Meeting Held Electronically

VILLAGE OF NORTH AURORA

COMMITTEE OF THE WHOLE MEETING
MONDAY, OCTOBER 17, 2022
(Immediately following the Village Board Meeting)

AGENDA

CALL TO ORDER

ROLL CALL

AUDIENCE COMMENTS

TRUSTEE COMMENTS

DISCUSSION

1. Tax Levy Estimate
2. Towne Center Plat

EXECUTIVE SESSION

1. Land Acquisition

ADJOURN

Initials: SB

Village of North Aurora
Memorandum

To: President and Village Board of Trustees

From: Jason Paprocki, Finance Director

CC: Steven Bosco, Village Administrator

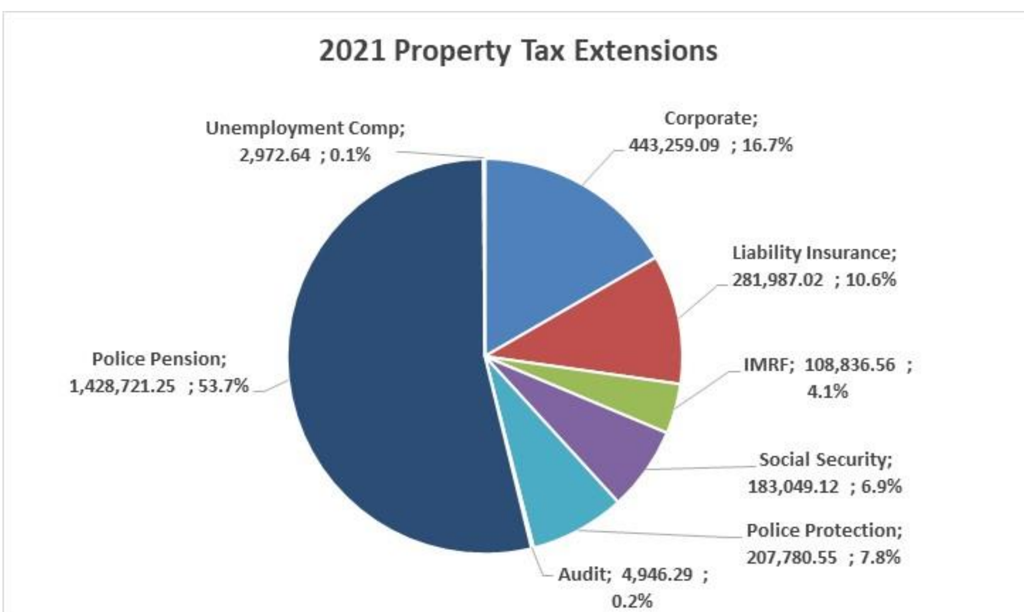
Date: October 17, 2022

RE: Estimate of 2022 Tax Levy

Attached is a summary of information for discussion on the proposed property tax levy estimate for 2022. Village Board approval of an estimate is required for the **November 7th** Village Board meeting. Actual Village Board approval of all regular and special service area tax levies is scheduled for **December 5th.**

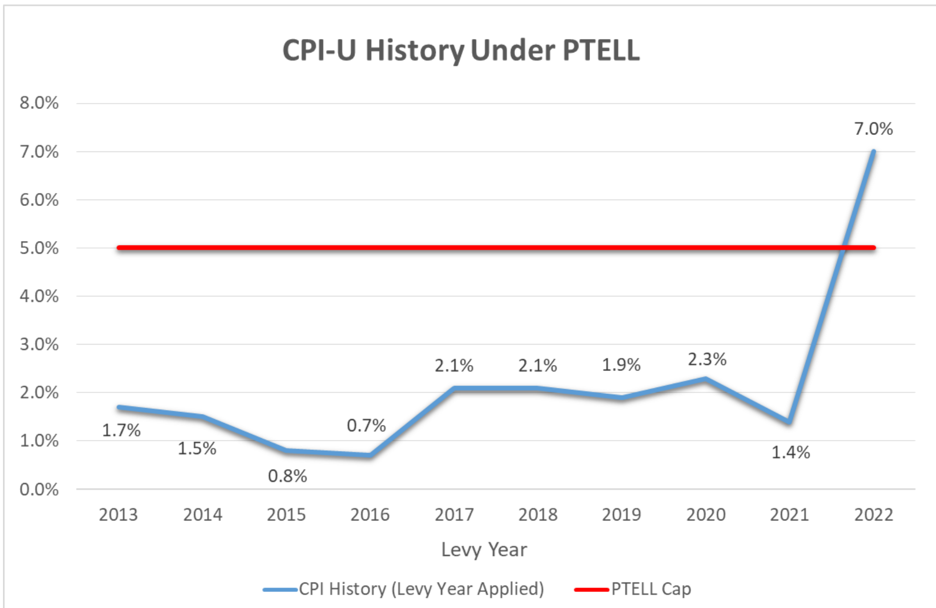
Summary

Property taxes represent approximately 17.0% of General Fund revenues and are a key revenue source to help fund Village services and pension obligations. The total 2021 property tax extensions, received during calendar 2022, were $2,661,553. This was broken out by specific levies as follows:



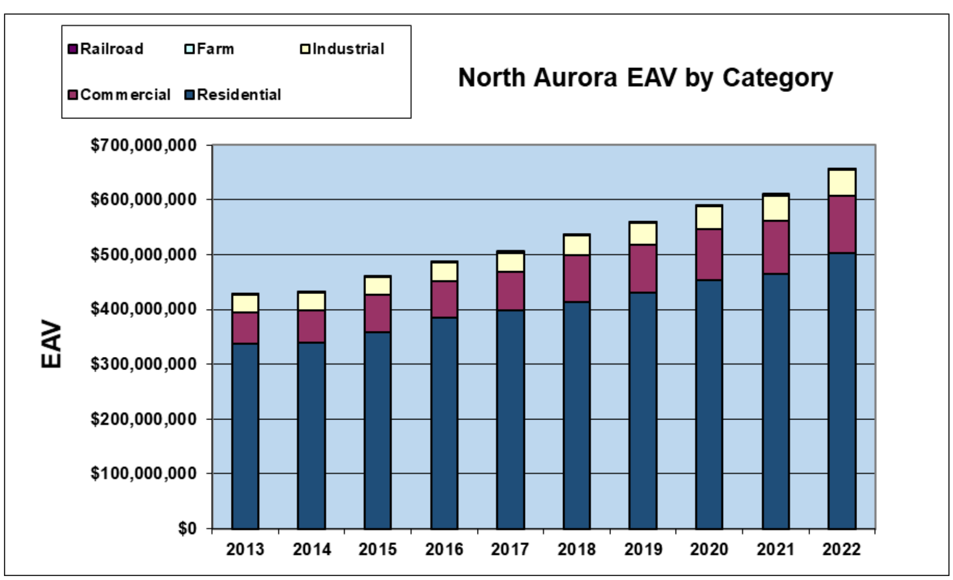
Application of Consumer Price Index

As a non-home rule community, the Village is subject to the Property Tax Extension Limitation Law (PTELL). PTELL limits the increase in the annual property tax levy (for capped funds) to the annual change in the applicable Consumer Price Index for All Urban Consumers (CPI-U) or 5.0%, whichever is less. **For tax levy year 2022, the applicable CPI was 7.0%, therefore, the Village is capped at 5.0% for any potential increase**. This was measured for the period of December 2020 to December 2021. Over the past 9 years, CPI has averaged 1.6% annually prior to the 2022 CPI increase



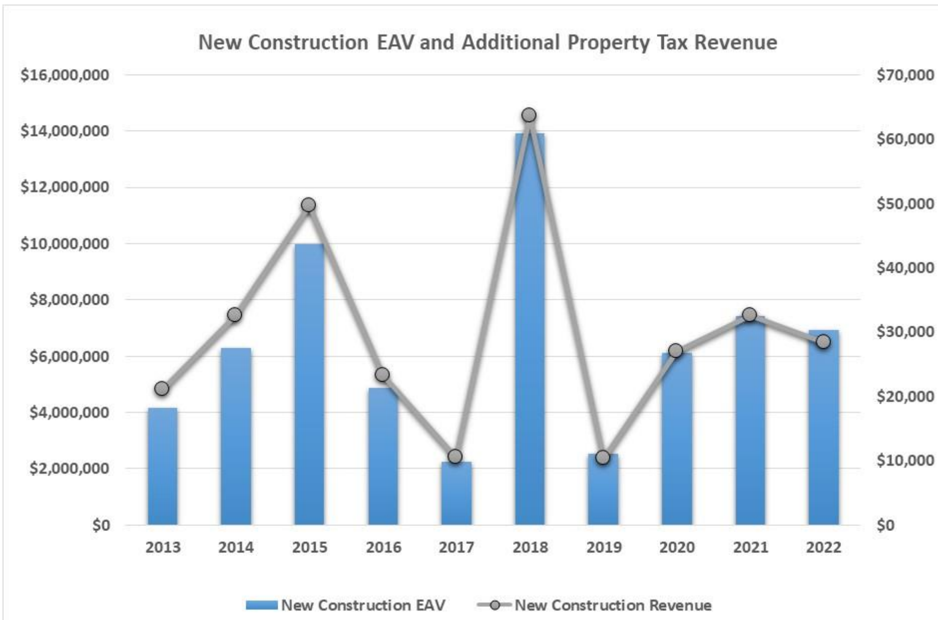
EAV Change and New Construction

The 2022 taxable EAV is currently estimated to increase $46,564,468, or 7.6%, to $655,712,963. The 2022 estimate is based on preliminary data from the County Clerk's office. This number will likely change as final appeals and adjustments are made.



In addition, the Village is allowed to capture the increase in the equalized assessed valuation (EAV) of the Village that is attributable to new construction. In order to capture this new growth within its tax base, the Village has typically passed a levy higher than what is expected to be extended by the County **(through the CPI and new construction increases)** in order to ensure that the allowable increase due to new construction of residential, commercial and industrial growth are fully realized.

The 2022 estimated EAV includes a projected $6,912,030 in new construction EAV. The following chart shows the amount of new construction EAV over the last several years and the resulting additional property tax revenue made available as a result.



<u>2022 Estimated Maximum Levy Extension</u>

Based on the factors previously discussed, the following summarizes the **estimated maximum tax extension** for levy year 2022:

2021 Uncapped Property Tax Extension:	$2,661,553
Max Increase Due to Inflation (5.0%)	$ 133,078
Est. Increase Due to New Construction:	$ 29,773
Total Estimated Maximum Extension:	**$2,824,404**

For this calculation, the maximum 5.0% CPI increase was assumed. The Village has the option to apply an increase between 0.0% and 5.0% for levy year 2022.

SSA's

Last year, the Village levied the following amounts for the various SSA's as part of the 2021 tax levy:

1. Waterford Oaks $ 8,600 (Mowing)
2. Oak Hill $10,000 (Drainage Improvements)
3. Timber Oaks $ 7,500 (Mowing)
4. Pinecreek III $ 2,000 (Mowing)
5. Willow Lakes $ 200 (Mowing)
6. North Aurora Towne Center $30,000 (Wetland/Basin Maintenance)

Staff is currently evaluating the SSA amounts necessary for the 2022 levy. State law requires that the Village hold a separate public hearing if an SSA levy is anticipated to increase more than 5% from last year, or if an inactive SSA is planned on being activated. We currently anticipate there may be increases in some SSA levies due to increased maintenance and capital costs.

Police Pension Valuation

Another major aspect of the tax levy process is funding for the police pension fund. The May 31, 2022 police pension actuarial valuation was recently completed, which provides a recommended contribution amount to be fully funded by 2040.

As a result of the 2022 study performed for the Illinois Police Officers' Pension Investment Fund, the following assumption changes were included in the June 1, 2022 valuation:

- Updated mortality, retirement, disability, and termination rate tables
- Updated assumed salary increase rates

These changes essentially assume that people are living longer, retiring earlier, and getting disabled less frequently than previously assumed. This results in an increase in future pension benefits, which raises the Village's annual contribution.

