

**The City of Lake Forest  
FINANCE COMMITTEE  
Proceedings of the July 20, 2020 Meeting  
6:30 p. m. – Remote Access Meeting**

**I. Call to Order and Roll Call**

The meeting was called to order at 6:30 p.m. by Chairman Morris. Present: Chairman Morris, Mayor Pandaleon, Aldermen Karras, Rummel, Notz, Preschlack, Goshgarian, Buschmann and Weber. Absent: None. Quorum present. There were approximately 34 present in the audience.

Staff present: Jason Wicha, City Manager; Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Kurt Asprooth, City Attorney; Michael Thomas, Public Works Director; Cathy Czerniak, Director of Community Development; Karl Walldorf, Police Chief; Jim Shaw, Director of Innovation Technology; Peter Siebert, Fire Chief; DeSha Kalmar, Director of Human Resources and Sally Swarhout, Parks and Recreation.

Others present: There were approximately 23 people in the audience.

**II. Consideration of Minutes from the Finance Committee Meeting Held on April 20, 2020**

Alderman Rummel made a motion to approve the minutes from the Finance Committee meeting held on April 20, 2020. The motion was seconded by Alderman Preschlack. The motion carried unanimously by roll call vote.

**III. Annual Report of the Cemetery Commission**

Mr. Dennis O'Brien Cemetery Commission Chair stated in FY20, the restoration of the Barrel Gate was completed utilizing Cemetery funds. He reviewed the Commission's Mission Statement and Investment Policy. He stated assets increased by 2.95% over the previous year. He reviewed a comparison of allocations of investments from 2008 to 2020. He stated the Cemetery will be moving to Phase 2 of the Memorial Gardens and will be contacting the City to discuss financing options. He stated the Cemetery does not have any outstanding debt with the City.

The Committee discussed the reason cash does not have a policy range. Mr. O'Brien was unable to hear the question.

Ms. Elizabeth Holleb, Finance Director stated a cash policy range is not included the Cemetery investment policy. She stated that she would provide a response from Mr. O'Brien to the Committee.

**IV. Investment Presentation – Police Pension Fund**

Mr. Doug Oest of Marquette Associates provided an overview of the firm. He stated the approach used is to avoid down side risk. He reviewed the current asset allocation as compared to policy and the history of asset allocations from 2007 to the present. He reviewed the annualized net of fee performance. He stated investment values at the end of FY20 were lower, but started to recover in May and June. He reviewed 2020's 1<sup>st</sup> quarter volatility and how the Police Pension performed in comparison to other public pension funds.

The Committee discussed risk management and how the fund is structured conservatively to trend better in downward trends.

The Committee inquired of Ms. Holleb what the estimated rate of return to maintain to keep the City on track for funding levels.

Ms. Holleb stated the Pension sub-committee had met earlier in the day to review the annual actuary report. She stated gains and losses are smoothed over 5 years to mitigate larger swings in

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returns. She stated the sub-committee is recommending reducing the interest rate assumption to 6.5%.

The Committee discussed legislation approved to consolidate pension funds. The sub-committee is considering the consolidation, as it will result in lower fees to the pension fund. Ms. Holleb has been appointed by the Governor to be on the police transition board for the state.

**V. Investment Presentation – Fire Pension Board**

Ms. Mary Tomanek of Graystone Consulting reviewed the history and experience with the City. She thanked the City Council for the City's commitment to provide funding for the City's pension funds. She stated the net return was 2.63% at the end of FY20 and is currently up by 4.99%. She reviewed the methodology used to diversify assets. She reviewed forecasts for equities as an opportunity.

**VI. FY2022 Budget Calendar**

Ms. Holleb stated discussion on the FY22 budget would be starting in September. She stated the annual capital meeting would be on November 9, 2020 and the operating budget discussion would be on March 8, 2021. She stated no changes in process are recommended. She stated at the September City Council workshop, staff would be requesting input on the capital plan development.

Alderman Notz made a motion to approve the FY2022 Budget Calendar. The motion was seconded by Alderman Preschlack. The motion carried unanimously by roll call vote.

**VII. Other Business**

June 2020 Flash Report – No discussion

July 20, 2020 City Council Agenda FY21 Appropriation Ordinance and Rollovers – No discussion

**VIII. Opportunity for the Public to Address the Finance Committee**

Chairman Morris provided instructions to the Public to provide comment.

Mr. Mike Mounts, Fire lieutenant on the Fire Pension Board – discussed state consolidation of Fire Pension Funds.

**IX. Adjournment**

There being no further business, Alderman Weber moved, seconded by Alderman Preschlack, to adjourn the meeting at 7:22 p.m. The motion carried unanimously by roll call vote.

Respectfully Submitted,

Diane Hall  
Assistant Finance Director