

VILLAGE OF ORLAND PARK

14700 Ravinia Avenue
Orland Park, IL 60462
www.orlandpark.org



Meeting Minutes

Monday, August 16, 2021

6:00 PM

Village Hall

Committee of the Whole

*Village President Keith Pekau
Village Clerk Patrick R. O'Sullivan
Trustees, William R. Healy, Cynthia Nelson Katsenes, Michael R. Milani,
Sean Kampas, Brian Riordan and Joni Radaszewski*

CALL TO ORDER/ROLL CALL

The meeting was called to order at 6:00 P.M.

Present: 7 - President Pekau; Trustee Healy; Trustee Nelson Katsenes; Trustee Milani; Trustee Kampas; Trustee Riordan and Trustee Radaszewski

APPROVAL OF MINUTES**2021-0597 Approval of the August 2, 2021, Committee of the Whole Minutes**

I move to approve the Minutes of the Regular Meeting of the Committee of the Whole of August 2, 2021.

A motion was made by Trustee Nelson Katsenes, seconded by Trustee Milani, that this matter be APPROVED. The motion carried by the following vote:

Aye: 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

Nay: 0

ITEMS FOR SEPARATE ACTION**2021-0578 The Orland Park Police Department's Quarterly Awards Ceremony, Badge Pinning and Swearing in of a Newly Promoted Lieutenant**

Mayor Pekau and Chief Joseph Mitchell honored members of the Orland Park Police Department for their heroic and selfless actions that took place from April 1, 2021 through June 30, 2021. Recently promoted Lieutenant Phillip Glecier had his badge pinned on him by his wife. (refer to audio)

This item was a presentation. NO ACTION was required.

2021-0598 Civic Center and FLC Boiler Replacements - ITB #21-036

On June 16, 2021, the Public Works Department issued Invitation to Bid (ITB) #21-036 for replacement of the existing boilers at the Civic Center and Franklin Loebe Recreation Center (FLC). The boilers at both buildings have reached the end of their life cycles and are in need of replacement. The scope of work detailed in the ITB includes all mechanical equipment, duct work, piping, and demolition associated with the project. The project bid documents were completed by the Farnsworth Group with input from Public Works Staff.

The schedule for this project was originally spread out over two (2) years (Civic Center in 2021 and FLC in 2022). However, as the Village Hall, Civic Center, and FLC Soffit Repair project will be deferred until 2022, due to higher than expected bid pricing, funding from that project plus funding allocated in 2021 for boiler replacements are available to complete both boiler projects this year.

During the two (2) weeks that the bid was open for review, eighty-five (85) firms downloaded either partial or complete bid packages. ITB 21-036 was opened on July 2, 2021, at which point three (3) firms had submitted bids. All three (3) bid packages, as well as an audit of the bid submittals, are attached for reference. A summary of the bid prices is provided below:

Mechanical Inc. DBA Helm Mechanical: \$397,800.00
Oak Brook Mechanical Services, Inc.: \$435,500.00
Monaco Mechanical, Inc.: \$442,000.00

Based on pricing and firm qualifications, staff recommends approving the bid from Mechanical Inc. DBA Helm Mechanical for \$397,800.00, plus a 5% (\$19,890.00) contingency, for a total project cost of \$417,690.00.

Due to the timing of construction, this was reviewed by the Committee of the Whole and the Village Board of Trustees on the same night.

Trustee Healy had questions and comments. (refer to audio)

Village Manager George Koczwara responded to Trustee Healy. (refer to audio)

Trustee Milani and President Pekau had comments. (refer to audio)

I move to recommend the Village Board approve awarding ITB 21-036 to Mechanical Inc. DBA Helm Mechanical of Westmont, IL for an amount of \$397,800.00 plus a 5% contingency of \$19,890.00, for a total not to exceed amount of \$417,690.00.

A motion was made by Trustee Kampas, seconded by Trustee Healy, that this matter be APPROVED. The motion carried by the following vote:

Aye: 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

Nay: 0

2021-0613 Administrative and Record Keeper Services for 457(b) Deferred Compensation Plan and 401(a) Plan RFP

At the April 5, 2021 Village Board Meeting, following a RFP process, the Village Board authorized the execution of a professional services agreement with Wells Fargo Advisors for Deferred Compensation Investment Management Consulting Services. The Village issued the RFP seeking services of a co-fiduciary and investment advisor for plan oversight, investment selection and monitoring of the 457 Deferred Compensation Plan.

Since that time, the Wells Fargo consultant, in consultation with the Deferred Compensation Committee, assisted the Village in reviewing all current 457

Deferred Compensation Plan vendors to determine performance and fees and assisted the Village in issuing a RFP for Administrative and Record Keeper Services for 457(b) Deferred Compensation Plan and 401(a) Plan. Attached are the results of the RFP.

The purpose of the Deferred Compensation Committee is to establish rules and processes consistent with fiduciary law, regulations, Village policy and best practices. The Committee will monitor the investment line-up of the Deferred Compensation Program, make any investment changes, approve and amend the investment policy statement, and other administrative tasks. The Village Board retains responsibility for general oversight and also with regard to determining or amending plan documents. The five (5) member committee consists of the following individuals: Village Manager, Finance Director, Human Resources Director, an employee representative of AFSCME, and an employee representative of Metropolitan Alliance-Police.