For the June 1, 2022 valuation, the Village saw its recommended contribution increase from $1,443,240 to $1,652,487 for the 2022 tax levy, an increase of $209,247, or 14.5%. The increase is attributable to:

- Unfavorable plan experience (disablement of 2 active employees)
- Investment returns falling short of assumptions (5.65% actuarial basis vs. 6.50% assumed)
- Assumption changes implemented as noted above
- An increase in assumed administrative expenses

The June 1, 2022 valuation continues the Village Board's Pension Funding Policy (adopted in 2011) of a 100% funding goal by 2040. This goal is higher than the State minimum requirement, which targets a 90% funding goal by 2040.

The Village also saw its net pension liability increase from $10,719,543 to $14,829,449, which dropped the funding ratio from 69.2% to 60.8%.

Messenger Library Estimated Levy

Anticipated Library tax levy amounts for operating purposes have been included in the attached calculations, as the Village is responsible for formally adopting those on an annual basis. The tentative 2022 Levy request for the Library is $2,017,000, which is based off its FY 2022-23 appropriation ordinance. This request represents a $74,304, or 3.82%, increase over the Library's 2021 final tax extension.

Summary and Recommendation

As noted earlier, the Village may elect to increase its levy extension by 5.0% and capture new construction. Alternatively, the Village can elect no increase, or an amount lesser than the maximum 5.0%. There are three scenarios outlined below: 1) Taking 0% CPI, but including new construction, 2) Taking 2.0% CPI and new construction, and 3) Taking the full 5.0% CPI and new construction.

2022 Estimated Total EAV	$	655,712,963
2022 Estimated New Construction EAV		(6,912,030)
2022 Estimated Rate Setting EAV	$	648,800,933

	0% CPI w/ New Construction	2.0% CPI w/ New Construction	5.0% CPI w/ New Construction
2021 Tax Extension	$ 2,661,553	$ 2,661,553	$ 2,661,553
Estimated CPI Increase	-	53,231	133,078
Estimated New Construction Extension	28,355	28,922	29,773
Estimated 2022 Tax Extension	$ 2,689,907	$ 2,743,706	$ 2,824,403
2022 Levy Request	$ 2,717,000	$ 2,771,000	$ 2,853,000
Increase	2.1%	4.1%	7.2%
Estimated 2022 Tax Rate	0.410226	0.418431	0.430738
2021 Tax Rate	0.436930	0.436930	0.436930
2022 Increase/(Decrease)	(0.026704)	(0.018499)	(0.006192)

Over the past two fiscal years, the Village has seen significant improvements in its major tax revenues, primarily from sales tax and income tax. Sales tax revenue has increased from $4.9 million in FY 2019-20, to $6.5 million in FY 2020-21, and to $7.2 million in FY 2021-22. The increase is due to many factors, including the introduction of the 3% municipal cannabis tax, increasing auto sales, and general growth in retail and dining.

Income tax revenue has also grown from $2.1 million in FY 2020-21 to $2.8 million in FY 2021-22, primarily due to strong corporate and individual tax returns. The significant increases in revenue has allow the Village to make surplus transfers from the General Fund to the Capital Projects Fund to assist with future capital needs. Over the past four years, the Village has transferred just over $7.0 million to the Capital Projects Fund, including $2,750,000 in fiscal year 2021-22. This has resulted in the Capital Projects Fund reserve balance reaching $10.4 million at the end of fiscal year 2021-22.

At this time, it's unclear if the recent growth in tax revenue is the new normal, or the result of the state of the economy over the past couple years. Going forward, we budgeted reductions in major tax revenue for FY 2022-23 due to the threat of a likely recession period. Although we project revenues to decline slightly, we feel comfortable the Village will still be able to deliver a high level of services.

As we begin to enter the planning phase of the FY 2023-24 budget in the coming months, there are a number of factors we are focusing on:

- Police Pension contributions increasing $209,247, or 14.5%
- Normal salary and benefit increases
- Potential new employee positions
- Increases in goods and services purchased
- Revenue uncertainty due to recession concerns
- Capital funding, including a new public works facility

At this time, staff recommends a 2022 tax levy request of $2,771,000, which assumes a 2.0% CPI increase and the addition of new construction value. We believe the Village is in a solid financial position and is able to forego the full 5.0% CPI increase allowed. As mentioned earlier, CPI has averaged 1.6% the previous nine years. Electing a 2.0% CPI increase allows the Village to keep up with typical inflation, as well as the rising police pension contributions. In addition, the Village will likely investigate a water rate increase during the upcoming budget cycle in order to maintain operating expenses while allowing to save money for future capital expenditures. We feel that the combination of a 5.0% tax levy increase as well as potential water rate increase could be a large burden on residents.

VILLAGE OF NORTH AURORA
POLICE PENSION FUND

ACTUARIAL VALUATION
AS OF JUNE 1, 2022

CONTRIBUTIONS APPLICABLE TO THE
PLAN/FISCAL YEAR ENDING MAY 31, 2024

GASB 67/68 DISCLOSURE INFORMATION
AS OF MAY 31, 2022

FOSTER & FOSTER
ACTUARIES AND CONSULTANTS

September 29, 2022

Jason Paprocki
Village of North Aurora Police Pension Fund

Re: Actuarial Valuation Report (including GASB Statements No. 67 and No. 68) – Village of North Aurora Police Pension Fund

Dear Mr. Paprocki:

We are pleased to present to the Village this report of the annual actuarial valuation of the Village of North Aurora Police Pension Fund. Included are the related results for GASB Statements No. 67 and No. 68. The funding valuation was performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and to develop the appropriate funding requirements for the applicable plan year. The calculation of the liability for GASB results was performed for the purpose of satisfying the requirements of GASB Statements No. 67 and No. 68. Use of the results for other purposes may not be applicable and could produce significantly different results.

The valuations have been conducted in accordance with generally accepted actuarial principles and practices, including the applicable Actuarial Standards of Practice as issued by the Actuarial Standards Board, and reflect laws and regulations issued to date pursuant to the provisions of Article 3, Illinois Pension Code, as well as applicable federal laws and regulations. In our opinion, the assumptions used in this valuation, as adopted by the Board of Trustees, represent reasonable expectations of anticipated plan experience. Future actuarial measurements may differ significantly from the current measurements presented in this report for a variety of reasons including: changes in applicable laws, changes in plan provisions, changes in assumptions, or plan experience differing from expectations. Due to the limited scope of the valuations, we did not perform an analysis of the potential range of such future measurements.

The funding percentages and unfunded accrued liability as measured based on the actuarial value of assets will differ from similar measures based on the market value of assets. These measures, as provided, are appropriate for determining the adequacy of future contributions, but may not be appropriate for the purpose of settling a portion or all of its liabilities.

In conducting the valuations, we have relied on personnel, plan design, and asset information supplied by the Village, financial reports prepared by the custodian bank and the actuarial assumptions and methods described in the Actuarial Assumptions section of this report. While we cannot verify the accuracy of all this information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy of the information and believe that it has produced appropriate results. This information, along with any adjustments or modifications, is summarized in various sections of this report.

The total pension liability, net pension liability, and certain sensitivity information shown in the GASB results are based on an actuarial valuation performed as of the valuation date.

In performing the analysis, we used third-party software to model (calculate) the underlying liabilities and costs. These results are reviewed in the aggregate and for individual sample lives. The output from the software is either used directly or input into internally developed models to generate the costs. All internally developed models are reviewed as part of the process. As a result of this review, we believe that the models have produced reasonable results. We do not believe there are any material inconsistencies among assumptions or unreasonable output produced due to the aggregation of assumptions.

The undersigned are familiar with the immediate and long-term aspects of pension valuations and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinions contained herein. All of the sections of this report are considered an integral part of the actuarial opinions.

To our knowledge, no associate of Foster & Foster, Inc. working on valuations of the program has any direct financial interest or indirect material interest in the Village of North Aurora, nor does anyone at Foster & Foster, Inc. act as a member of the Board of Trustees of the Village of North Aurora Police Pension Fund. Thus, there is no relationship existing that might affect our capacity to prepare and certify this actuarial report.

If there are any questions, concerns, or comments about any of the items contained in this report, please contact us at 630-620-0200.

Respectfully submitted,

Foster & Foster, Inc.

By: Jason L. Franken

Jason L. Franken, FSA, EA, MAAA

By: Heidi Andorfer

Heidi E. Andorfer, FSA, EA, MAAA

JLF/lke
Enclosures

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SUMMARY OF REPORT

The regular annual actuarial valuation of the Village of North Aurora Police Pension Fund, performed as of June 1, 2022, has been completed and the results are presented in this report. The contribution amounts set forth herein are applicable to the plan/fiscal year ended May 31, 2024.

The contribution requirements, compared with those set forth in the June 1, 2021 actuarial report, are as follows:

Valuation Date	6/1/2022	6/1/2021
Applicable to Fiscal Year Ending	5/31/2024	5/31/2023
Total Recommended Contribution	$1,952,694	$1,746,526
% of Projected Annual Payroll	64.5%	57.1%
Member Contributions (Est.)	(300,207)	(303,286)
% of Projected Annual Payroll	(9.9%)	(9.9%)
Village Recommended Contribution	1,652,487	1,443,240
% of Projected Annual Payroll	54.6%	47.2%

As you can see, the Total Recommended Contribution shows an increase when compared to the results determined in the June 1, 2021 actuarial valuation report. The increase is attributable to unfavorable plan experience, assumption changes reflected in this valuation, and an increase in assumed administrative expenses.

Plan experience was unfavorable overall on the basis of the plan's actuarial assumptions. Sources of unfavorable experience included the disablements of 2 active employees and an investment return of 5.65% (Actuarial Asset Basis) which fell short of the 6.50% assumption. These losses were offset in part by a gain associated with an average salary increase of 3.63% which fell short of the 4.60% assumption.

CHANGES SINCE PRIOR VALUATION

Plan Changes Since Prior Valuation

There were no plan changes since the prior valuation.

Actuarial Assumption/Method Changes Since Prior Valuation

Based on the results of the 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund, the following assumption changes were made:

- Updated mortality, retirement, disability, and termination rate tables.
- Updated assumed salary increase rates.

There were no method changes since the prior valuation.

COMPARATIVE SUMMARY OF PRINCIPAL VALUATION RESULTS

	New Assump 6/1/2022	Old Assump 6/1/2022	6/1/2021
A. Participant Data			
Number Included			
Actives	30	30	31
Service Retirees	11	11	11
Beneficiaries	3	3	2
Disability Retirees	2	2	0
Terminated Vested	3	3	3
Total	49	49	47
Total Annual Payroll	$3,029,336	$3,029,336	$3,060,402
Payroll Under Assumed Ret. Age	3,029,336	3,029,336	3,060,402
Annual Rate of Payments to:			
Service Retirees	858,002	858,002	817,596
Beneficiaries	156,315	156,315	113,900
Disability Retirees	123,222	123,222	0
Terminated Vested	31,173	31,173	31,173
B. Assets			
Actuarial Value	24,267,857	24,267,857	22,325,202
Market Value	23,017,873	23,017,873	24,080,719
C. Liabilities			
Present Value of Benefits			
Actives			
Retirement Benefits	24,505,218	23,800,018	24,183,208
Disability Benefits	1,517,669	1,621,331	1,623,001
Death Benefits	197,574	212,189	217,665
Vested Benefits	931,400	1,081,940	1,342,969
Service Retirees	13,614,931	13,792,564	12,718,416
Beneficiaries	1,043,058	1,102,989	883,015
Disability Retirees	2,239,399	2,222,302	0
Terminated Vested	527,755	529,931	530,662
Total	44,577,004	44,363,264	41,498,936

C. Liabilities - (Continued)	New Assump 6/1/2022	Old Assump 6/1/2022	6/1/2021
Present Value of Future Salaries	26,521,012	27,271,766	27,589,235
Present Value of Future Member Contributions	2,628,232	2,702,632	2,734,093
Normal Cost (Retirement)	622,065	571,464	574,092
Normal Cost (Disability)	98,788	100,323	99,362
Normal Cost (Death)	10,264	10,988	10,782
Normal Cost (Vesting)	55,218	60,303	66,125
Total Normal Cost	786,335	743,078	750,361
Present Value of Future Normal Costs	6,341,170	6,158,016	6,217,356
Accrued Liability (Retirement)	19,416,133	18,975,404	19,323,329
Accrued Liability (Disability)	697,310	759,743	782,473
Accrued Liability (Death)	98,276	102,698	116,505
Accrued Liability (Vesting)	598,972	719,617	927,180
Accrued Liability (Inactives)	17,425,143	17,647,786	14,132,093
Total Actuarial Accrued Liability	38,235,834	38,205,248	35,281,580
Unfunded Actuarial Accrued Liability (UAAL)	13,967,977	13,937,391	12,956,378
Funded Ratio (AVA / AL)	63.5%	63.5%	63.3%

