



Finance & Budget Committee
Tuesday, September 13 - 6:00 – 7:30pm
Google Meet joining info
Video call link: <https://meet.google.com/pzt-frez-sue>
Or dial: (US) +1 484-452-4662 PIN: 847 694 595#
More phone numbers: <https://tel.meet/pzt-frez-sue?pin=9520637554111>

AGENDA

Page

1. CALL TO ORDER/DECLARATION OF A QUORUM

2. PUBLIC COMMENT

3. APPROVAL OF MINUTES

- A. **Approval of the August 9, 2022 Finance & Budget Committee Minutes** 3 - 5
[Finance and Budget Committee - Aug 09 2022 - Minutes - Pdf](#)

4. CONSIDERATION

- A. **Auditing Services Extension** 6 - 7
Staff requests a recommendation by the committee to the City Council to extend an agreement with Sikich, LLP for three more years considering the current volatile market conditions and their vast experience in auditing government clients in Illinois. Sikich, LLP has agreed to perform this work with a 3% increase for 2022, 4% for 2023 and a 4% increase for 2024.

Total payment for the 2022 audit (to be made in 2023) would be \$107,890 compared to \$103,740 for the 2021 audit.

Funding will be provided from the General Fund (Account 100.15.1570.62110). For FY 2023, \$110,000 will be budgeted for Auditing services.

For Action

[Auditing Services Extension - Attachment - Pdf](#)

5. DISCUSSION

- A. **GO Bond v/s Line of Credit for CIP projects** 8 - 12
[Line of Credit v GO Bond](#)
- B. **Pension Actuarial Valuations**
- C. **Status of General Fund Balance**
Staff will review the projected 2022 surplus for the General Fund.
- D. **Status of remaining 2022 Property Taxes**
- E. **2023 Key Budget Calendar dates** 13
Staff will review 2023 Budget Timeline and provide a brief overview of how the Comp Study and Union Contract negotiations affect it.
[2023 Budget Calendar](#)
- F. **Status of Repairs Fund**

6. ADJOURNMENT



City of
Evanston™
MINUTES

Finance and Budget Committee

Tuesday, August 9, 2022 @ 6:00 PM

Virtual

**COMMITTEE MEMBER
PRESENT:**

Shari Reiches, Resident, David Livingston, Resident, Leslie McMillan, Resident, Bobby Burns, Councilmember, Devon Reid, Councilmember, and Clare Kelly, Councilmember

**COMMITTEE MEMBER
ABSENT:**

Melissa Wynne, Councilmember and Jonathan Nieuwsma, Councilmember

STAFF PRESENT:

Jessica Tapia, Finance Analyst, Hitesh Desai, Chief Financial Officer/Treasurer, and Clayton Black, Budget Manager

1. CALL TO ORDER/DECLARATION OF A QUORUM

Chair David Livingston called the meeting to order at 6:05 PM.

2. PUBLIC COMMENT

None.

3. APPROVAL OF MINUTES

Minutes approved.

A. Approval of the July 12, 2022 Finance & Budget Committee Minutes

Minutes approved.

4. CONSIDERATION

A. ARPA Wage Reimbursement (Revenue Replacement) for Evanston Firefighters

Interim Deputy City Manager, David Stoneback mentioned that Union contract negotiations happen within the City Manager's office and should remain there. Fire Union president, Billy Lynch, presented on this topic and did not consider this item as part of contract negotiations. Several members of the committee expressed support for reimbursement to firefighters through allocating Floating Holiday hours. Firefighters could either take the scheduled day off or take a cash equivalent of those hours. This pay amounts to \$440,000 that would be paid out over the course of three years. This reimbursement would be funded by ARPA from the

Revenue Replacement category. Staff and the City Council will work on the details as to how this will be paid out. The committee moved this referral to City Council.

For Recommendation to City Council

Moved by Councilmember Reid
Seconded by Councilmember Kelly

Ayes: Committee Member Reiches, Committee Member Livingston,
Councilmember Burns, Councilmember Reid, and Councilmember Kelly
Carried 5-0 on a recorded vote

B. Establishing a Payment in lieu of taxes (PILOT) Program Task Force

Councilmember Kelly requests that the Finance and Budget Committee recommend establishing a Payment in lieu of taxes (PILOT) Task Force to the City Council for consideration

Moved by Councilmember Reid
Seconded by Councilmember Kelly

Ayes: Committee Member Reiches, Committee Member Livingston,
Councilmember Burns, Councilmember Reid, and Councilmember Kelly
Carried 5-0 on a recorded vote

5. DISCUSSION

A. Annual Comprehensive Financial Report 2021

Auditors, Dan Berg and Martha Trotter from Sikich, presented the Annual Comprehensive Report 2021 for the City of Evanston. The City of Evanston received the Certificate of Achievement for Excellence in Financial Reporting from the GFOA, which is the highest award a municipality can receive for its report. Martha Trotter first pointed out the Management Discussion & Analysis, which summarizes the overall ACFR. She also stated that they issues a "clean and unmodified opinion", this is the highest level of assurance auditors can provide on the financial statements. The auditors thanked the finance and accounting staff for providing full cooperation throughout the audit process.

