

FINANCE/AUDIT COMMITTEE MEETING

**MONDAY, JUNE 29, 2022
6:00 PM**

Alderman Mayfield called the meeting to order.

Present: Jackson, Mayfield, Evans, Murphy (via Zoom)

Absent: Smith, January, Allen

I. DISCUSSION/REVIEW OF INVESTMENT POLICY:

Alderman Mayfield explained the investment policy hasn't been released as of yet until after discussion.

City Clerk, Lori Collins announced that Alderman Murphy had joined by zoom.

Dave Kilbane, Interim Chief of Staff explained had met with the council members. It was pertinent to ensure everyone was in sync with mainly the finances how they were handled. The City Council members had adopted in the budget; a 1-year 5-year forecast. He stated had discussed the issue with some of the council members with the Capital Plan. It was essential how the money was invested/spent and the reading of treasurer's report. The majority of the council members was unaware. It was crucial understanding the city finances; the elected officials and staff needed to be aligned with their expenditures. He clarified that City Council needed to understand the role to approve the investment policy how it was spend; financials should be reviewed how money to be invested. "Safety was first."

Mr. Kilbane stated that an investment policy would assist them to fully understand it thoroughly and internal control.

Attorney Adam Simon explained his definition of internal control and its mechanisms.

Alderman Evans suggested that the Council read the investment policy to fully understand it and secondly, he questioned if an error with the investments; Attorney Simon clarified there was many turnovers in the Finance department; a new comptroller and newly elected Treasurer. It was important to communicate/coordinate with one another. The investment needed to match the 5-year financial forecast and the budget. The proposed policy would help those in the role of expenditures and custody in investments required to cooperate to be successful and continued in place. There were short-term municipal bonds purchased and elaborated further.

Chief of Staff explained the final decision was up to the council members if no changes to the policy. He questioned where was the assurance to the council to ensure verification of the investments, meeting the liquidity needs and proper communication; also to ensure if it was a legal transaction.

Alderman Mayfield clarified that the Treasurer had previous submitted an investment policy in **November 2021** due to the budget and there was a checklist. Mr. Kilbane, explained that he preferred that Council understood and there should be a checklist. He strongly expressed the former Interim Comptroller wasn't aware of the position. The policy proposing was attempting to build a framework, adopting separation of controls if one individual has too many tasks. Once a policy was in place there would be responsibilities.

Alderman Evans questioned clarification and Attorney Simon explained it was ensuring that they communicate and necessary coordination. Alderman Evans asked if the City was in error many years until now. Attorney Simon explained.

Treasurer, Vance Wyatt explained had acquired Municipal Bonds was asked from a council member **September 2021**. He sent municipal bonds via State Statute; he clarified never had met with Mr. Kilbane regarding the investments; the backup documents were sent to the Comptroller's Office on a monthly basis and established a share drive. He emphasized that he was not to reconcile the docs that was the duty of the Assistant Comptroller, Tawanda Joyner after the former employee had left leaving the office down in the interim. He had reached out to Sikich, former Auditor, mentioned Park District(s) and School District(s); he strongly mentioned hadn't purchase any of the bonds that were due in **October/November 2021**. The long-term investment was handled in North Chicago First Midwest Bank. He clarified had issues with current policy and a potential or current loss to comply accordingly. He also added had previously sent his investment Policy to council members and wasn't against a policy.

Alderman Mayfield directed Mr. Kilbane to provide a quick overview for Alderman Evans. She explained why they gathered and to discuss the pros and cons of the investment policy.

Mr. Kilbane emphasized ensuring the Mayor and council members were protected. It was pertinent that they understood the Treasurer Report. The Legislative Body established rules, some assurance and mechanism to hold the individual accountable. There was too much trust and not enough accountability resulting in errors.

Treasurer Wyatt clarified an estimated million dollars loss to comply with policy.

Mr. Kilbane continued the policy was ensuring the Mayor and council members were protected. They were the Legislative Body that established rules, some assurance and mechanism to hold someone accountable. It was the council member's policy needing to become more pro-active.

Mr. Wyatt explained there was an appreciation in the current bond market. There was no bank Resolution that he recommended.

Alderman Mayfield stated the Audit Report reflected lack of control. Mr. Wyatt explained never had the chance to review with the Comptroller. He reflected the investment policy was concerning the transfers and separated from discussion.

A resident (Jennifer Beaudion) asked if there were no general reliable controls at this time. Attorney Simon explained they were engaged in a policy to memorialize the best practices.

Alderman Evans left the Meeting at 6:50 p.m.

Mr. Kilbane introduced the Investment Policy and stated that it required the Treasurer and Comptroller to work together for transparency. Alderman Jackson questioned if the checklist of the Investment Policy was agreed with both the Comptroller and Treasurer. Treasurer Wyatt explained the Illinois Fund Rate and wording of current rate would be different.

Alderman Jackson explained that it was Council's due diligence to contact the Treasurer and Comptroller of understanding the reports.

Alderman Murphy (via Zoom) clarified understanding of the process; the information provided was acceptable. The Comptroller and Treasurer reviewed the policy's verbiage during the meeting and agreed with discussed changes.

II. DISCUSSION OF BOND PURCHASES

Discussed with Item I.

Alderman Jackson moved, seconded by Alderman Murphy that Finance/Audit Committee Meeting stand adjourned.

ROLL CALL:

Ayes: Jackson, Mayfield, Evans, Murphy

Nays: None

Absent: Allen, Smith, January

The meeting adjourned at 8:33 p.m.