	New Assump 6/1/2022	Old Assump 6/1/2022	6/1/2021
D. Actuarial Present Value of Accrued Benefits			
Vested Accrued Benefits			
Inactives	17,425,143	17,647,786	14,132,093
Actives	8,899,134	8,518,357	8,233,019
Member Contributions	3,385,974	3,385,974	3,504,737
Total	29,710,251	29,552,117	25,869,849
Non-vested Accrued Benefits	614,780	570,720	977,232
Total Present Value Accrued Benefits	30,325,031	30,122,837	26,847,081
Funded Ratio (MVA / PVAB)	75.9%	76.4%	89.7%
Increase (Decrease) in Present Value of Accrued Benefits Attributable to:			
Plan Amendments	0	0	
Assumption Changes	202,194	0	
Plan Experience	0	2,572,837	
Benefits Paid	0	(1,009,338)	
Interest	0	1,712,257	
Other	0	0	
Total	202,194	3,275,756	

	New Assump	Old Assump	
Valuation Date	6/1/2022	6/1/2022	6/1/2021
Applicable to Fiscal Year Ending	5/31/2024	5/31/2024	5/31/2023
E. Pension Cost			
Normal Cost [1]	$837,447	$791,378	$799,134
% of Total Annual Payroll [1]	27.7	26.1	26.1
Administrative Expenses [1]	75,108	75,108	17,059
% of Total Annual Payroll [1]	2.5	2.5	0.6
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 19 years (as of 6/1/2022) [1]	1,040,139	1,037,861	930,333
% of Total Annual Payroll [1]	34.3	34.3	30.4
Total Recommended Contribution	1,952,694	1,904,347	1,746,526
% of Total Annual Payroll [1]	64.5	62.9	57.1
Expected Member Contributions [1]	(300,207)	(300,207)	(303,286)
% of Total Annual Payroll [1]	(9.9)	(9.9)	(9.9)
Expected Village Contribution	1,652,487	1,604,140	1,443,240
% of Total Annual Payroll [1]	54.6	53.0	47.2
F. Past Contributions			
Plan Years Ending:	5/31/2022		
Total Recommended Contribution	1,742,025		
Village Requirement	1,429,357		
Actual Contributions Made:			
Members (excluding buyback)	312,668		
Village	1,430,000		
Total	1,742,668		
G. Net Actuarial (Gain)/Loss	1,122,650		

[1] Contributions developed as of 6/1/2022 displayed above have been adjusted to account for assumed interest.

H. Schedule Illustrating the Amortization of the Total Unfunded Actuarial Accrued Liability as of:

Year	Projected Unfunded Accrued Liability
2022	13,967,977
2023	13,835,757
2024	13,663,738
2028	12,503,252
2033	9,649,822
2037	5,792,861
2041	0

I. (i) 5 Year Comparison of Actual and Assumed Salary Increases

		Actual	Assumed
Year Ended	5/31/2022	3.63%	4.60%
Year Ended	5/31/2021	3.32%	4.29%
Year Ended	5/31/2020	4.44%	4.58%
Year Ended	5/31/2019	4.86%	4.82%
Year Ended	5/31/2018	2.75%	5.43%

(ii) 5 Year Comparison of Investment Return on Actuarial Value

		Actual MVA	Actual AVA	Assumed
Year Ended	5/31/2022	-7.07%	5.65%	6.50%
Year Ended	5/31/2021	19.44%	8.50%	6.50%
Year Ended	5/31/2020	6.25%	4.80%	6.50%
Year Ended	5/31/2019	3.02%	4.66%	6.50%
Year Ended	5/31/2018	6.17%	6.11%	7.00%

DEVELOPMENT OF JUNE 1, 2022 AMORTIZATION PAYMENT

(1)	Unfunded Actuarial Accrued Liability as of June 1, 2021	$12,956,378
(2)	Sponsor Normal Cost developed as of June 1, 2021	447,075
(3)	Expected administrative expenses for the year ended May 31, 2022	16,018
(4)	Expected interest on (1), (2) and (3)	871,745
(5)	Sponsor contributions to the System during the year ended May 31, 2022	1,430,000
(6)	Expected interest on (5)	46,475
(7)	Expected Unfunded Actuarial Accrued Liability as of May 31, 2022, (1)+(2)+(3)+(4)-(5)-(6)	12,814,741
(8)	Change to UAAL due to Assumption Change	30,586
(9)	Change to UAAL due to Actuarial (Gain)/Loss	1,122,650
(10)	Unfunded Accrued Liability as of June 1, 2022	13,967,977
(11)	UAAL Subject to Amortization (100% AAL less Actuarial Assets)	13,967,977

Date Established	Years Remaining	6/1/2022 Amount	Amortization Amount
6/1/2022	19	13,967,977	976,656

DETAILED ACTUARIAL (GAIN)/LOSS ANALYSIS

(1)	Unfunded Actuarial Accrued Liability (UAAL) as of June 1, 2021	$12,956,378
(2)	Expected UAAL as of June 1, 2022	12,814,741
(3)	Summary of Actuarial (Gain)/Loss, by component:	
	Investment Return (Actuarial Asset Basis)	192,830
	Salary Increases	(155,978)
	Active Decrements	912,390
	Inactive Mortality	53,423
	Other	119,985
	Change in UAAL due to (Gain)/Loss	1,122,650
	Change to UAAL due to Assumption Change	30,586
(4)	Actual UAAL as of June 1, 2022	$13,967,977

RECONCILIATION OF CHANGES IN CONTRIBUTION REQUIREMENT

(1)	Contribution Determined as of June 1, 2021	$ 1,443,240
(2)	Summary of Contribution Impact by component:	
	Change in Normal Cost	(7,756)
	Change in Assumed Administrative Expense	58,049
	Investment Return (Actuarial Asset Basis)	14,359
	Salary Increases	(11,615)
	New Entrants	1,507
	Active Decrements	67,942
	Inactive Mortality	3,978
	Contributions (More) or Less than Recommended	(49)
	Increase in Amortization Payment Due to Payroll Growth Assumption	27,910
	Change in Expected Member Contributions	3,079
	Assumption Change	48,347
	Other	3,496
	Total Change in Contribution	209,247
(3)	Contribution Determined as of June 1, 2022	$1,652,487

STATUTORY MINIMUM REQUIRED CONTRIBUTION

Contribution requirements shown on this page are calculated according to statutory minimum funding requirements of the Illinois Pension Code. We do not believe this method is sufficient to fund future benefits; as such, we recommend funding according to the contributions developed in Section E of this report.

	New Assump	Old Assump	
Valuation Date	6/1/2022	6/1/2022	6/1/2021
Applicable to Fiscal Year Ending	5/31/2024	5/31/2024	5/31/2023
Actuarial Accrued Liability (PUC)	36,401,576	36,150,548	33,271,535
Actuarial Value of Assets	24,267,857	24,267,857	22,325,202
Unfunded Actuarial Accrued Liability (UAAL)	12,133,719	11,882,691	10,946,333
UAAL Subject to Amortization	8,493,561	8,267,636	7,619,180
Normal Cost [1]	$1,053,316	$1,040,217	$1,041,848
% of Total Annual Payroll [1]	34.8	34.4	34.0
Administrative Expenses [1]	75,108	75,108	17,059
% of Total Annual Payroll [1]	2.5	2.5	0.6
Payment Required to Amortize Unfunded Actuarial Accrued Liability over 18 years (as of 6/1/2022) [1]	657,681	640,187	567,369
% of Total Annual Payroll [1]	21.7	21.1	18.5
Total Required Contribution	1,786,105	1,755,512	1,626,276
% of Total Annual Payroll [1]	59.0	58.0	53.1
Expected Member Contributions [1]	(300,207)	(300,207)	(303,286)
% of Total Annual Payroll [1]	(9.9)	(9.9)	(9.9)
Expected Village Contribution	1,485,898	1,455,305	1,322,990
% of Total Annual Payroll [1]	49.1	48.1	43.2

Assumptions and Methods:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	90% Funding by 2040

All other assumptions and methods are as described in the Actuarial Assumptions and Methods section.

[1] Contributions developed as of 6/1/2022 displayed above have been adjusted to account for assumed interest.

PROJECTION OF BENEFIT PAYMENTS

Year	Payments for Current Actives	Payments for Current Inactives	Total Payments
2022	64,673	1,129,392	1,194,065
2023	179,292	1,171,759	1,351,051
2024	306,926	1,184,280	1,491,206
2025	437,091	1,195,745	1,632,836
2026	562,153	1,214,842	1,776,995
2027	700,130	1,225,787	1,925,917
2028	846,801	1,235,311	2,082,112
2029	988,991	1,255,691	2,244,682
2030	1,132,928	1,263,812	2,396,740
2031	1,304,998	1,270,154	2,575,152
2032	1,486,668	1,274,654	2,761,322
2033	1,653,667	1,277,267	2,930,934
2034	1,812,737	1,277,955	3,090,692
2035	1,964,993	1,276,688	3,241,681
2036	2,115,393	1,273,408	3,388,801
2037	2,254,262	1,268,013	3,522,275
2038	2,374,019	1,260,380	3,634,399
2039	2,490,897	1,276,240	3,767,137
2040	2,599,885	1,265,486	3,865,371
2041	2,702,964	1,252,241	3,955,205
2042	2,803,282	1,236,513	4,039,795
2043	2,900,469	1,218,323	4,118,792
2044	3,020,586	1,197,659	4,218,245
2045	3,133,944	1,174,513	4,308,457
2046	3,275,716	1,148,831	4,424,547
2047	3,426,946	1,120,515	4,547,461
2048	3,586,614	1,089,425	4,676,039
2049	3,731,705	1,055,351	4,787,056
2050	3,862,832	1,018,069	4,880,901
2051	3,968,589	977,490	4,946,079
2052	4,052,987	933,545	4,986,532
2053	4,123,301	886,298	5,009,599
2054	4,181,896	836,091	5,017,987
2055	4,228,137	783,381	5,011,518
2056	4,262,310	728,752	4,991,062
2057	4,282,837	673,007	4,955,844
2058	4,288,361	616,924	4,905,285
2059	4,277,624	561,298	4,838,922
2060	4,249,409	506,947	4,756,356
2061	4,203,318	454,566	4,657,884

ACTUARIAL ASSUMPTIONS AND METHODS

Interest Rate	6.50% per year compounded annually, net of investment related expenses.
Mortality Rate	***Active Lives:*** PubS-2010 Employee mortality, unadjusted, with generational improvements with most recent projection scale (currently Scale MP-2021). 10% of active deaths are assumed to be in the line of duty. ***Inactive Lives:*** PubS-2010 Healthy Retiree mortality, adjusted by a factor of 1.15 for male retirees and unadjusted for female retirees, with generational improvements with most recent projection scale (currently Scale MP-2021). ***Beneficiaries:*** PubS-2010 Survivor mortality, unadjusted for male beneficiaries and adjusted by a factor of 1.15 for female beneficiaries, with generational improvements with most recent projection scale (currently Scale MP-2021). ***Disabled Lives:*** PubS-2010 Disabled mortality, adjusted by a factor of 1.08 for male disabled members and unadjusted for female disabled members, with generational improvements with most recent projection scale (currently Scale MP-2021). The mortality assumptions sufficiently accommodate anticipated future mortality improvements.
Retirement Age	See table at end of this section. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.
Disability Rate	See table at end of this section. 60% of the disabilities are assumed to be in the line of duty. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.
Termination Rate	See table at end of this section. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Salary Increases

See table below. This is based on a 2022 experience study performed for the Illinois Police Officers' Pension Investment Fund.

