

The City of Lake Forest
Cemetery Commission Meeting
Proceedings of Wednesday, January 25, 2023
Lake Forest Cemetery Gatehouse
520 E. Spruce Avenue, Lake Forest

I. CALL TO ORDER AND ROLL CALL

Chairman John Anderson called the meeting to order at 4:58pm.

Commissioners' Present: Chairman John Anderson, Commissioners Lowell Dixon, Robert Thornburgh, Robert Wayne, and Robert Worobow

Staff Present: Phil Alderks, Cemetery Sexton; Chuck Myers, Superintendent of Parks & Forestry; and, Elizabeth Holeb, Director of Finance

II. APPROVAL OF OCTOBER 26, 2022 MINUTES – JOHN ANDERSON

Chairman Anderson presented the October Minutes for approval. Anderson asked the Commissioners if there were any adjustments or corrections needed, and seeing none, he asked for a motion to accept the October Meeting Minutes.

Commissioner Wayne motioned to approve the minutes, seconded by Commissioner Worobow. The following voted "Aye": Chairman Anderson, Commissioners Dixon, Thornburgh, Wayne, and Worobow. The following voted "nay": none. 5-ayes, 0-nays, motion carried.

III. FOURTH QUARTERLY INVESTMENT REPORT – JOHN ANDERSON

Due to a very full meeting agenda, the Commission did not have Tony Hoban from William Blair attend the meeting in-person. In place of Mr. Hoban, Chairman Anderson presented the fourth quarter Investment Report to the Commission. Anderson stated that the Cemetery's investments underperformed the blended benchmark although the portfolio was modestly in positive territory. Anderson said the blended benchmark was up +5.5% while the Cemetery's investment portfolio was up +2.5% for the quarter ending 12/31/2022. Anderson reminded the Commission that currently a somewhat larger proportion of the Cemetery's portfolio is in cash to address the risk and uncertainty of market conditions, and consequently returns may be more conservative. He further stated that although the total portfolio performance for 2022 YTD was down -25.5% (vs. the benchmark at -21.9%), when looking at the three-, five-, and seven-year performances vs. benchmark, William Blair's investment performance has consistently exceeded the blended benchmark over those time periods.

Anderson continued by noting that as of December 31, 2022, the total value of assets (including Lake Forest Bank cash) was \$10.6 million, down roughly -20% from the high of \$13.2 million on December 31, 2021. He then pointed out that total assets for the fourth quarter were up +2.2% since the third quarter reporting.

Anderson indicated that William Blair forecasts that there will continue to be significant market volatility for at least the next one or two quarters, but believes the current investment strategy is sound given the long-term horizon for the Cemetery's investment goals, principles, and use of funds.

Anderson asked the Commissioners if there were any observations or questions. Commissioner Thornburgh commented that William Blair is doing a good job and this is

what is expected of a growth manager to do, especially looking at the longer-term benchmarks.

A motion was made by Commissioner Worobow for William Blair to continue with the current investment strategy, seconded by Commissioner Thornburgh. Motion passed unanimously.

IV. REVENUE/EXPENSE REPORT – PHIL ALDERKS

Chairman Anderson presented the Revenue/Expense report as of December 31, 2022. He said the total revenue for the first 8 months of the current fiscal year was \$857,000 compared to the projected budget number of \$800,075 for the full year. Anderson explained this was due to strong lot sales and service fees for the current fiscal year. He also indicated that donations came in above what was originally projected. Anderson further noted that total operating expenses for the 8-month period (\$531,000) were directly in line with the budgeted operating expenses (\$530,000) for that same period.

Chairman Anderson then asked Cemetery Sexton Phil Alderks if he had anything to add. Alderks stated while niche sales have lagged, lot sales have strongly exceeded projections. Alderks continued saying that year-to-date lot sales are now at \$596,450 and that over the past two weeks, we had several sales appointments with the potential for an additional \$100,000 in new lot sale revenue.

Alderks informed the Commission of Charlie Franco's retirement on December 16, 2022, and discussed how the process of hiring Charlie's replacement for the new maintenance worker II position was progressing. Alderks stated we had received several applications and we had 3 strong candidates that we were in the process of interviewing.