B. Discussion on Solid Waste Fund Status

Deputy City Manager, David Stoneback presented on this topic and sought direction from the committee on how to supplement the Solid Waste Fund. The Solid Waste fund has had a history of a negative fund balance and unless revenues increase in 2023, the fund will realize a loss in fund balance. The revenues from this fund come from the service charges placed on the containers for solid waste in addition to some property tax revenue. Staff is projecting a negative fund balance of \$232,048 by the end of 2022. Deputy City Manager Stoneback presented a couple of scenarios that could bring the fund into the positive. One scenario would be to increase service charges by 11% in 2023. Another scenario would be

to increase service charges over the course of two years. There would be an approximately 6% increase in both 2023 and 2024. The third option would be to slightly increase property taxes in 2022 (revenues to be collected in 2023). Councilmember Reid commented that the City Council would likely vote against this option. The final option presented by staff was a one million dollar fund balance transfer from the General Fund to Solid Waste and a single 3% service charge increase in 2023. There was a general consensus amongst the members of the committee that the last option presented would be the best option for City Council to approve.

C. Line of credit

Chief Financial Officer, Hitesh Desai presented on this topic. CFO Desai stated that Cook County Property Tax disbursements would be delayed for a couple of months which would require the city to obtain a line of credit. Cook County is offering financing options for communities that have a lower bond rating than them. The City of Evanston would not qualify for this financing due to its bond rating being higher than Cook County's. A \$15,000,000 line of credit would be issued for both the delayed property taxes and CIP. CFO Desai inquired with couple of local banks that would issue the line of credit with a variable interest rate.

D. Mid-year Financials as of 6/30/22

This item was presented to City Council on August 8, 2022.

6. ADJOURNMENT

Chair David Livingston adjourned the meeting at 8:37 PM



Memorandum

To: Members of the Finance and Budget Committee
From: Hitesh Desai, Chief Financial Officer/Treasurer
Subject: Auditing Services Extension
Date: September 13, 2022

Recommended Action:

Staff requests a recommendation by the committee to the City Council to extend an agreement with Sikich, LLP for three more years considering the current volatile market conditions and their vast experience in auditing government clients in Illinois. Sikich, LLP has agreed to perform this work with a 3% increase for 2022, 4% for 2023 and a 4% increase for 2024. Total payment for the 2022 audit (to be made in 2023) would be \$107,890 compared to \$103,740 for the 2021 audit.

Funding Source:

Funding will be provided from the General Fund (Account 100.15.1570.62110). For FY 2023, \$110,000 will be budgeted for Auditing services.

Committee Action:

For Action

Summary:

Pursuant to Illinois Municipal Code Section 65 ILCS 5/8-8-3, municipalities having a population of 800 or more or having bonded debt or owning any type of public utility shall be audited annually. In 2016, the City Council approved a four-year contract for auditing services to Sikich, LLP followed by a two-year extension in 2019. Sikich LLP just concluded City's FY 2021 Audit with a clean unqualified opinion.

Sikich, LLP has hundreds of audits in Illinois including the audits for cities, villages, park districts, libraries, community colleges etc. They have vast and experienced pool of talent and resources in the field of government accounting and auditing. The city could continue to use their technical expertise in the field of auditing considering on- going changes in reporting requirements.

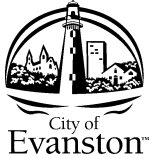
Some of their big clients are Aurora (20+), Elgin (19+), Naperville (15+), Oak Park (19+), Elmhurst (21+) and Palatine (18+). Sikich, LLP has agreed to perform the 2022-2024 audit with minimal increases. The proposed fees for next three years are as follows:

Sikich LLP / Prado Renteria	FY 2022 Audit	FY 2023 Audit	FY 2024 Audit
Audit of the Financial Statements	\$78,850		
TIF Report	2,925		
Single Audit Report	14,615		
Illinois Comptroller's Report	1,050		
Audit Report writing	10,450		
	\$107,890	\$112,206	\$116,694

Besides, in a recent survey of change in auditors, it seems that most of the communities have been with the same auditors for a reasonably long time.

