

**The City of Lake Forest
FINANCE COMMITTEE
Proceedings of the October 21, 2019 Meeting
6:30 p. m. – City Hall Chambers 220 E. Deerpath**

I. Call to Order and Roll Call

The meeting was called to order at 6:30 p.m. Present: Mayor Pandaleon, Chairman Morris, Aldermen Beidler, Rummel, Notz, Preschlack, Goshgarian, Moreno and Buschmann. Absent: None. Quorum present. There were approximately 12 present in the audience.

Staff present: Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Pete Siebert, Fire Chief; Cathy Czerniak, Director of Community Development; Karl Walldorf, Police Chief; Mike Strong, Assistant to the City Manager and Julie Tappendorf, City Attorney.

Others present: There were approximately 5 people in the audience.

II. Consideration of Minutes from the Finance Committee Meeting Held on July 15, 2019

Alderman Moreno made a motion to approve the minutes from the Finance Committee meeting held on July 15, 2019. The motion was seconded by Alderman Preschlack. The motion carried unanimously by voice vote.

III. City Mission Statement and FY2021 Fiscal Policy

Ms. Elizabeth Holleb, Finance Director stated reviewing the Mission Statement and Fiscal Policy are the initial steps to beginning the budget process. She stated no changes were recommended to the Mission Statement.

Alderman Beidler made a motion to approve the Mission Statement. The motion was seconded by Alderman Goshgarian. The motion carried unanimously by voice vote.

Ms. Holleb reviewed changes to the FY2021 Fiscal Policy discussed at the City Council workshop held on September 16, 2019. The language memorializes the accumulated excess General Fund reserve balances to mitigate potential impacts by the State fiscal crisis and to recognize sufficient reserves have been obtained. She stated the changes recognized the authority of the City Council to approve transferring of General Fund surpluses at fiscal year-end for one-time funding needs.

The Committee discussed the history of the accumulation of excess reserves and uses of reserves for contingency and Public Works projects.

Alderman Rummel made a motion to approve the FY2021 Fiscal Policy. The motion was seconded by Alderman Preschlack. The motion carried unanimously by voice vote.

IV. FY2019 Treasurer's Report

Ms. Diane Hall, Assistant Finance Director stated by State statute the City must compile an annual Treasurer's report that is published in the Lake Forester. She stated the report will be on the City's website and additional vendor reports have been developed to provide easier ways of reading the data. She stated a new weekly check register has been added to the City's website, effective May 1, 2019.

The Committee discussed the location of the Treasurer's report on the City's website.

Ms. Holleb reviewed the weekly check register report located on the City's transparency page.

Alderman Moreno made a motion to acknowledge receipt of the FY2019 Treasurer's Report. The motion was seconded by Alderman Beidler. The motion carried unanimously by voice vote.

V. 2019 Property Tax Levy Estimate

Ms. Holleb reviewed the schedule for approving the 2019 tax levy. She stated by State statute the City is required to adopt a non-binding tax levy estimate, which is used to determine if a public hearing is required. She reviewed the current tax cap of 1.9% for 2019. She stated the City is not required to follow the tax cap, but has adopted an ordinance to follow this requirement except for predetermined circumstances outlined in the ordinance. She reviewed the actuarially determined contributions for Police and Fire pensions. She stated new growth has not been included in the calculation. At this time, this information has not been received from the County. She stated when this is received it will be added to the tax levy estimate and split between the City and Library. She stated most line items have been kept at the 1.9%, except police and fire pension contributions, which are determined by the City's actuary and debt obligations, which amounts were approved within the bond ordinances. She stated the estimated levy increase is 4.59%. She stated the calculation is also used to determine if truth in taxation requirements must be followed.

The Committee discussed the timing of approving the tax levy.

Alderman Rummel made a motion to recommend a non-binding tax levy estimate to be presented at the November 4, 2019 City Council meeting. The motion was seconded by Alderman Preschlack. The motion carried unanimously by voice vote.

VI. GFOA Code of Professional Ethics

Ms. Holleb reviewed what the Government Finance Officers Association (GFOA) represents. She stated the City has received awards for the City's Financial Statements and Budget Document. She stated GFOA reviewed and finalized their Code of Ethics at the 2019 annual conference. Staff is requesting that the Finance Committee endorse the revised code of ethics.

Alderman Moreno made a motion to endorse the GFOA Code of Ethics. The motion was seconded by Alderman Beidler. The motion carried unanimously by voice vote.

VII. Consideration of a Refunding of Existing General Obligation Bonds

Ms. Holleb stated the City has a number of outstanding bond issues. She reviewed a chart showing the different bond issues and the funding sources for each issue. She stated annually the City reviews outstanding issues for opportunities to refinance. She stated a significant number of issues were refunded in 2011. She stated the three SSA areas were refinanced resulting in significant savings to residents in those areas. She presented potential savings net of refunding costs. She stated staff was seeking approval to work with the City's financial advisor and bond counsel to present an Official Statement and bond ordinance at the November 12 Finance Committee.

The Committee discussed any downside to refunding the bonds. The City has the option to not issue the bonds or reject the bids received. The City would start receiving the benefit in FY2021. They discussed how any new debt could affect the City's bond rating.

Ms. Holleb stated staff is working with Speer Financial for alternative models to be presented at the November 12 Finance Committee.

Alderman Rummel made a motion to proceed with preparation for a potential refunding of a portion of the City's outstanding General Obligation Bonds. The motion was seconded by Alderman Beidler. The motion carried unanimously by voice vote.

VIII. Other Business

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- 1) September 2019 Flash Report – No discussion.
- 2) Included on the City Council agenda revisions to the City's investment policy – No discussion

IX. Opportunity for the Public to Address the Finance Committee: No comments were made

X. Adjournment

There being no further business, Alderman Moreno moved, seconded by Alderman Buschmann, to adjourn the meeting at 6:51 p.m. The motion carried unanimously by voice vote.

Respectfully Submitted,

Diane Hall
Assistant Finance Director