Salary Scale	
Service	Rate
0	11.00%
1	9.50%
2	8.00%
3	7.50%
4	7.00%
5	6.00%
6	5.00%
7 - 11	4.00%
12 - 29	3.75%
30+	3.50%

Inflation

2.50%.

Cost-of-Living Adjustment

Tier 1: 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Tier 2: 1.25% per year after the later of attainment of age 60 or first anniversary of retirement.

Marital Status

80% of Members are assumed to be married.

Spouse's Age

Males are assumed to be three years older than females.

Funding Method

Entry Age Normal Cost Method.

Actuarial Asset Method

Investment gains and losses are smoothed over a 5-year period. In the first year, 20% of the gain or loss is recognized. In the second year 40%, in the third year 60%, in the fourth year 80%, and in the fifth year 100% of the gain or loss is recognized. The actuarial investment gain or loss is defined as the actual return on investments minus the actuarial assumed investment return. Actuarial Assets shall not be less than 80% nor greater than 120% of the Market Value of Assets.

Funding Policy Amortization Method

The UAAL is amortized according to a Level Percentage of Payroll method over a period ending in 2041. The initial amortization amount is 100% of the Accrued Liability less the Actuarial Value of Assets.

Payroll Growth

3.00% per year.

Administrative Expenses

Expenses paid out of the fund other than investment-related expenses are assumed to be equal to those paid in the previous year.

Decrement Tables

% Terminating During the Year	
Service	Rate
0	13.00%
1	8.00%
2	7.00%
3	6.00%
4	5.00%
5	4.50%
6	4.00%
7	3.50%
8	3.00%
9	2.50%
10	2.25%
11	2.00%
12	1.75%
13	1.50%
14+	1.25%

% Becoming Disabled During the Year	
Age	Rate
20	0.000%
25	0.029%
30	0.133%
35	0.247%
40	0.399%
45	0.561%
50	0.675%
55	0.855%
60	1.093%

% Retiring During the Year (Tier 1)	
Age	Rate
50 - 54	20%
55 - 62	25%
63	33%
64	40%
65 - 69	55%
70+	100%

% Retiring During the Year (Tier 2)	
Age	Rate
50 - 54	5%
55	40%
56 - 62	25%
63	33%
64	40%
65 - 69	55%
70+	100%

GLOSSARY

Total Annual Payroll is the projected annual rate of pay for the fiscal year following the valuation date of all covered members.

Present Value of Benefits is the single sum value on the valuation date of all future benefits to be paid to current Members, Retirees, Beneficiaries, Disability Retirees and Vested Terminations.

Accrued Actuarial Liability is determined according to the plan's actuarial cost method. This amount represents the portion of the anticipated future benefits allocated to years prior to the valuation date.

Normal (Current Year's) Cost is the current year's cost for benefits yet to be funded.

Market Value of Assets is the fair market value of plan assets as of the valuation date. This amount may be adjusted to produce an Actuarial Value of Assets for plan funding purposes.

Actuarial Value of Assets is the asset value used in the valuation to determine contribution requirements. It represents the plan's Market Value of Assets, with adjustments according to the Actuarial Asset Method. These adjustments produce a "smoothed" value that is likely to be less volatile from year to year than the Market Value of Assets.

Unfunded Accrued Liability is the excess of the Accrued Actuarial Liability over the Actuarial Value of Assets.

Total Recommended Contribution is equal to the Normal Cost plus an amount sufficient to amortize the Unfunded Accrued Liability over a period ending in 2041. The recommended amount is adjusted for interest according to the timing of contributions during the year.

Entry Age Normal Cost Method **-** Under this method, the normal cost is the sum of the individual normal costs for all active participants. For an active participant, the normal cost is the participant's normal cost accrual rate, multiplied by the participant's current compensation.

(a) The normal cost accrual rate equals:
- (i) the present value of future benefits for the participant, determined as of the participant's entry age, divided by
- (ii) the present value of the compensation expected to be paid to the participant for each year of the participant's anticipated future service, determined as of the participant's entry age.

(b) In calculating the present value of future compensation, the salary scale is applied both retrospectively and prospectively to estimate compensation in years prior to and subsequent to the valuation year based on the compensation used for the valuation.

(c) The accrued liability is the sum of the individual accrued liabilities for all participants and beneficiaries. A participant's accrued liability equals the present value, at the participant's attained age, of future benefits less the present value at the participant's attained age of the individual normal costs payable in the future. A beneficiary's accrued liability equals the present value, at the beneficiary's attained age, of future benefits.

(d) Under this method, the entry age used for each active participant is the participant's age at the time he or she would have commenced participation if the plan had always been in existence under current terms, or the age as of which he or she first earns service credits for purposes of benefit accrual under the current terms of the plan.

DISCUSSION OF RISK

ASOP No. 51, Assessment and Disclosure of Risk Associated with Measuring Pension Obligations and Determining Pension Plan Contributions, states that the actuary should identify risks that, in the actuary's professional judgment, may reasonably be anticipated to significantly affect the plan's future financial condition.

Throughout this report, actuarial results are determined under various assumption scenarios. These results are based on the premise that all future plan experience will align with the plan's actuarial assumptions; however, there is no guarantee that actual plan experience will align with the plan's assumptions. It is possible that actual plan experience will differ from anticipated experience in an unfavorable manner that will negatively impact the plan's funded position.

Below are examples of ways in which plan experience can deviate from assumptions and the potential impact of that deviation. Typically, this results in an actuarial gain or loss representing the current-year financial impact on the plan's unfunded liability of the experience differing from assumptions; this gain or loss is amortized over a period of time determined by the plan's amortization method. When assumptions are selected that adequately reflect plan experience, gains and losses typically offset one another in the long term, resulting in a relatively low impact on the plan's contribution requirements associated with plan experience. When assumptions are too optimistic, losses can accumulate over time and the plan's amortization payment could potentially grow to an unmanageable level.

- <u>Investment Return</u>: When the rate of return on the Actuarial Value of Assets falls short of the assumption, this produces a loss representing assumed investment earnings that were not realized. Further, it is unlikely that the plan will experience a scenario that matches the assumed return in each year as capital markets can be volatile from year to year. Therefore, contribution amounts can vary in the future.

- <u>Salary Increases</u>: When a plan participant experiences a salary increase that was greater than assumed, this produces a loss representing the cost of an increase in anticipated plan benefits for the participant as compared to the previous year. The total gain or loss associated with salary increases for the plan is the sum of salary gains and losses for all active participants.

- <u>Payroll Growth</u>: The plan's payroll growth assumption, if one is used, causes a predictable annual increase in the plan's amortization payment in order to produce an amortization payment that remains constant as a percentage of payroll if all assumptions are realized. If payroll does not increase according to the plan's payroll growth assumption, the plan's amortization payment can increase significantly as a percentage of payroll even if all assumptions other than the payroll growth assumption are realized.

- <u>Demographic Assumptions:</u> Actuarial results take into account various potential events that could happen to a plan participant, such as retirement, termination, disability, and death. Each of these potential events is assigned a liability based on the likelihood of the event and the financial consequence of the event for the plan. Accordingly, actuarial liabilities reflect a blend of financial consequences associated with various possible outcomes (such as retirement at one of various possible ages). Once the outcome is known (e.g. the participant retires) the liability is adjusted to reflect the known outcome. This adjustment produces a gain or loss depending on whether the outcome was more or less favorable than other outcomes that could have occurred.

- Contribution Risk: This risk results from the potential that actual employer contributions may deviate from actuarially determined contributions, which are determined in accordance with the Board's funding policy. The funding policy is intended to result in contribution requirements that if paid when due, will result in a reasonable expectation that assets will accumulate to be sufficient to pay plan benefits when due. Contribution deficits, particularly large deficits and those that occur repeatedly, increase future contribution requirements and put the plan at risk for not being able to pay plan benefits when due.

Impact of Plan Maturity on Risk

For newer pension plans, most of the participants and associated liabilities are related to active members who have not yet reached retirement age. As pension plans continue in operation and active members reach retirement ages, liabilities begin to shift from being primarily related to active members to being shared amongst active and retired members. Plan maturity is a measure of the extent to which this shift has occurred. It is important to understand that plan maturity can have an impact on risk tolerance and the overall risk characteristics of the plan. For example, plans with a large amount of retired liability do not have as long of a time horizon to recover from losses (such as losses on investments due to lower than expected investment returns) as plans where the majority of the liability is attributable to active members. For this reason, less tolerance for investment risk may be warranted for highly mature plans with a substantial inactive liability. Similarly, mature plans paying substantial retirement benefits resulting in a small positive or net negative cash flow can be more sensitive to near term investment volatility, particularly if the size of the fund is shrinking, which can result in less assets being available for investment in the market.

To assist with determining the maturity of the plan, we have provided some relevant metrics in the table following titled "Plan Maturity Measures and Other Risk Metrics". Highlights of this information are discussed below:

- The Support Ratio, determined as the ratio of active to inactive members, has decreased from 181.3% on June 1, 2019 to 157.9% on June 1, 2022, indicating that the plan has been maturing.

- The Accrued Liability Ratio, determined as the ratio of the Inactive Accrued Liability, which is the liability associated with members who are no longer employed but are due a benefit from the plan, to the Total Accrued Liability, is 45.6%. With a plan of this maturity, losses due to lower than expected investment returns or demographic factors can be made up over a longer time horizon than would be needed for a more mature plan.

- The Funded Ratio, determined as the ratio of the Actuarial Value of Assets to the Total Accrued Liability, has increased from 59.9% on June 1, 2019 to 63.5% on June 1, 2022, due mainly to favorable plan experience.

- The Net Cash Flow Ratio, determined as the ratio of the Net Cash Flow (contributions minus benefit payments and administrative expenses) to the Market Value of Assets, stayed approximately the same from June 1, 2019 to June 1, 2022. The current Net Cash Flow Ratio of 2.9% indicates that contributions are generally in excess of the plan's benefit payments and administrative expenses.

It is important to note that the actuary has identified the risks above as the most significant risks based on the characteristics of the plan and the nature of the project, however, it is not an exhaustive list of potential risks that could be considered. Additional advanced modeling, as well as the identification of additional risks, can be provided at the request of the audience addressed on page 2 of this report.

PLAN MATURITY MEASURES AND OTHER RISK METRICS

	6/1/2022	6/1/2021	6/1/2020	6/1/2019
Support Ratio				
Total Actives	30	31	29	29
Total Inactives	19	16	15	16
Actives / Inactives	157.9%	193.8%	193.3%	181.3%
Asset Volatility Ratio				
Market Value of Assets (MVA)	23,017,873	24,080,719	19,476,564	18,349,111
Total Annual Payroll	3,029,336	3,060,402	2,828,440	2,708,303
MVA / Total Annual Payroll	759.8%	786.8%	688.6%	677.5%
Accrued Liability (AL) Ratio				
Inactive Accrued Liability	17,425,143	14,132,093	14,019,689	14,540,108
Total Accrued Liability	38,235,834	35,281,580	33,414,177	31,669,254
Inactive AL / Total AL	45.6%	40.1%	42.0%	45.9%
Funded Ratio				
Actuarial Value of Assets (AVA)	24,267,857	22,325,202	19,860,276	18,967,556
Total Accrued Liability	38,235,834	35,281,580	33,414,177	31,669,254
AVA / Total Accrued Liability	63.5%	63.3%	59.4%	59.9%
Net Cash Flow Ratio				
Net Cash Flow [1]	662,806	746,010	(17,982)	556,740
Market Value of Assets (MVA)	23,017,873	24,080,719	19,476,564	18,349,111
Ratio	2.9%	3.1%	-0.1%	3.0%

[1] Determined as total contributions minus benefit payments and administrative expenses.