Chairman Anderson presented the Capital Expenditures (Sources and Uses of Funds) report. He expressed that as the Commission works through understanding the Cemetery's financing of projects, there may be a better way to show the use of funds for capital expenditures in our reporting. Anderson then went on to say due to the strong results of last year's mausoleum and lot sales, we have used cash directly from the Cemetery's City account to make payments to Eichoff Columbaria for the niche units that are part of the Phase II Memorial Garden Project.

V. MEMORIAL GARDEN PHASE II

Chairman Anderson reminded the Commission that Phase II of the Memorial Garden Project will result in the completion of the original Memorial Garden plan and that this is not a new design but rather a build-out of columbarium as contemplated in the original design of the Memorial Garden. (The existing Memorial Garden was constructed in 2000.)

Superintendent Chuck Myers presented the plans for Phase II of the Memorial Garden. He explained that the Project does include some renovations of the current Garden along with the construction of additional niches. He presented the proposed plans with the recommended renovations to the Commission. The main components of the renovations will focus on replacement of bluestone walkways and the redesign of the fountain area.

The Commission discussed with the superintendent in more detail the walkways and landscape design, wanting to adhere to the original design of the landscape. They also expressed concern regarding how the construction work will accommodate families and not interfere with services.

Superintendent Myers outlined the bidding process and reported that two bids were received. He briefly shared the background regarding the two bidding companies, their references, and projected pricing for the project. Myers reported that City staff is recommending the selection of Semper Fi Land Services for this project, and noted that Semper Fi has performed services similar to those required for this project (the City's policy requires that contracts be awarded to the lowest responsible bidder). He stated Craig Bergmann Design will provide some oversight to the construction work, but the extent of that oversight has yet to be determined. He also reminded the Commission that part of the expense for the project, specifically the cost of the new niches, has already been paid for out of the Cemetery's operating revenue.

Superintendent Myers shared a draft Project schedule with a June start date so as not to interfere with the Memorial Day weekend. The Project end date is estimated for early September, but Semper Fi could potentially be finished before the September date. He also noted that the City permitting process for the Project is already underway.

Then Superintendent Myers introduced Elizabeth Holeb, the City's Director of Finance, to discuss the financing options of the project. Director Holeb explained to the Commission that there are three separate ways of financing the Memorial Garden Project. Holeb said these include: a bank loan, a bond issuance, and an inter-fund loan from the City. Following discussion of the three alternatives, the Commission concluded that the best option currently for the Cemetery would be to finance the Project through an inter-fund loan from the City.

Commissioner Thornburgh motioned to approve the recommendation to authorize the City Manager to enter into a contract with Semper Fi Land Services for Renovation to the Memorial Garden at the Lake Forest Cemetery upon approval by City Council, seconded by Commissioner Dixon. The following voted "Aye": Commissioners' Chairman John Anderson, Lowell Dixon, Robert Thornburgh, Robert Wayne, and Robert Worobow. The following voted "nay": none. 5-ayes, 0-nays, motion carried.

VI. APPROVAL OF FY2024 BUDGET – PHIL ALDERKS

Chairman Anderson highlighted the unusually strong revenues for the Cemetery in FY2022 due to the Semersky mausoleum and other lot sales. He said that even though revenues for FY2022 exceeded projected amounts, the projected revenue for the FY2024 budget is based not on last year's sales, but reflects historical sales patterns.

Sexton Alderks reported that little in the FY2024 Cemetery budget has changed from the FY2023 Cemetery budget. He explained that at this time, there is nothing allocated in the FY2024 budget for contractual mowing and trimming as was done last year. Alderks said currently the Cemetery is waiting for direction from the City Manager to know whether additional staff has been approved or if additional money has been made available for the contractual mowing and trimming.

Superintendent Myers explained that City staff has been looking at staffing issues for the last couple of years across all departments. Myers said that last year, staffing changes were made at the Cemetery, specifically the administrative position turning into a full-time position, so the Sexton would have more time to be out on the grounds. Myers also noted that one of the Cemetery staff retired in mid-December, and consequently hiring a new worker will help get the Cemetery moving forward.

