall improvements. Manager Burke agreed the suggestion for a committee was made during a Finance Committee meeting in the fall of 2006. However, during the course of the development of the Fiscal Year 2008 Budget, the full Village Board chose to include \$30,000 in the budget for a space needs analysis for the Village Hall. At that time the members of the Finance Committee and Village Board felt such an analysis was needed to establish a core set of information about the Village Hall building prior to involving a citizens' committee.

Member White requested for future Finance Committee agendas if a specific item was going to be presented for action or a vote by the Committee, that the topic be listed on the agenda. Trustee White expressed her opinion the discussion and regarding a recommendation on a Blue Ribbon Committee on Village Finances should have been listed as an agenda item.

Chairman Terrill said it was not intended to be a surprise.

The next meeting date was noted as December 4, 2007.

Member Laier made a motion to adjourn. Member White seconded the motion which was unanimously approved, and the meeting adjourned at 7:50 p.m.

Respectfully submitted,

Brad Burke