STATEMENT OF FIDUCIARY NET POSITION
May 31, 2022

ASSETS	MARKET VALUE
Cash and Cash Equivalents:	
Cash	252,049
Total Cash and Equivalents	252,049
Receivables:	
Accrued Past Due Interest	84,250
Total Receivable	84,250
Investments:	
Municipal Obligations	251,185
Corporate Bonds	5,391,983
U.S. Gov't and Agency Obligations	5,694,416
Mutual Funds	11,346,190
Total Investments	22,683,774
Total Assets	23,020,073
LIABILITIES	
Liabilities:	
Payable:	
Accounts Payable	2,200
Total Liabilities	2,200
Net Assets:	
Active and Retired Members' Equity	23,017,873
NET POSITION RESTRICTED FOR PENSIONS	23,017,873
TOTAL LIABILITIES AND NET ASSETS	23,020,073

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED May 31, 2022
Market Value Basis

ADDITIONS		
Contributions:		
Member	312,668	
Village	1,430,000	
Total Contributions		1,742,668
Investment Income:		
Net Increase in Fair Value of Investments		(2,549,059)
Interest & Dividends		855,692
Less Investment Expense [1]		(32,285)
Net Investment Income		(1,725,652)
Total Additions		17,016
DEDUCTIONS		
Distributions to Members:		
Benefit Payments	1,009,338	
Total Distributions		1,009,338
Administrative Expenses		70,524
Total Deductions		1,079,862
Net Increase in Net Position		(1,062,846)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of the Year		24,080,719
End of the Year		23,017,873

[1] Investment Related expenses include investment advisory, custodial and performance monitoring fees.

ACTUARIAL ASSET VALUATION
May 31, 2022

Development of Actuarial Value of Assets

Market Value of Assets, 5/31/2022	23,017,873
(Gains)/Losses Not Yet Recognized	1,249,984
Actuarial Value of Assets, 5/31/2022	24,267,857
5/31/2022 Limited Actuarial Assets:	24,267,857

Development of Investment Gain/Loss

Market Value of Assets, 5/31/2021	24,080,719
Contributions Less Benefit Payments & Administrative Expenses	662,806
Expected Investment Earnings[1]	1,586,788
Actual Net Investment Earnings	(1,725,652)
2022 Actuarial Investment Gain/(Loss)	(3,312,440)

[1] Expected Investment Earnings = 6.50% x (24,080,719 + 0.5 x 662,806)

Gains/(Losses) Not Yet Recognized

Plan Year		Amounts Not Yet Recognized by Valuation Year				
Ending	Gain/(Loss)	2022	2023	2024	2025	2026
5/31/2019	(610,583)	(122,117)	0	0	0	0
5/31/2020	(46,673)	(18,669)	(9,335)	0	0	0
5/31/2021	2,567,923	1,540,754	1,027,169	513,585	0	0
5/31/2022	(3,312,440)	(2,649,952)	(1,987,464)	(1,324,976)	(662,488)	0
Total		(1,249,984)	(969,630)	(811,391)	(662,488)	0

Development of Asset Returns

(A) 5/31/2021 Actuarial Assets:	22,325,202
(I) Net Investment Income:	
1. Interest and Dividends	855,692
2. Realized Gains (Losses)	0
3. Change in Actuarial Value	456,442
4. Investment Expenses	(32,285)
Total	1,279,849
(B) 5/31/2022 Actuarial Assets:	24,267,857
Actuarial Asset Rate of Return = (2 x I) / (A + B - I):	5.65%
Market Value of Assets Rate of Return:	-7.07%
Actuarial Gain/(Loss) due to Investment Return (Actuarial Asset Basis)	(192,830)

CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
May 31, 2022
Actuarial Asset Basis

INCOME		
Contributions:		
Member	312,668	
Village	1,430,000	
Total Contributions		1,742,668
Earnings from Investments		
Interest & Dividends	855,692	
Change in Actuarial Value	456,442	
Total Earnings and Investment Gains		1,312,134
EXPENSES		
Administrative Expenses:		
Investment Related[1]	32,285	
Other	70,524	
Total Administrative Expenses		102,809
Distributions to Members:		
Benefit Payments	1,009,338	
Total Distributions		1,009,338
Change in Net Assets for the Year		1,942,655
Net Assets Beginning of the Year		22,325,202
Net Assets End of the Year[2]		24,267,857

[1] Investment Related expenses include investment advisory, custodial and performance monitoring fees.
[2] Net Assets may be limited for actuarial consideration.

STATISTICAL DATA

	6/1/2022	6/1/2021	6/1/2020	6/1/2019
Actives - Tier 1				
Number	20	23	23	23
Average Current Age	46.6	45.9	44.9	43.9
Average Age at Employment	25.6	25.9	25.9	26.4
Average Past Service	21.0	20.0	19.0	17.5
Average Annual Salary	$110,047	$104,969	$102,074	$98,447
Actives - Tier 2				
Number	10	8	6	6
Average Current Age	32.5	31.1	34.1	33.1
Average Age at Employment	28.6	27.3	29.3	29.8
Average Past Service	3.9	3.8	4.8	3.3
Average Annual Salary	$82,839	$80,765	$80,123	$74,004
Service Retirees				
Number	11	11	11	12
Average Current Age	65.4	67.8	66.8	67.1
Average Annual Benefit	$78,000	$74,327	$71,721	$69,707
Beneficiaries				
Number	3	2	2	1
Average Current Age	81.3	78.5	77.5	75.5
Average Annual Benefit	$52,105	$56,950	$56,950	$42,508
Disability Retirees				
Number	2	0	0	0
Average Current Age	47.9	N/A	N/A	N/A
Average Annual Benefit	$61,611	N/A	N/A	N/A
Terminated Vested				
Number	3	3	2	3
Average Current Age	49.9	49.1	57.2	57.4
Average Annual Benefit [1]	$15,587	$15,587	$15,587	$20,258

[1] Average Annual Benefit for Terminated Vested members reflects the benefit for members entitled to a future annual benefit from the plan.

AGE AND SERVICE DISTRIBUTION

PAST SERVICE

AGE	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30+	Total
15 - 19	0	0	0	0	0	0	0	0	0	0	0	0
20 - 24	0	0	0	0	0	0	0	0	0	0	0	0
25 - 29	1	2	0	0	1	0	0	0	0	0	0	4
30 - 34	1	0	0	0	0	3	0	0	0	0	0	4
35 - 39	0	0	0	0	0	0	1	0	0	0	0	1
40 - 44	0	1	0	0	0	0	0	6	1	0	0	8
45 - 49	0	0	0	0	0	1	0	1	4	1	0	7
50 - 54	0	0	0	0	0	0	0	0	3	1	1	5
55 - 59	0	0	0	0	0	0	0	0	0	0	0	0
60 - 64	0	0	0	0	0	0	0	0	1	0	0	1
65+	0	0	0	0	0	0	0	0	0	0	0	0
Total	2	3	0	0	1	4	1	7	9	2	1	30

VALUATION PARTICIPANT RECONCILIATION

1. Active lives

a. Number in prior valuation 6/1/2021	31
b. Terminations	
i. Vested (partial or full) with deferred benefits	(1)
ii. Non-vested or full lump sum distribution received	0
iii. Transferred service to other fund	0
c. Deaths	
i. Beneficiary receiving benefits	0
ii. No future benefits payable	0
d. Disabled	(2)
e. Retired	(1)
f. Continuing participants	27
g. New entrants	3
h. Total active life participants in valuation	30

2. Non-Active lives (including beneficiaries receiving benefits)

	Service Retirees, Vested Receiving Benefits	Receiving Death Benefits	Receiving Disability Benefits	Vested Deferred	Total
a. Number prior valuation	11	2	0	3	16
Retired	1	0	0	0	1
Vested Deferred	0	0	0	1	1
Death, With Survivor	(1)	1	0	0	0
Death, No Survivor	0	0	0	0	0
Disabled	0	0	2	0	2
Refund of Contributions	0	0	0	(1)	(1)
Rehires	0	0	0	0	0
Expired Annuities	0	0	0	0	0
Data Corrections	0	0	0	0	0
Hired/Termed in Same Year	0	0	0	0	0
b. Number current valuation	11	3	2	3	19

SUMMARY OF CURRENT PLAN

Article 3 Pension Fund	The Plan is established and administered as prescribed by "Article 3. Police Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.
Plan Administration	The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of: a.) Two members appointed by the Municipality, b.) Two active Members of the Police Department elected by the Membership, and c.) One retired Member of the Police Department elected by the Membership.
Credited Service	Complete years of service as a sworn police officer employed by the Municipality.
Normal Retirement	
Date	**Tier 1**: Age 50 and 20 years of Credited Service. **Tier 2:** Age 55 with 10 years of Credited Service.
Benefit	**Tier 1:** 50% of annual salary attached to rank on last day of service plus 2.50% of annual salary for each year of service over 20 years, up to a maximum of 75% of salary. The minimum monthly benefit is $1,000 per month. **Tier 2**: 2.50% per year of service times the average salary for the 48 consecutive months of service within the last 60 months of service in which the total salary was the highest prior to retirement times the number of years of service, up to a maximum of 75% of average salary. The minimum monthly benefit is $1,000 per month. For Tier 2 participants, the salary is capped at a rate of $106,800 as of 2011, indexed annually at a rate of CPI-U, but not to exceed 3.00%.
Form of Benefit	**Tier 1:** For married retirees, an annuity payable for the life of the Member; upon the death of the member, 100% of the Member's benefit payable to the spouse until death. For unmarried retirees, the normal form is a Single Life Annuity. **Tier 2**: Same as above, but with 66 2/3% of benefit continued to spouse.

Early Retirement

Date	**Tier 1**: Age 60 and 8 years of Credited Service. **Tier 2:** Age 50 with 10 years of Credited Service.
Benefit	**Tier 1:** Normal Retirement benefit with no minimum. **Tier 2**: Normal Retirement benefit, reduced 6.00% each year before age 55, with no minimum benefit.
Form of Benefit	Same as Normal Retirement

Disability Benefit

Eligibility	Total and permanent as determined by the Board of Trustees.
Benefit Amount	A maximum of: a.) 65% of salary attached to the rank held by Member on last day of service, and; b.) The monthly retirement pension that the Member is entitled to receive if he or she retired immediately. For non-service connected disabilities, a benefit of 50% of salary attached to rank held by Member on last day of service.

Cost-of-Living Adjustment

Tier 1:

Retirees: An annual increase equal to 3.00% per year after age 55. Those that retire prior to age 55 receive an increase of 1/12 of 3.00% for each full month since benefit commencement upon reaching age 55.

Disabled Retirees: An annual increase equal to 3.00% per year of the original benefit amount beginning at age 60. Those that become disabled prior to age 60 receive an increase of 3.00% of the original benefit amount for each year since benefit commencement upon reaching age 60.

Tier 2: An annual increase each January 1 equal to 3.00% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension start date whichever is later.

Pre-Retirement Death Benefit

Service Incurred	100% of salary attached to rank held by Member on last day of service.
Non-Service Incurred	A maximum of: a.) 54% of salary attached to the rank held by Member on last day of service, and; b.) The monthly retirement pension earned by the deceased Member at the time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

Vesting (Termination)

Vesting Service Requirement	**Tier 1:** 8 years. **Tier 2**: 10 years.
Non-Vested Benefit	Refund of Member Contributions.
Vested Benefit	Either the termination benefit, payable upon reaching age 60 (55 for Tier 2), provided contributions are not withdrawn, or a refund of member contributions. The termination benefit is 2.50% of annual salary held in the year prior to termination (4-year final average salary for Tier 2) times creditable service.

Contributions

Employee	9.91% of Salary.
Municipality	Remaining amount necessary for payment of Normal (current year’s) Cost and amortization of the accrued past service liability.