Alderks did report there is a one-time increase in this year's budget for Building Maintenance. He explained that the Cemetery Gatehouse's furnace and air conditioning units are 22 years old and due for replacement.

Chairman Anderson asked for a motion to approve the proposed FY2024 Cemetery Budget. Commissioner Dixon motioned to approve the FY2024 budget as presented, seconded by Commissioner Worobow. Motion passed unanimously.

VII. CEMETERY SPACE AVAILABILITY THROUGH FY2023 – PHIL ALDERKS

Chairman Anderson reviewed the Space Availability Report for the Cemetery as of January 1, 2023 with the Commission. He explained we are estimating based on historical sales figures that there are 56 more years of in-ground burial space and 52 more years for columbarium space. Anderson noted that there are also additional areas within the cemetery that we can add space for in-ground burials or columbarium niches depending on future interment trends.

Sexton Alderks commented that compared to last year's estimates, the time horizon for space availability increased slightly due to the 5-year average of burials decreasing.

Anderson reminded the Commission that it is important to review this report annually in order to answer any questions the City Council or the community might have.

VIII. CEMETERY UPDATES – VARIOUS MEMBERS

Cemetery's yearly donation letter – report from Phil Alderks:

Sexton Alderks updated the Commission on the results from the annual donation letter sent out by the Cemetery Commission. He said that typically we receive approximately \$12,000 in response to the donation letter, which has been consistent throughout the years. Alderks was happy to inform the Commissioners that YTD for fy2023, the Cemetery has received \$16,821 in donations.

The Commissioners inquired on who receives these donation letters. Alderks explained that the Cemetery has developed a mailing list over the years and it is managed according to whether or not people respond to the mailing. He said if someone has not responded to mailings for 3 consecutive years or more they are placed into the 'Inactive' list and do not receive any further mailings in an effort to save on postage, paper, envelopes, etc. Additionally, the list is updated each year when we have a new space sale or new interment.

IX. OTHER MATTERS

Chairman Anderson presented a letter from Elizabeth Upjohn Mason who desires to establish an endowment for the care and decoration of her family's lot at the Cemetery. Anderson stated that Ms. Mason wants to ensure that when she passes that the lot will be appropriately cared for. Ms. Mason asked if there is a care fund she can set up for future care. Chairman Anderson reminded the Commission, there are two different investment funds managed by William Blair for the Commission, the Commission Fund, and the Commission Care Fund. He said the Commission Fund is our general operating fund and the Commission Care Fund is the endowments with their principal and interest separated for the specific care of those family lots. Anderson stated that while it has been many years since anyone has requested a care fund, there is a precedent for families establishing such an endowment.

Anderson asked the Commissioners what their thoughts are regarding creating another trust fund to be included with the Commission Care Fund and the services being requested by Ms. Mason. The Commission discussed what is involved in creating a care fund and the issues that arise. Sexton Alderks explained how the City's Finance department manages those trust funds and noted that this is something the Cemetery does not advertise on a regular basis since it is hard to keep in contact with all family members as the family adds generations.

Chairman Anderson advised the Sexton that he would like him to contact Ms. Mason and determine the specifics of her request and also to discuss with Finance the specifics of managing the endowment for the next meeting.

X. CITIZENS OPPORTUNITY TO ADDRESS CEMETERY COMMISSION

Guy Berg attended the meeting and introduced himself to the Commission noting his family lots in Section E.

XI. NEXT MEETING: April 12, 2023, at 5:00pm

Chairman Anderson made special note that the next Cemetery Commission meeting will be moved up from our normal meeting date on the fourth Wednesday of the month to Wednesday, April 12, 2023 at 5:00pm at the Cemetery Gatehouse. Due to the date change, this will be considered a "Special" Meeting,

XII. ADJOURNMENT

There being no further business, Chairman Anderson asked for a motion. Commissioner Worobow made a motion to adjourn, seconded by Commissioner Wayne. Motion carried unanimously by voice at 6:58pm.

Respectively Submitted by

Alyssa Williams