Arlington Heights	Three years ago.
Barrington	More than 20 years ago.
Bartlett	2015
Evanston	7 years ago.
Glencoe	15 years ago.
Grayslake	Approximately 5 years ago.
Highland Park	2012
Hoffman Estates	For FY2019 audit.
Lake Forest	2016
Lincolnshire	2018
Lincolnwood	March 2022
Morton Grove	2016
Mount Prospect	2021
Park Ridge	2019
Streamwood	2013
Winnetka	2007 - was the last year we switched firms. We rotated the partner in charge of the audit this past year.

FOR DISCUSSION



Memorandum

To: Honorable Chair and members of Finance and Budget Committee

From: Hitesh Desai, CFO/Treasurer

Subject: Line of Credit v/s GO Bonds rate

Date: August 29, 2022

Recommended Action:

Staff seeks direction from the committee as to funding 2022 CIP projects.

Summary:

This item was discussed at the last Finance and Budget Committee meeting. Staff was directed to come up with financing options available for CIP projects. Attached are couple of line of credit offers as well as Go bonds rate environment (as of early September). Overall interest rates in all options range from 3.60% to 4.00%.

For a line of credit, as of this memo date, 30-day SOFR term rate is 2.45% resulting in a final rate of 3.65% for Byline Bank. While the same final rate for Wintrust Bank is estimated at 3.82%.

Besides, as of July, CIP fund has a fund balance of \$11 million.

August 18, 2022

Mr. Luke Stowe, City Manager
City of Evanston
2100 Ridge Ave.
Evanston, IL 60201

Dear Luke:

Byline Bank ("Bank") is pleased to present the following terms for a new one year unsecured, revolving line of credit to the City of Evanston ("Borrower"). The Bank appreciates the opportunity to continue our long, mutually beneficial relationship. Terms and conditions of the commitment are outlined below:

Borrower: City of Evanston

Loan Amount: \$15,000,000

Term: 1 year

Purpose: Working Capital

Rate: 30 Day SOFR + 120 B.P.

Repayment: Interest monthly on outstanding balance; Principal at Maturity

Fees: No closing or unused commitment fees

Reporting Requirements: Audited Financial Report Annually

Covenant Requirements:

- 1) City of Evanston General Obligation Bonds to remain AA- (S&P and Fitch) rating or better.
- 2) Borrower will maintain current depository and treasury management relationship with the bank for term of loan
- 3) Borrower will maintain depository balances of no less than \$25,000,000 at all times.

Terms & Conditions Precedent:

Minutes reflecting city's approval for establishment of line of credit and designation of authorized signer(s) for associated loan documents will be provided. An opinion letter will be furnished by the City confirming that terms and conditions, as well as authorized signers for loan documents, have been approved as appropriate.

Bank documents to be reviewed by outside counsel.



Byline Bank

820 Church Street
Evanston, IL 60201

847 733 7400
bylinebank.com



City of Evanston
Page Two

The Bank thanks you for the opportunity to extend this line. If the terms of this commitment are acceptable to you, please sign below, where indicated by September 20th, 2022. Please call with any questions you may have regarding the outlined terms.

Sincerely,

BYLINE BANK

By: 

Karen J. Hunt
Senior Vice President

ACCEPTED AND ACKNOWLEDGED:

City of Evanston

By: _____

Luke Stowe, City Manager, City of Evanston



Byline Bank

820 Church Street
Evanston, IL 60201

847 733 7400
bylinebank.com



Wintrust Bank, N.A.
Indicative Terms to Provide
The City of Evanston
With a Working Capital Line of Credit for Up to \$15,000,000
August 30, 2022

Facility: Non-Revolving Line of Credit for up to \$15,000,000 to finance working capital

Term: March 15, 2022 (“Maturity”)

Availability: Funds may be drawn on the Facility through October 17, 2022

Repayment: Draws on the Facility shall be due and payable at Maturity. The City’s repayment obligation shall be a general obligation payable from all available funds.

Fees: We do not plan to charge fees, such as origination, facility or non-usage fees.

Interest: Interest shall be fixed and payable at maturity, as described below:

Taxable: The yield on the comparable term Treasury obligation prevailing shortly before the Facility funds plus 0.50%. Today’s indicative rate is 3.82%.

Tax-Exempt: 91% of the Taxable Rate. Today’s indicative rate is 3.48%.

Depository Balances: The City will maintain at least \$20,000,000 in balances at the Bank during the term of the Facility.

Documentation: The Bank is prepared to document the Facility using its standard loan documentation for commercial loans

Legal: The City shall engage at its expense counsel who shall provide the Bank with an opinion that draws on the Facility are a general obligation of the City payable from all available funds. If the City wishes to borrow on a tax-exempt basis, the City shall furnish the Bank with an opinion that under current law, draws on the Facility are federal tax-exempt.