SUMMARY

	6/1/2022	6/1/2021
Valuation Date	6/1/2022	6/1/2021
Measurement Date	5/31/2022	5/31/2021
Plan Membership:		
Inactives Currently Receiving Benefits	16	13
Inactives Not Yet Receiving Benefits	3	3
Active Plan Members	30	31
Total	49	47
Covered Payroll	$ 3,155,076	$ 3,060,402
Net Pension Liability		
Total Pension Liability	$ 37,847,322	$ 34,800,262
Plan Fiduciary Net Position	23,017,873	24,080,719
Net Pension Liability	$ 14,829,449	$ 10,719,543
Plan Fiduciary Net Position As a Percentage of Total Pension Liability	60.82%	69.20%
Net Pension Liability As a Percentage of Covered Payroll	470.02%	350.27%
Total Pension Expense	$ 2,056,252	$ 1,278,372
Development of Single Discount Rate		
Single Discount Rate	6.50%	6.50%
Long-Term Expected Rate of Return	6.50%	6.50%
High-quality Municipal Bond Rate	3.70%	1.59%
Number of Years Future Benefit Payments Are Expected to be Paid	99	99

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
PLAN AND VILLAGE REPORTING

GASB 68 Reporting Period Ending	05/31/2022	05/31/2021
Measurement Date	05/31/2022	05/31/2021
Total Pension Liability		
Service Cost	780,249	735,774
Interest	2,279,930	2,160,123
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	854,284	(135,398)
Changes of Assumptions	141,935	-
Benefit Payments, Including Refunds of Employee Contributions	(1,009,338)	(914,258)
Net Change in Total Pension Liability	3,047,060	1,846,241
Total Pension Liability - Beginning	34,800,262	32,954,021
Total Pension Liability - Ending (a)	$ 37,847,322	$ 34,800,262
Plan Fiduciary Net Position		
Contributions - Employer	1,430,000	1,385,904
Contributions - Employee	312,668	290,382
Net Investment Income	(1,725,652)	3,858,145
Benefit Payments, Including Refunds of Employee Contributions	(1,009,338)	(914,258)
Administrative Expense	(70,524)	(16,018)
Net Change in Plan Fiduciary Net Position	(1,062,846)	4,604,155
Plan Fiduciary Net Position - Beginning	24,080,719	19,476,564
Plan Fiduciary Net Position - Ending (b)	$ 23,017,873	$ 24,080,719
Net Pension Liability - Ending (a) - (b)	$ 14,829,449	$ 10,719,543
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.82%	69.20%
Covered Payroll	$ 3,155,076	$ 3,060,402
Net Pension Liability as a Percentage of Covered Payroll	470.02%	350.27%

STATEMENT OF CHANGES IN NET PENSION LIABILITY
VILLAGE REPORTING

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at May 31, 2021	$ 34,800,262	$ 24,080,719	$ 10,719,543
Changes for a Year:			
Service Cost	780,249	-	780,249
Interest	2,279,930	-	2,279,930
Differences Between Expected and Actual Experience	854,284	-	854,284
Changes of Assumptions	141,935	-	141,935
Changes of Benefit Terms	-	-	-
Contributions - Employer	-	1,430,000	(1,430,000)
Contributions - Employee	-	312,668	(312,668)
Net Investment Income	-	(1,725,652)	1,725,652
Benefit Payments, Including Refunds of Employee Contributions	(1,009,338)	(1,009,338)	-
Administrative Expense	-	(70,524)	70,524
Net Changes	3,047,060	(1,062,846)	4,109,906
Balances at May 31, 2022	$ 37,847,322	$ 23,017,873	$ 14,829,449

Sensitivity of Net Pension Liability to changes in the Discount Rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Sponsor's Net Pension Liability	$ 21,024,863	$ 14,829,449	$ 9,850,780

Pension Plan Fiduciary Net Position

Detailed information about the Pension Plan's Fiduciary Net Position is available in a separately issued Plan financial report.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS
YEAR-END MAY 31, 2022

For the year ended May 31, 2022, the Sponsor will recognize a pension expense of $2,056,252.
On May 31, 2022, the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	1,144,410	206,489
Changes of assumptions	1,219,469	101,066
Net difference between projected and actual earnings on pension plan investments	1,249,984	0
Total	$3,613,863	$307,555

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year-ended May 31:	
2023	$798,421
2024	$706,606
2025	$697,271
2026	$838,719
2027	$122,974
Thereafter	$142,317

COMPONENTS OF PENSION EXPENSE
YEAR-END MAY 31, 2022

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	$ 10,719,543	$ 2,565,780	$ 2,388,434	
Total Pension Liability Factors:				
Service Cost	780,249	-	-	780,249
Interest	2,279,930	-	-	2,279,930
Changes in Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience With Regard to Economic or Demographic Assumptions	854,284	-	854,284	-
Current Year Amortization	-	(102,819)	(261,609)	158,790
Changes in Assumptions About Future Economic or Demographic Factors or Other Inputs	141,935	-	141,935	-
Current Year Amortization	-	(101,066)	(460,342)	359,276
Benefit Payments, Including Refunds of Employee Contributions	(1,009,338)	-	-	-
Net Change	3,047,060	(203,885)	274,268	3,578,245
Plan Fiduciary Net Position:				
Contributions - Employer	1,430,000	-	-	-
Contributions - Employee	312,668	-	-	(312,668)
Projected Net Investment Income	1,586,788	-	-	(1,586,788)
Difference Between Projected and Actual Earnings on Pension Plan Investments	(3,312,440)	-	3,312,440	-
Current Year Amortization	-	(513,585)	(820,524)	306,939
Benefit Payments, Including Refunds of Employee Contributions	(1,009,338)	-	-	-
Administrative Expenses	(70,524)	-	-	70,524
Net Change	(1,062,846)	(513,585)	2,491,916	(1,521,993)
Ending Balance	$ 14,829,449	$ 1,848,310	$ 5,154,618	$ 2,056,252

AMORTIZATION SCHEDULE – EXPERIENCE

Year Base Established	Differences Between Expected and Actual Experience	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Differences between Expected and Actual Experience 2022	2023	2024	2025	2026	Thereafter
2022	$ 854,284	7	$ 122,038	$ 122,041	$ 122,041	$ 122,041	$ 122,041	$ 244,082
2021	$ (135,398)	7	$ (19,343)	$ (19,343)	$ (19,343)	$ (19,343)	$ (19,343)	$ (19,343)
2020	$ 372,800	7	$ 53,257	$ 53,257	$ 53,257	$ 53,257	$ 53,257	$ -
2019	$ 394,877	7	$ 56,411	$ 56,411	$ 56,411	$ 56,411	$ -	$ -
2018	$ (105,189)	8	$ (13,149)	$ (13,149)	$ (13,149)	$ (13,149)	$ -	$ -
2017	$ 209,323	7	$ 29,903	$ 29,903	$ -	$ -	$ -	$ -
2016	$ (562,619)	8	$ (70,327)	$ (70,327)	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			158,790	158,793	199,217	199,217	155,955	224,739

AMORTIZATION SCHEDULE – CHANGES OF ASSUMPTIONS

Year Base Established	Effects of Changes in Assumptions	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Effects of Changes of Assumptions: 2022	2023	2024	2025	2026	Thereafter
2022	$ 141,935	7	$ 20,279	$ 20,276	$ 20,276	$ 20,276	$ 20,276	$ 40,552
2019	$ 999,483	7	$ 142,783	$ 142,783	$ 142,783	$ 142,783	$ -	$ -
2018	$ 1,488,739	8	$ 186,092	$ 186,092	$ 186,092	$ 186,092	$ -	$ -
2017	$ (707,460)	7	$ (101,066)	$ (101,066)	$ -	$ -	$ -	$ -
2016	$ 889,503	8	$ 111,188	$ 111,188	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ 359,276	$ 359,273	$ 349,151	$ 349,151	$ 20,276	$ 40,552

AMORTIZATION SCHEDULE – INVESTMENTS

Year Base Established	Differences Between Projected and Actual Earnings	Recognition Period (Years)	Increase (Decrease) in Pension Expense Arising from the Recognition of the Differences Between Projected and Actual Earnings on Pension Plan Investments: 2022	2023	2024	2025	2026	Thereafter
2022	$ 3,312,440	5	$ 662,488	$ 662,488	$ 662,488	$ 662,488	$ 662,488	$ -
2021	$ (2,567,923)	5	$ (513,585)	$ (513,585)	$ (513,585)	$ (513,585)	$ -	$ -
2020	$ 46,673	5	$ 9,335	$ 9,335	$ 9,335	$ -	$ -	$ -
2019	$ 610,583	5	$ 122,117	$ 122,117	$ -	$ -	$ -	$ -
2018	$ 132,921	5	$ 26,584	$ -	$ -	$ -	$ -	$ -
Net Increase (Decrease) in Pension Expense			$ 306,939	$ 280,355	$ 158,238	$ 148,903	$ 662,488	$ -

SCHEDULE OF CONTRIBUTIONS

Plan Year-End	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
05/31/2022	1,429,357	1,430,000	(643)	3,155,076	45.32%
05/31/2021	1,348,024	1,385,904	(37,880)	3,060,402	45.29%

The following assumptions were used to determine the Actuarially Determined Contribution for the plan year ending May 31, 2022:

Calculation Timing	The Actuarially Determined Contribution is calculated using a June 1, 2020 valuation date.
Interest Rate	6.50%
Mortality Rate	***Active Lives:*** PubS-2010 Employee mortality, projected 5 years past the valuation date with Scale MP-2019. 10% of active deaths are assumed to be in the line of duty. ***Inactive Lives:*** PubS-2010 Healthy Retiree mortality, projected 5 years past the valuation date with Scale MP-2019. ***Beneficiaries:*** PubS-2010 Survivor mortality, projected 5 years past the valuation date with Scale MP-2019. ***Disabled Lives:*** PubS-2010 Disabled mortality, projected 5 years past the valuation date with Scale MP-2019.
Assumptions	All other assumptions and methods used for determining the Actuarially Determined Contribution can be found in the June 1, 2020 Actuarial Valuation Report for the Village of North Aurora Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

SCHEDULE OF INVESTMENT RETURNS

For the year ended May 31, 2022, the annual money-weighted return on Pension Plan investments, net of pension plan investment expense, was -4.39 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Plan Year-End	Annual Money-Weighted Rate of Return Net of Investment Expense
05/31/2022	-4.39%
05/31/2021	19.20%

ASSUMPTIONS – GASB PENSION LIABILITY AND PENSION EXPENSE

The GASB 67/GASB 68 Pension Liability as of May 31, 2022 and GASB 68 Pension Expense were determined as follows:

Valuation Date	June 1, 2022
Measurement Date	May 31, 2022
GASB 68 Expense Measurement Period	June 1, 2021 - May 31, 2022
Reporting Period	June 1, 2021 - May 31, 2022
Discount Rate	6.50%
Inflation	2.50%
Salary Increases	Service-based rates
Other Assumptions	A summary of complete assumptions can be found in the accompanying Actuarial Valuation as of June 1, 2022 for the Village of North Aurora Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

The GASB 67/GASB 68 Total Pension Liability and GASB 68 Pension Expense reflect the following assumption changes:

- Updated mortality, retirement, disability, and termination rate tables.
- Updated assumed salary increase rates.

NOTES TO THE FINANCIAL STATEMENTS

Support for Long-Term Expected Rate of Return

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation adopted as of May 31, 2022, as provided by Fifth Third Institutional Services, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return[1]
Cash and Equivalents	0.52%	-0.90%
High Quality Domestic Bonds	39.55%	-0.07%
Developed International Bonds	10.18%	-2.32%
Small & Mid Cap Domestic Stocks	5.21%	6.10%
Large Cap Domestic Stocks	27.68%	5.51%
Developed International Stocks	10.41%	1.34%
Emerging Markets Stocks	4.41%	4.47%
REITS	2.04%	3.15%
Total	100.00%	

[1] Please note that the implied long-term expected return of the total portfolio provided by the investment advisor would suggest that the Discount Rate is not supported. We will continue to monitor this in light of longer time horizons and the impact of Consolidation.

Inflation rate of investment advisor	2.32%

Concentrations

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's fiduciary net position.

Discount Rate

The Discount Rate used to measure the Total Pension Liability was 6.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments (6.50 percent) was applied to all periods of projected benefit payments to determine the Total Pension Liability.

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent. The municipal bond rate is 3.70 percent (based on the daily rate closest to, but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index). The resulting single discount rate is 6.50 percent.

SUMMARY OF CURRENT PLAN

Article 3 Pension Fund	The Plan is established and administered as prescribed by "Article 3. Police Pension Fund – Municipalities 500,000 and Under" of the Illinois Pension Code.
Plan Administration	The Plan is a single employer defined benefit pension plan administered by a Board of Trustees comprised of: a.) Two members appointed by the Municipality, b.) Two active members of the Police Department elected by the Membership. c.) One retired member of the Police Department elected by the Membership.
Benefits Provided	The Plan provides retirement, termination, disability and death benefits. A summary of the benefit provisions can be found in the accompanying Actuarial Valuation as of June 1, 2022 for the Village of North Aurora Police Pension Fund prepared by Foster & Foster Actuaries and Consultants.

