



**THE CIVIC FEDERATION  
BOARD OF DIRECTORS MEETING  
\*MINUTES\***

**Thursday, October 7, 2021**

**9:00 a.m.**

**In-Person: 110 N. Wacker Dr., 3rd Floor**

**Remote via Zoom**

- Trustees:** Elizabeth Betten, Andrew Bluhm, Lew Collens, William Kunkler
- Members:** Steven Abbey, Daniel Allen, Allan Ambrose, Scott Bremer, Whitney Carlisle, Cason Carter, Jonathan Casiano, Richard Ciccarone, Nancy Clawson, Elizabeth Coolidge, Jason Coyle, Omar Daghestani, Barrett Davie, Jennifer Fredericks, Stephen Friedman, Charles Gardner, Daniel Goldwin, Philip Hildebrandt, Nicholas Jordan, Rebekah Kohmescher, Betty Latson, Daniel Leary, Larry Lewis, William Mack, James Maurer, Scott Metcalf, **Monica Mueller**, Clare Muñana, Michael O'Brien, Gregory O'Leary, Donovan Pepper, Neil Pritz, David Reifman, Anthony Reinhart, Jason Rudis, Rebekah Scheinfeld, Joseph Seliga, Brian Septon, Matthew Summy, Kent Swanson, Matthew Szafranski, Carol Thompson, Kathy Thompson, Simon Wlodarski, Jill Wolowitz
- Council:** Myer Blank, Dominic DeCoster, Peter Glick, Donald Haider, Rahul Kalsi, Paul Lipinski, Liza Pappas, Judson W. Smith, Keith Staats
- Staff:** Jennifer Betzen, Katy Broom, Roland Calia, Lauracyn Duncan, Carol Frenda, Jaye Hobart, Karina Magana, Annie McGowan, Laurence Msall, Alana Warren, Sarah Wetmore
- Guests:** Jennie Bennett, Connor Brashear, Sarah-Anne Hughes, Sharon Lewis, Mikki Matthews, Larry Richardson, Zayn Saifullah

- I. Welcome & Introduction:** Civic Federation Chair Monica Mueller called the meeting to order at 9 a.m. Civic Federation President Laurence Msall called the roll. Members approved the minutes from the September 9, 2021 meeting.

Civic Federation Chair Monica Mueller said the Past Chairs Council would serve as the nominating committee this year. The Committee would oversee recommending a slate of officers and members for the upcoming Annual Meeting. Members approved a motion to have the Past Chair's Council serve as the Nominating Committee.

**II. Remarks from the guest speaker:** Civic Federation President Laurence Msall Introduced the guest speaker, City of Chicago Chief Financial Officer Jennie Huang Bennett. CFO Bennett began by introducing herself and said she would be speaking to the group about Chicago's FY 2022 budget.

CFO Bennett said FY2022 is an important year since the City has seen a loss of 15% of the City's corporate budget. Pensions, she said, are where every conversation begins. For the first time in the City's history, they are funding the entire employer contribution. Before the pandemic hit there was already a \$1 billion increase in employer contributions. Contributions are projected to increase the funded status by 3% between now and 2023. She also said the City of Chicago is going to use taxes paid by the new casino to pay police and fire department pensions. Also used to pay pensions will be the revenue from increased property and water/sewer taxes.

CFO Bennett announced that this is the third year the City of Chicago has not used scoop-and-toss to close its budget gap. She projected total City debt will be cut \$1.5 billion by 2025. CFO Bennett added that moderating pension and debt liabilities would be one of the key factors in making this happen.

She went on to say the City of Chicago has maintained its reserves which currently are \$1 billion dollars. This is twice (in percentage) the amount other major cities hold. Bennett added that the City of Chicago did not have to tap into their reserves during the pandemic.

According to Bennett, the City's path toward a balanced budget included finding solutions to existing problems. Among these solutions was negotiating better hospital rates, providing \$12 million to improve contract management, and increased closure of non-litigating claims. Also, a result of the FY2022 budget was the creation of a mandatory three-part driving test for police officers. The Mayor's focus is on implementing true reform measures said CFO Bennett.

She added that financial metrics are looking good for the City. FY2022 is a year to make a significant impact on the City's recovery, primarily because of American Rescue Plan Act (ARPA) funds. Of the total budget funds, \$1.3 billion will be designated to essential services. \$1.2 billion of total budget funds will be designated toward priority areas and include funding for mental health access, youth jobs and programming, affordable housing, homelessness support, community development and arts and culture, to name a few.