The Wells Fargo consultant worked with the Employee Deferred Compensation Committee to review the results of the RFP. The recommendation of the Employee Deferred Compensation Committee is to select Nationwide as the single vendor for the Village's 457 and 401(a) program.

There are no Village costs related to this agreement since fees will only be assessed post consolidation/restructuring and will be paid from assets as a percentage of the fee savings delivered to plan participants.

Highlights

The Village provides an employer-sponsored deferred compensation plan under Section 457(b) and a 401(a) defined contribution plan under the Internal Revenue Code (IRC). The 457(b) Plan provides tax benefits to employees who make deposits into the Plan for their retirement. The Village's current 457 Deferred Compensation vendors include: Nationwide (\$5,332,257 total assets with 32 participants), ICMA-RC (\$1,690,937 with 7 participants), Mass Mutual (\$9,357,814 with 61 participants) and AXA (\$196,352 with 8 participants). The 401(a) Plan provides an additional tax deferral benefit retirement savings program for some employees. Mass Mutual administers the 401(a) for the Village (\$1,659,665 total assets). Additionally, the Village provides a retiree healthcare savings plan ("RHS") to a limited number of employees. The RHS plan provides some employee's tax-free savings to be used to pay for qualified medical expenses during retirement.

As the plan sponsor, the Village has certain fiduciary duties and responsibilities. These duties and responsibilities focus on ensuring the operation and investment of the public retirement plan is for the exclusive purpose of providing benefits to participants and beneficiaries. Because of the increasing complexity of the investment process and associated responsibilities, the Village has sought to

learn more about trends affecting the employer sponsored retirement plan marketplace and laws governing fiduciary requirements for the operation of the Village's sponsored plans.

The four (4) major trends in the current deferred compensation landscape include:

- High Fees - In other plan reviews, advisors have found fees to be inappropriately high.
- Education - Education programs are not being monitored for effectiveness or updated to fit current employee needs.
- Multiple Plans - It may seem that having multiple plans is good for employee choice; however, Employee Retirement Income Security Act (ERISA) courts have set the precedent that they are actually harmful. The precedent set rationalizes that they create confusion for employees, extra burdens for the fiduciary managing them, and eliminate fee discounts that would be obtained from holding the plans with one provider.
- Poor Fund Performance - Many other plan reviews have found the requirement of "proprietary" funds in the lineup, which means the service provider uses their own mutual funds in the plan. This increases the overall fees that your provider captures and creates a conflict of interest. There is a disincentive to remove those funds if they are underperforming. Because of this disincentive, other plan reviews have found plans that are not doing regular fund reviews to ensure the fund lineup is appropriate.

The proposed consolidation plan is an effort to ensure the Village is following best practices related to the defined contribution plans offered to its employees.

Following its review of proposals and cost analysis, the Employee Deferred Compensation Committee is recommending the Village enter into a three (3) year agreement with Nationwide to provide administrative and record keeper services for 457(b) deferred compensation plan and 401(a) plan. Nationwide currently works with over 7,600 entities for similar services.

Through this engagement, inefficiencies within current plan offerings will be eliminated through the eventual consolidation of assets from the plan providers into one which will result in the Village receiving lower record keeping and administration fees applied to employee accounts, economies of scale, lower expenses for employees, and providing more attractive investment options. Plan participants, in aggregate, could expect to realize net fee savings over the term of the agreement. Annual costs will be paid directly by the record keepers from on-going plan savings. There are no Village costs related to this agreement since fees would only be assessed post consolidation/restructuring and will be paid from assets as a percentage of the fee savings delivered to plan participants.

President Pekau and Village Manager George Koczwara had comments. (refer to audio)

Joleen Christine, Charter Retirement Plan Specialist of Wells Fargo presented information regarding the Village's current plans and what will be done moving forward. (refer to audio)

I move to recommend to the Village Board to authorize the execution of a three (3) year agreement with Nationwide to provide administrative and record keeper services for 457(b) deferred compensation plan and 401(a) plan;

And,

Recommend to the Village Board to authorize the Village Manager to execute a professional services agreement with Nationwide administrative and record keeper services for 457(b) deferred compensation plan and 401(a) plan subject to attorney review.

A motion was made by Trustee Healy, seconded by Trustee Riordan, that this matter be APPROVED. The motion carried by the following vote:

Aye: 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

Nay: 0

ADJOURNMENT: 6:39 P.M.

A motion was made by Trustee Kampas, seconded by Trustee Nelson Katsenes, that this matter be ADJOURNED. The motion carried by the following vote:

Aye: 7 - President Pekau, Trustee Healy, Trustee Nelson Katsenes, Trustee Milani, Trustee Kampas, Trustee Riordan, and Trustee Radaszewski

Nay: 0

2021-0617 Audio Recording for the August 16, 2021, Committee of the Whole Meeting

NO ACTION

/AS

APPROVED:

Respectfully Submitted,

Patrick R. O'Sullivan, Village Clerk