VILLAGE OF NORTH AURORA
BOARD REPORT

TO:	VILLAGE PRESIDENT & BOARD OF TRUSTEES
	CC: STEVE BOSCO, VILLAGE ADMINISTRATOR
FROM:	MIKE TOTH, COMMUNITY AND ECONOMIC DEVELOPMENT DIRECTOR
SUBJECT:	NORTH AURORA TOWNE CENTER RESUBDIVISION PLAT
AGENDA:	OCTOBER 17, 2022 COMMITTEE OF THE WHOLE MEETING

DISCUSSION

The new owners, Rhino Investments Group, of the inline commercial space located between Target and JCPenney in the North Aurora Towne Center are proposing to subdivide several of the tenant spaces so they can be bought and sold individually. According to the property owner, the goal of the subdivision is to bring long term institutional owners while also selling to smaller, more localized users, which could allow for a risk reduction by spreading ownership across institutional funds and local users.

The North Aurora Towne Center is located in a B-2 General Business District Planned Unit Development, which is also governed by an Annexation Agreement. Per the approved Annexation Agreement, resubdivision of any lot constitutes a minor change to the PUD, which may be approved by the Village Board without Plan commission review or public hearing.

The inline space located between Target and JCPenney currently consists of one 16-acre lot, known as Lot 1 of the First Resubdivision of Lots 3 & 4 of the North Aurora Towne Centre. Lot 1 also includes the parking lot area located to the south of the inline space and rear building and driveway access located to the north of the inline space. The proposed North Aurora Retail Subdivision would divide Lot 1 into six separate lots. Lots 1-5 would consist of the commercial tenant spaces and their respective rear building and driveway access. Lot 6 would include the eight-acre parking lot located to the south. With respect to the subdivided spaces, the larger tenants would have their own lot: Lot 1 - Michaels, Lot 3 – UFC Gym, Lot 4 – Petco. Lots 2 & 5 would consist of a number of the smaller tenant spaces.

Staff conveyed several concerns to the property owner with respect to subdividing Lot 1 – being property maintenance and cross access rights. North Aurora Towne Center has a history of general maintenance issues, including excessive trash, a lack of parking lot, lawn and landscaping maintenance. While said issues have mostly involved different properties owned by others within the development, staff conveyed concern that a fragmentation of property ownership could potentially add to those maintenance issues. According to the property owner, the localized users typically become the declarant and own the responsibility of maintaining the center for all owners. There is also a third party property management company overseeing the day-to-day activities of the property. Staff also conveyed concern regarding cross access for pedestrians and motorized vehicles; more specifically, the ability to [legally] allow people and cars to travel freely between the properties. In order to address the concern, cross access rights were added to the proposed subdivision plat, to the benefit of those property owners.

Staff would like to take this opportunity to solicit feedback from the Village Board.

September 19, 2022

Mike Toth
Community and Economic Development Director
Village of North Aurora
25 E. State St.
North Aurora, IL 60542
(630) 906-7372

RE: Update to Replat of North Aurora Towne Center

Dear Mike Toth:

We would like to present the following information to update the Village of North Aurora Board prior to their meeting on 10/17/22.

First, we would like to first like to clarify the misconception that the landlord plans to subdivide and sell the pieces off for short term profits. Rhino Investment's short-term intention is to subdivide the parcel. This will allow Rhino Investments the flexibility to secure additional financing sources in the short term that will continue to allow us to better develop the shopping center. Rhino Investments will have a long-term opportunity to sell single tenant parcels to REITs that we currently have relationships. The overall business plan is to bring long term institutional owners to the center and Village of North Aurora. We balance this by selling the multi-tenant strips to smaller, more localized users, that act as the boots on the ground. Generally, they become the declarant and own the responsibility of maintaining the center for all owners. This system has been a successful business model in several other municipalities and allows them to reduce the risk of individual ownership and spread it across institutional funds and local users.

Secondly, we are pleased to provide an overlay illustration (attached) depicting all tenant spaces and their respective tenants. The site plan will reflect a small portion of our leasing efforts, which is further detailed below.

The property owned by Rhino Investments totals 121,704 square feet and was 75.8% occupied at the time we acquired the asset on May 24, 2021. Since that time, we have worked to renew and extend the leases of the existing tenants as well as lease the vacant space to new tenants. The following is a summary of the leasing we have completed to date:

Renewal Leases
Michael's – 5-year lease extension with a new expiration date of 2/28/27
Petco – 5-year lease extension with a new expiration date of 4/30/27
Sally Beauty – 3-year lease extension with a new expiration date of 11/30/24
UFC Gym – 15-year lease renewal with a new expiration date of 8/31/37
Maurice's – 2-year lease extension with a new expiration date of 6/30/23

New Leases
Hallmark – 8,015 square feet on a 5-year term with a projected opening date of 2/1/23
Kids' Empire – 10,004 square feet on a 10-year term with a projected opening date of 4/15/23

We currently have three vacant spaces remaining – 3,000 SF, 4,004 SF, and 4,000 SF – that can accommodate users ranging from 1,500 SF up to 7,000 SF. We are negotiating with a total of 5 tenants with uses including nail salon, nationally branded clothing store, and dermatology. We currently have good leasing momentum, and we will continue to market the shopping center until it is 100% occupied.

With the new leasing noted above, the shopping center will be 90.7% occupied, which is the highest level it has been leased in quite a while. Our goal upon acquiring the asset was to renew and extend the existing tenants while marketing the center to new tenants. We have achieved a good portion of our original leasing goal, which we believe brings long-term stability to the asset in addition to a significant increase in retail activity to the Village of North Aurora.

Lastly, we would like to comment on the existing Maintenance/Access agreement in the OEA and beyond. The Property owned by Rhino is currently subject to certain OEA and other agreements that govern the maintenance of the center. Based on the terms of the OEA, Rhino does not maintain either the Target or JC Penney's parcels as they are self-maintained by each retailer, respectively. In the event of a subdivision, Rhino drafts and records an overlay over the OEA which further governs how the parcels, after subdivision, are maintained. Additionally, one parcel (and subsequent owner) will be the designated Declarant and/or Maintenance Director and is responsible for maintenance of the common areas and enforces the terms of the OEA to ensure that all subsequent owners operate the center at the highest standards.

Currently, Rhino has professional third-party management which handles the day-to-day activities of the center. We would expect that professional third-party management would continue to manage the common area areas of the center. Most likely we will designate a parcel with multiple tenant spaces as the Declarant/Maintenance Director as ultimately as ownership becomes diversified, it is highly likely that the owner of the parcel designated as Declarant/Maintenance Director would be a local/regional investor with "boots on the ground" to oversee the operation and the performance of the third-party management team. Additionally, some of the national single-tenant parcels would most likely be owned by institutional owners which operate these properties with the highest level of asset manage as these are typically very long-term owners of these type of parcels. As such, there will be "many eyes" looking to ensure that the center is maintained at institutional levels.

Sincerely,

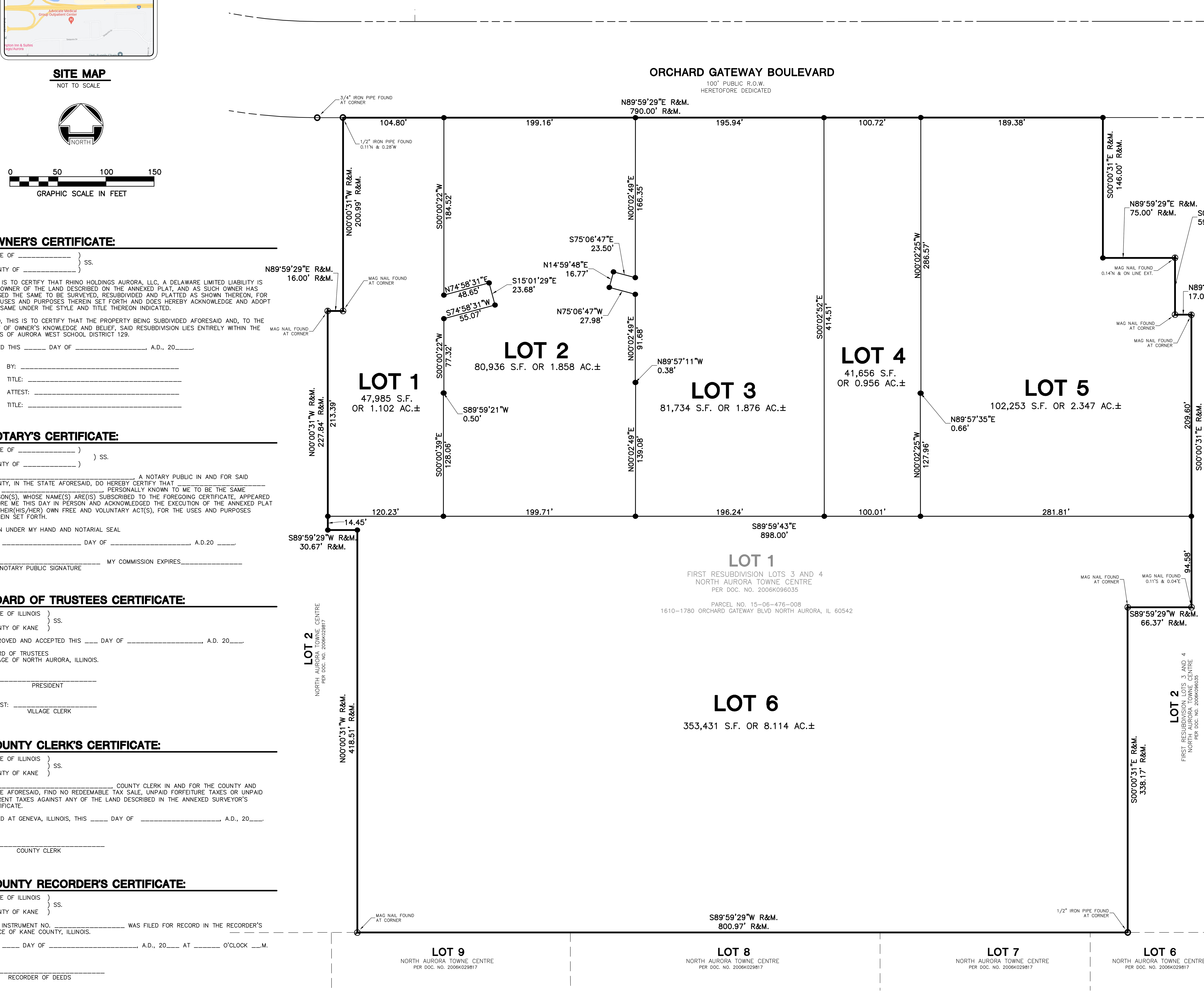
Jonathon Wall
VP of Development
Rhino Investments Group
jwall@rhinoig.com

PLAT OF RESUBDIVISION

NORTH AURORA RETAIL RESUBDIVISION

A PART OF THE SOUTHEAST 1/4 OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 8 EAST OF THE 3RD PRINCIPAL MERIDIAN, KANE COUNTY, ILLINOIS

SITE MAP
NOT TO SCALE



OWNER'S CERTIFICATE:

STATE OF ______________)
) SS.
COUNTY OF ______________)

THIS IS TO CERTIFY THAT RHINO HOLDINGS AURORA, LLC, A DELAWARE LIMITED LIABILITY IS THE OWNER OF THE LAND DESCRIBED ON THE ANNEXED PLAT, AND AS SUCH OWNER HAS CAUSED THE SAME TO BE SURVEYED, RESUBDIVIDED AND PLATTED AS SHOWN THEREON, FOR THE USES AND PURPOSES THEREIN SET FORTH AND DOES HEREBY ACKNOWLEDGE AND ADOPT THE SAME UNDER THE STYLE AND TITLE THEREON INDICATED.

ALSO, THIS IS TO CERTIFY THAT THE PROPERTY BEING SUBDIVIDED AFORESAID AND, TO THE BEST OF OWNER'S KNOWLEDGE AND BELIEF, SAID RESUBDIVISION LIES ENTIRELY WITHIN THE LIMITS OF AURORA WEST SCHOOL DISTRICT 129.

