

**The City of Lake Forest
FINANCE COMMITTEE
Proceedings of the July 19, 2021 Meeting
6:30 p. m. – Remote Access Meeting**

I. Call to Order and Roll Call

The meeting was called to order at 6:33 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 30 present in the audience.

Staff present: Jason Wicha, City Manager; Elizabeth Holleb, Finance Director; Diane Hall, Assistant Finance Director; Cathy Czerniak, Director of Community Development; Jim Shaw, Director of Innovation Technology; Peter Siebert, Fire Chief; Sally Swarthout, Director of Parks and Recreation; Karl Walldorf, Chief of Police; Mike Strong, Assistant City Manager; Chuck Myers, Superintendent of Parks and Recreation and Julie Tappendorf, City Attorney

Others present: There were approximately 19 people in the audience.

Alderman Morris provided a statement as required by the Open Meetings Act regarding the decision to hold the Finance Committee Meeting remotely.

II. Consideration of Minutes from the Finance Committee Meeting Held on April 19, 2021

Alderman Notz made a motion to approve the minutes from the Finance Committee meeting held on April 19, 2021. The motion was seconded by Alderman Weber. The motion carried unanimously by roll call vote.

III. Annual Report of the Cemetery and Revised Investment Policy

Mr. John Anderson, Cemetery Commission Chair reviewed the Commission's Mission Statement. He reviewed proposed changes to the investment policy, to be approved at the City Council meeting. Most changes were minor and formalized current practices. Investments increased by 40.5%. Investments benefited from the pandemic rebound. Cash held in the City's bank account covers operating costs. Capital projects were reviewed including ravine restorations and Memorial Garden Phase II. The Memorial Garden is anticipated to begin work the second half of the fiscal year.

IV. Investment Presentation – Police Pension Board

Mr. Doug Oest of Marquette Associates reviewed the approach of maintaining low fees and to avoid risk. A comparison of investment allocations to investment targets was reviewed. The portfolio increased 25.3%. The increase was held back by real estate investments. The current fee structure was reviewed

V. Investment Presentation – Fire Pension Board

***This item was heard earlier in the meeting

Ms. Mary Tomanek of Graystone Consulting stated the funds did very well. Net investments increase 28.26%. Assets are allocated between fixed and variable. The annual income on the portfolio is used to pay the monthly benefits. The market remains volatile and is being watched closely to make adjustments if needed.

The Committee discussed risk perspective when evaluating mutual funds. The Committee requested the data used in the comparison to the Total Fund Index.

Mr. Mike Mounts, Fire Pension Board stated Mary has been great to work with. The fund is doing very well as the time to transition to the consolidated fund is scheduled for November 1, 2021. An

Finance Committee Meeting
Minutes – July 19, 2021

outstanding question to be discussed is the cash flow to provide the monthly benefit payments for annuitants.

The Committee discussed the City transferred \$500k in excess reserves to each pension fund at the end of fiscal year 2020. Excellent returns were generated on the additional contributions.

VI. Public Safety Pension Consolidation

Ms. Elizabeth Holleb, Finance Director provided an overview of the process to consolidate individual Police and Fire pension plan investments under two statewide plans. The two plans will not be state plans, and will be similar to Illinois Municipal Retirement Fund. Local pension boards will continue to administer benefits for pension members. All assets are to be transferred by June 30, 2022. Additional audits will be conducted for the transition. Lake Forest Fire assets are scheduled to transfer November 2021. Lake Forest Police transfer has not been scheduled. The new boards will be required to provide a number of reports to each municipality.

The Committee discussed what responsibilities the current Lake Forest pension boards will retain. They will continue to approve benefits. The consolidated boards will maintain the allocation of investments to different investment categories. This will expand available opportunities for investing. Illinois is the first state to consolidate local plans into a consolidated plan.

VII. 2021 Bond Refunding

Ms. Holleb stated the City's 2013 bonds are callable December 15, 2021. The item will be on City Council agenda for first reading later in the evening. There are concerns of interest rates rising, therefore staff is recommending moving forward to take advantage of current rates.

VIII. FY2023 Budget Calendar

Ms. Holleb stated the next Finance Committee meeting will be in October. At that time, staff will have begun work on revenues and capital. No changes are recommended for the budget process. The capital budget workshop is scheduled for November 8, 2021 and the operating budget workshop is scheduled for March 14, 2022.

Alderman Preschlack made a motion to approve the FY2023 budget calendar. The motion was seconded by Alderman Rummel. The motion carried unanimously by roll call vote.

IX. Other Business

- 1) June 2021 Flash Report – No discussion
- 2) July 19 City Council Items – No discussion

X. Opportunity for the Public to Address the Finance Committee

Chairman Morris provided instructions to the Public to provide comment.

No one from the audience desired to address the Finance Committee.

XI. Adjournment

There being no further business, Alderman Rummel moved, seconded by Alderman Weber, to adjourn the meeting at 7:36 p.m. The motion carried unanimously.

Respectfully Submitted,

Diane Hall
Assistant Finance Director