This budget also extends work from Invest South/West, which has already generated more than a quarter of billion dollars in total project costs and has put \$750 million-dollars into 10 underserved community areas on the South and West sides.

Public safety was another core area with more than \$400 million being invested in community safety projects. Along with this is the cleanup of one-third of the city's vacant lots, for which the city has budgeted \$751 million.

CFO Bennett said that tracking not only social but also economic outcomes is an important part of this year's budget. Given that approximately 25,000 homes are being provided with broadband and 3,000 vacant lots will be cleaned up, the City needs to keep track of the economic impact this creates.

CFO Bennett concluded by saying that federal ARPA revenues are one-time in nature, so projects will be one-time as well. Investments that can be continued will be examined. In all, she believes the tide has begun to turn for Chicago's finances.

**III. Questions and Answers:** Kent Swanson began by asking what the progression of the City's budget shortfall was over the course of the pandemic. CFO Bennett said that in 2021 during the depths of the crisis the City was experiencing a loss in revenues of 30% or \$783 million. Since that time, the City has experienced a robust recovery. There are several revenues have already recovered to pre-COVID levels and others that haven't. Parking tax, utility tax, and restaurant taxes are among those that need to be monitored to see full recovery. The over-performance in income tax and other taxes is due to federal aid such as unemployment. The City has made progress, but still needs to see a full economic recovery CFO Bennett said.

CFO Bennett was also asked if they had used a pension system elsewhere as a model to create a plan for Chicago's. To this, she answered that the City's pensions are governed under State statute. She added that many people know about the work done over the last decade over pension reform.

Laurence Msall then said that in using the ARPA funds the city is doing a demonstration project. He said he worried the City is going to face a cliff with these new programs when the City runs out of money to fund them. He asked how much time there is for the City to spend ARPA funds. CFO Bennett answered by saying they looked closely at the last relief package spending. She said they had a lot of grant spending which created a regression in the budget when funds ran out. This time around they are proposing more demonstration projects which will be highly researched and tracked to show outcomes. Nearly all the projects are one-time capital investments. Many of the other programs are pilot (such as the Universal Income pilot). The University of Illinois at Chicago has partnered with the City to examine the result of this pilot. A lot of projects are COVID related, intended to address COVID-related needs of businesses and families. CFO Bennett also mentioned that the City has built up a process around this, and the number one lesson learned from the last stimulus was that the City must build a strong and organized taskforce to manage these projects. She concluded by saying that any of the mentioned programs that do continue after ARPA funds run out will be the community safety investments.

Stephen Friedman asked how the city plans to use the \$1.3 billion bridge. CFO Bennett said the ARPA funds were one time in nature and of those funds \$383 million were meant to be used this year (FY2022). There is going to be \$150 million set aside as a reserve for FY2023. The rest of the funds will be used for prior years.

Beth Coolidge then asked CFO Bennet if she could give some insight on how the City will deal with ESG risk. Chief Bennet said that for the City of Chicago ESG risk is big, mainly in terms of the “S” (social) component. The year 2020 was a flashpoint due to unrest and protesting resulting from historic inequities. Due to this, enterprise risk management was put into place with the recovery plan putting a down payment on assessing those risks. Moreover, there will be investments in tree planting and social investments which will help tackle community safety issues.

Richard Ciccarone asked how the city plans to fund an increase in the police pension fund. He also asked whether the 100% actuarial contributions will be across all four funds. CFO Bennett said yes. Rich Ciccarone commented that was going in the right direction. CFO Bennet replied saying vacancies in police can withhold the amount we need to hire new recruits. She says the city has enough budget and vacant positions to fund.

Don Haider then asked what the City was planning to do in the out years. The fact that they are using largely federal funds is going to create pressure to move from federal funding for next year’s budget he said. CFO Bennett answered by saying that the outyear prediction is a significant reduction in the budget gap. The City has implemented many efficiencies to carry the budget forward. Recently, the City saw a \$70 million increase in its reserves.

- IV. President’s Report:** President Msall shared that the Civic Federation is in good financial shape having had a good turnout for the awards ceremony in June. He said they were now preparing for the annual meeting. Any suggestions on the annual meeting should be directed to Kent Swanson.

President Msall also said he would present the full analysis of the City budget the following week when he gave his testimony in front of the City Council. He said that since federal funds (ARPA) were given to the City, there was no significant property tax increase.

Finally, he spoke about the Motorola Excellence in Public Service Award Committee and his hopes to make the event be a hybrid one. The event will take place December 4, 2021.

- V. Adjournment:** There being no further business, the meeting was adjourned at approximately 10 a.m.

Respectfully submitted,

Karina Magana Manzo