DATED THIS ______ DAY OF __________________, A.D., 20_____.

BY: ____

TITLE: ____

ATTEST: ____

TITLE: ____

NOTARY'S CERTIFICATE:

STATE OF ______________)
) SS.
COUNTY OF ______________)

I, ____, A NOTARY PUBLIC IN AND FOR SAID COUNTY, IN THE STATE AFORESAID, DO HEREBY CERTIFY THAT ________________________ AND ____________________________, PERSONALLY KNOWN TO ME TO BE THE SAME PERSON(S), WHOSE NAME(S) ARE(IS) SUBSCRIBED TO THE FOREGOING CERTIFICATE, APPEARED BEFORE ME THIS DAY IN PERSON AND ACKNOWLEDGED THE EXECUTION OF THE ANNEXED PLAT AS THEIR(HIS/HER) OWN FREE AND VOLUNTARY ACT(S), FOR THE USES AND PURPOSES THEREIN SET FORTH.

GIVEN UNDER MY HAND AND NOTARIAL SEAL

THIS ____________________ DAY OF ____________________, A.D.20 _____.

______________________________ MY COMMISSION EXPIRES________________
NOTARY PUBLIC SIGNATURE

BOARD OF TRUSTEES CERTIFICATE:

STATE OF ILLINOIS)
) SS.
COUNTY OF KANE)

APPROVED AND ACCEPTED THIS ___ DAY OF ___________________, A.D. 20____.

BOARD OF TRUSTEES
VILLAGE OF NORTH AURORA, ILLINOIS.

BY: _________________________
PRESIDENT

ATTEST: _____________________
VILLAGE CLERK

COUNTY CLERK'S CERTIFICATE:

STATE OF ILLINOIS)
) SS.
COUNTY OF KANE)

I, ______________________________, COUNTY CLERK IN AND FOR THE COUNTY AND STATE AFORESAID, FIND NO REDEEMABLE TAX SALE, UNPAID FORFEITURE TAXES OR UNPAID CURRENT TAXES AGAINST ANY OF THE LAND DESCRIBED IN THE ANNEXED SURVEYOR'S CERTIFICATE.

DATED AT GENEVA, ILLINOIS, THIS _____ DAY OF ____________________, A.D., 20____.

____
COUNTY CLERK

COUNTY RECORDER'S CERTIFICATE:

STATE OF ILLINOIS)
) SS.
COUNTY OF KANE)

THIS INSTRUMENT NO. __________________ WAS FILED FOR RECORD IN THE RECORDER'S OFFICE OF KANE COUNTY, ILLINOIS.

THIS _____ DAY OF ______________________, A.D., 20____ AT _______ O'CLOCK ___.M.

____
RECORDER OF DEEDS

SUBMITTED BY ________________
PLEASE RETURN TO:
____
____
____

PARCEL INDEX NUMBER:

15-06-476-008
NORTH AURORA, IL

LEGEND:

(heavy solid line)	SURVEYED BOUNDARY
(solid line)	PROPOSED LOT LINE
(dashed line)	EXISTING LOT/PARCEL LINE
(long-short dashed line)	RIGHT OF WAY LINE
●	SET R.R. SPIKE/NAIL IN ASPHALT OR IRON PIN W/CAP IN SOIL OR CUT CROSS IN CONCRETE
◎	REBAR FOUND
○	IRON PIPE FOUND
⊛	MAG NAIL FOUND
R.O.W.	RIGHT-OF-WAY

PROPERTY DESCRIPTION:

LOT 1 OF THE FIRST RESUBDIVISION OF LOTS 3 AND 4 OF NORTH AURORA TOWNE CENTRE IN THE VILLAGE OF NORTH AURORA, IN KANE COUNTY, ILLINOIS ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 31, 2006 AS DOCUMENT 2006K096035.

AREA SCHEDULE:

707,995 S.F. OR 16.253 ACRES (MORE OR LESS)

CROSS ACCESS EASEMENT PROVISIONS

A PERPETUAL NONEXCLUSIVE CROSS ACCESS EASEMENT FOR VEHICULAR AND PEDESTRIAN TRAFFIC IS HEREBY RESERVED FOR AND GRANTED TO THE OWNERS OF LOTS 1, 2, 3, 4 AND 5 AS SHOWN HEREON AND TO THEIR SUCCESSORS, ASSIGNS, TENANTS, LICENSEES, INVITEES AND EMPLOYEES OF SAID LOTS. SAID EASEMENT IS GRANTED ON, OVER, THROUGH, ALONG AND ACROSS ALL OF SAID LOTS AS DESCRIBED AND SHOWN ON THE PLAT, EXCLUDING ANY PORTIONS THEREOF OCCUPIED BY BUILDINGS, FOR THE PERPETUAL RIGHT AND PRIVILEGE TO THE USE THE LAND AS PEDESTRIANS AND AS OPERATORS OF MOTORIZED VEHICLES.

NOTES:

1. "M." DESIGNATES MEASURED DIMENSION/BEARING, "R." DESIGNATES RECORD DIMENSION/BEARING.
2. DISTANCES ARE SHOWN IN FEET AND DECIMAL PARTS THEREOF.
3. NO DIMENSION SHALL BE ASSUMED BY SCALE MEASUREMENT HEREON.
4. THE FIELDWORK WAS COMPLETED ON 09/16/21.
5. THE BASIS OF MEASURED BEARINGS AND HORIZONTAL DATUM SHOWN HEREON IS THE ILLINOIS STATE PLANE COORDINATE SYSTEM EAST ZONE (NAD 83). SAID BEARINGS ORIGINATED FROM SAID COORDINATE SYSTEM BY GPS OBSERVATIONS AND OBSERVATIONS OF SELECTED STATIONS IN THE NATIONAL GEODETIC SURVEY CONTINUOUSLY OPERATING REFERENCE STATION (NGS CORS) NETWORK.

SURVEYOR'S CERTIFICATE:

STATE OF ILLINOIS)
) SS
COUNTY OF DUPAGE)

I, STEPHEN R. KREGER, ILLINOIS PROFESSIONAL LAND SURVEYOR NUMBER 35-002985, DO HEREBY CERTIFY, THAT AT THE REQUEST OF THE OWNER THEREOF, I HAVE SURVEYED AND SUBDIVIDED THE FOLLOWING DESCRIBED PROPERTY;

LOT 1 OF THE FIRST RESUBDIVISION OF LOTS 3 AND 4 OF NORTH AURORA TOWNE CENTRE IN THE VILLAGE OF NORTH AURORA, IN KANE COUNTY, ILLINOIS ACCORDING TO THE PLAT THEREOF RECORDED AUGUST 31, 2006 AS DOCUMENT 2006K096035.

SUBDIVIDED PROPERTY CONTAINS 16.253 ACRES, MORE OR LESS, AND ALL DISTANCES ARE SHOWN IN FEET AND DECIMAL PARTS THEREOF.

½" DIAMETER BY 24" LONG IRON PIPES, MAG NAILS OR CROSSES IN CONCRETE WILL BE SET AT ALL SUBDIVISION CORNERS, LOT CORNERS, POINTS OF CURVATURE AND POINTS OF TANGENCY IN COMPLIANCE WITH ILLINOIS STATUTES AND APPLICABLE ORDINANCES EXCEPT AS NOTED.

I FURTHER CERTIFY THAT THE PLAT HEREON DRAWN IS A CORRECT REPRESENTATION OF SAID SURVEY AND SUBDIVISION WHICH WAS PREPARED IN ACCORDANCE WITH PROVISIONS OF APPLICABLE ORDINANCES OF THE VILLAGE OF NORTH AURORA, ILLINOIS, TO THE BEST OF MY KNOWLEDGE AND BELIEF, AND THAT THE MONUMENTATION SHOWN ON THE FACE OF THIS PLAT HAS BEEN FOUND OR WILL BE PLACED IN THE GROUND AS INDICATED HEREON, AFTER THE COMPLETION OF THE CONSTRUCTION OF THE IMPROVEMENTS OR WITHIN 12 MONTHS AFTER RECORDATION OF THIS PLAT, WHICHEVER SHALL OCCUR FIRST.

I FURTHER CERTIFY THAT THE PROPERTY DESCRIBED AND SHOWN ON THE PLAT HEREON DRAWN IS WITHIN THE CORPORATE LIMITS OF THE VILLAGE OF NORTH AURORA WHICH HAS ADOPTED A COMPREHENSIVE PLAN AND IS EXERCISING THE SPECIAL POWERS AUTHORIZED BY DIVISION 12 OF ARTICLE 11 OF THE ILLINOIS MUNICIPAL CODE.

THIS PROFESSIONAL SERVICE CONFORMS TO THE CURRENT ILLINOIS MINIMUM STANDARDS FOR A BOUNDARY SURVEY.

I, FURTHER CERTIFY THAT ACCORDING TO THE FLOOD INSURANCE RATE MAP - MAP NUMBER 17089C0340H, PUBLISHED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY WITH A REVISION DATE OF AUGUST 03, 2009, REVISED PER LETTER OF MAP REVISION (LOMR) CASE NO. 13-05-0140P, PUBLISHED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY WITH AN EFFECTIVE DATE OF JUNE 26, 2013, WHICH ARE THE MOST CURRENT FLOOD INSURANCE RATE MAP AND LOMR AVAILABLE ON FEMA'S WEBSITE, THIS SITE IS LOCATED IN ZONE " X " (NO SHADING) - AREAS DETERMINED TO BE OUTSIDE THE 0.2% ANNUAL CHANCE FLOODPLAIN, TO THE BEST OF MY KNOWLEDGE AND BELIEF. THE SURVEYOR UTILIZED THE ABOVE REFERENCED FLOODPLAIN MAP AND LETTER FOR THIS DETERMINATION; FURTHERMORE, THE SURVEYOR DOES NOT CERTIFY THAT REVISED FLOODPLAIN INFORMATION HAS NOT BEEN PUBLISHED BY THE FEDERAL EMERGENCY MANAGEMENT AGENCY OR SOME OTHER SOURCE.

GIVEN UNDER MY HAND AND SEAL THIS ___ DAY OF _______________, 20____, A.D.

WOOLPERT, INC.

____
STEPHEN R. KREGER
PROFESSIONAL LAND SURVEYOR #35-002985
STATE OF ILLINOIS
LICENSE EXPIRES NOVEMBER 30, 2022

PROFESSIONAL LAND SURVEYOR
STEPHEN R. KREGER
OAKBROOK TERRACE ILLINOIS
035-002985
STATE OF ILLINOIS

WOOLPERT, INC.
ILLINOIS PROFESSIONAL DESIGN FIRM REGISTRATION NUMBER 184-001393

WARNING
CALL BEFORE YOU DIG
800-892-0123

NO.	DATE	REVISION
1.	04/22/22	PROVISIONS ADDED

PROJECT NO.: 82406
DATE 04/08/22
SCALE AS SHOWN
DES. SRK
DR. PTK
CKD. SRK

WOOLPERT
DESIGN | GEOSPATIAL | INFRASTRUCTURE
WOOLPERT, INC.
1815 South Meyers Road
Suite 950
Oakbrook Terrace, IL 60181
630.424.9080
FAX: 630.495.3731

NORTH AURORA RETAIL
A PART OF THE SOUTHEAST 1/4 OF SECTION 6, TOWNSHIP 38 NORTH, RANGE 8 EAST OF THE 3RD PRINCIPAL MERIDIAN, KANE COUNTY, ILLINOIS
PLAT OF RESUBDIVISION

SHEET NO.
1 of 1

NORTH AURORA TOWNE CENTER

North Aurora, IL 60542

RHINO INVESTMENTS

THIS DRAWING IS FOR GENERAL INFORMATION PURPOSES ONLY. ANY AND ALL FEATURES, MATTERS AND OTHER INFORMATION DEPICTED HEREON OR CONTAINED HEREIN ARE FOR ILLUSTRATIVE PURPOSES ONLY.

SA group

09-08-22

0' 25' 50' 100'

TENANT MIX


Orchard Gtwy
Orchard Gtwy
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Orchard Gtwy
Orchard Gtwy
Towne Center Dr
Towne Center Dr
Towne Center Dr