For Discussion Only: These Indicative Terms are offered for discussion purposes only and are not a commitment of Wintrust Bank, Wintrust Financial or any of its other affiliates. A commitment would require credit approval, which has not been obtained. These Indicative Terms replace Indicative Terms offered July 28, 2022. Terms are subject to change with evolving market conditions.

Expiration: This offer shall expire September 16, 2022 if the City has not provided the Bank with its written acceptance and October 17, 2022 if the Facility has not funded.

Accepted By: _____

Name and Title: _____

Date: _____

Preliminary, as of September 2, 2022

City of Evanston, Cook County, Illinois

General Obligation Corporate Purpose Bonds, Series 2022

Dated: November 16, 2022 / Callable: December 1, 2032 @ Par

Preliminary

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/16/2022	-	-	-	-	-
06/01/2023	-	-	369,552.08	369,552.08	-
12/01/2023	385,000.00	5.000%	341,125.00	726,125.00	1,095,677.08
06/01/2024	-	-	331,500.00	331,500.00	-
12/01/2024	435,000.00	5.000%	331,500.00	766,500.00	1,098,000.00
06/01/2025	-	-	320,625.00	320,625.00	-
12/01/2025	455,000.00	5.000%	320,625.00	775,625.00	1,096,250.00
06/01/2026	-	-	309,250.00	309,250.00	-
12/01/2026	480,000.00	5.000%	309,250.00	789,250.00	1,098,500.00
06/01/2027	-	-	297,250.00	297,250.00	-
12/01/2027	505,000.00	5.000%	297,250.00	802,250.00	1,099,500.00
06/01/2028	-	-	284,625.00	284,625.00	-
12/01/2028	530,000.00	5.000%	284,625.00	814,625.00	1,099,250.00
06/01/2029	-	-	271,375.00	271,375.00	-
12/01/2029	555,000.00	5.000%	271,375.00	826,375.00	1,097,750.00
06/01/2030	-	-	257,500.00	257,500.00	-
12/01/2030	580,000.00	5.000%	257,500.00	837,500.00	1,095,000.00
06/01/2031	-	-	243,000.00	243,000.00	-
12/01/2031	610,000.00	5.000%	243,000.00	853,000.00	1,096,000.00
06/01/2032	-	-	227,750.00	227,750.00	-
12/01/2032	640,000.00	5.000%	227,750.00	867,750.00	1,095,500.00
06/01/2033	-	-	211,750.00	211,750.00	-
12/01/2033	675,000.00	5.000%	211,750.00	886,750.00	1,098,500.00
06/01/2034	-	-	194,875.00	194,875.00	-
12/01/2034	705,000.00	5.000%	194,875.00	899,875.00	1,094,750.00
06/01/2035	-	-	177,250.00	177,250.00	-
12/01/2035	740,000.00	5.000%	177,250.00	917,250.00	1,094,500.00
06/01/2036	-	-	158,750.00	158,750.00	-
12/01/2036	780,000.00	5.000%	158,750.00	938,750.00	1,097,500.00
06/01/2037	-	-	139,250.00	139,250.00	-
12/01/2037	820,000.00	5.000%	139,250.00	959,250.00	1,098,500.00
06/01/2038	-	-	118,750.00	118,750.00	-
12/01/2038	860,000.00	5.000%	118,750.00	978,750.00	1,097,500.00
06/01/2039	-	-	97,250.00	97,250.00	-
12/01/2039	900,000.00	5.000%	97,250.00	997,250.00	1,094,500.00
06/01/2040	-	-	74,750.00	74,750.00	-
12/01/2040	950,000.00	5.000%	74,750.00	1,024,750.00	1,099,500.00
06/01/2041	-	-	51,000.00	51,000.00	-
12/01/2041	995,000.00	5.000%	51,000.00	1,046,000.00	1,097,000.00
06/01/2042	-	-	26,125.00	26,125.00	-
12/01/2042	1,045,000.00	5.000%	26,125.00	1,071,125.00	1,097,250.00
Total	\$13,645,000.00	-	\$8,295,927.08	\$21,940,927.08	-

Yield Statistics

Bond Year Dollars	\$165,918.54
Average Life	12.160 Years
Average Coupon	5.0000000%
Net Interest Cost (NIC)	4.1409436%
True Interest Cost (TIC)	3.8691686%
Bond Yield for Arbitrage Purposes	3.4162900%
All Inclusive Cost (AIC)	3.9210115%

IRS Form 8038

Net Interest Cost	3.6273001%
Weighted Average Maturity	12.208 Years

Series 2022 PRLM 9.2.2022 | SINGLE PURPOSE | 9/ 2/2022 | 9:47 AM

2023 Budget Calendar

