

**KENDALL COUNTY FOREST PRESERVE DISTRICT
FINANCE COMMITTEE MEETING MINUTES**

August 10, 2016

I. Call to Order

Acting Finance Committee Chairman Wehrli presided over, and called the meeting to order at 4:37 pm in the Kendall County Board Room.

II. Roll Call

Commissioners Wehrli, Davidson, and Gryder all were present.

III. Approval of Agenda

Commissioner Gryder made a motion to approve the agenda as presented. Seconded by Commissioner Davidson. Aye, all. Opposed, none.

IV. Citizens to be Heard

No public comments were offered.

V. Approval to Forward Claims in an Amount Not-to-Exceed \$10,484.76.

Commissioner Gryder made a motion to forward claims to Commission in the amount of \$10,484.76. Seconded by Commissioner Davidson.

The Finance Committee reviewed the claims list.

The Finance Committee discussed charges presented in Claim #210 for Surface Elements, Inc. Director Guritz reported the purchase was for laminate flooring for the Ellis kitchen as part of the replacement of the custom refrigerator. Director Guritz reported that Barry Niles has extended volunteer support for framing of the recessed cabinet opening for the new refrigerator.

Commission discussed the Verizon charges. Director Guritz reported that charges include multiple cell phones and wireless internet service for Ellis, The Rookery, Harris, and the Hoover residence.

The Finance Committee discussed the linen cleaning fees. Director Guritz reported that this charge will be phased out per discussions held with the Programming and Events Committee.

The Finance Committee discussed the need to have vouchers present at the meeting in order to review specific receipts, particularly for credit card statements. The Finance Committee expressed concerns that the statements do not show specifically what was

purchased, and the voucher reports have limited space for descriptions. Director Guritz reported that the District staff assigns credit card charges to the various budget codes according to the purchases made, which is presented on the claims list. This amount balances out with the payment made to First National Bank. Director Guritz stated he would work to have copies of vouchers present for the meetings.

Finance Committee Chair Cullick called the question. Aye, all. Opposed, none. Motion unanimously approved.

VI. Review of Financial Statements as of July 31, 2016

The Finance Committee reviewed the July 31, 2016 Financial Statements.

Director Guritz reported that the financial statements for the year show \$40,000 in revenues for farm license agreements that was credited to the prior fiscal year.

The District has carried a positive balance over the entire fiscal year period.

The Finance Committee reviewed the Ellis House and Equestrian Center cost center programs.

Director Guritz stated that by and large the District is on track for the year, with all programs collectively achieving budget net projections for the year.

Director Guritz reported that the District will incur approximately \$70,000 in Workers' Compensation claims for the current year that will need to be paid back to Kendall County on a repayment schedule to be determined towards the end of the fiscal year.

The Committee requested that future reports include a summary of year-to-date revenues and expenses compared to budget for the District's cost center groupings: Administration, Hoover, Ellis, Grounds and Resources, Education and Natural Areas Volunteers.

VII. November 8, 2016 General Election Referendum Question – Updates and Revised Ordinance Proposing an Increase in the District's Operating Fund PTELL Limiting Rate and Tax Levy

The Finance Committee reviewed the proposed ordinance. Director Guritz reported that the ordinance had been reviewed by the State's Attorney's Office, bond counsel and Speer Financial to confirm limiting rate figures and extensions as stated within the final draft of the ordinance.

Director Guritz reported that the projection for the projected 2017 series refunding savings is just under \$23 per \$100,000 fair market home value. Finance Committee direction received was to explore opportunities for retaining a portion of the refunding savings. In

discussions with bond counsel, Lewis Greenbaum, the District is not able to retain savings generated through refunding of the referendum bonds. The District can secure new funding fully offset by the refunding by issuing limited tax obligation bonds, or by referendum to approve a new bond issuance, or increase in the limiting tax rate of the District's General Fund. Issuing limited tax obligation bonds or referendum bonds would require repayment of principal with interest, which is funding lost compared to a tax limiting rate increase by referendum for the District's general fund.

The question presented in the referendum ordinance and question, if approved by Commission and Kendall County voters, would increase the District's limiting tax rate and extension for the upcoming levy by \$0.95 cents per \$100,000 fair market home value. Extending this figure over 10 years would cost the taxpayers an additional \$9.50 offset by the \$23.00 in refunding savings. In 10 years, taxpayer burden will be significantly reduced with the retirement of all District referendum-approved debt service.

The proposed question in the ordinance will slightly increase the District's tax limiting rate and, by extension, generate an additional \$125,000.00 in tax revenues for the District's General Fund to be used for capital purposes. If the question is approved, Commission would be able to split the levy and establish a Capital and Development Fund, which in accordance with the Illinois Downstate Forest Preserve District Act, would allow for implementing a 5-year capital budget for the District. After five years, unexpended Capital and Development funds would roll back into the General Fund.

Commissioner Davidson asked if the District has anticipated growth from new construction. Director Guritz reported that the FY 16-17 levy calculations include growth from new construction. The District's tax limiting rate is scheduled to decrease in the upcoming fiscal year in accordance with the consumer price index, with total tax revenues projected to increase just under \$10,000.00.

Director Guritz reported that the increase in the tax limiting rate provides an incremental increase for the upcoming year, and thereafter, the District's total levy would again be subject to the PTELL limiting rate formula.

Commissioner Gryder stated that the increase in the first year would impact calculations moving forward. Director Guritz confirmed that this would be the case, but fluctuations after the first year in the PTELL limiting rate formula would dictate the District's extension after the first year. That said, the initial increase would likely provide additional dollars coming into the District year after year.

Director Guritz reported to the Finance Committee that the District needs additional funding in order to support restoration projects in existing preserves, and to convert cropland cover to natural area. The District currently owns 750 acres in cropland production. Of the 750 acres in production, the District has sufficient funding to convert

150 acres with the remaining referendum bond proceeds. This leaves 600 acres of property remaining for conversion at a cost between \$5,000 to \$7,000 per acre, or \$3,000,000 minimum in deferred restoration costs. The proposed limiting rate increase would help to provide seed funding to continue efforts to restore the lands purchased by the referendum bonds. At the same time, farm lease agreements account for approximately 15% of the District's operating revenues, roughly \$160,000 that will be reduced as cropland areas are converted to natural areas. The additional funding that may be approved by the referendum question will allow the District to continue to make progress on converting the remaining agricultural areas to natural areas in fulfillment of both referendum and grant-funded acquisition mandates. Director Guritz also reported that as more lands come under management for natural areas with increased public access, District costs will continue to increase. Director Guritz cited the need for increased restoration activity in Maramech Forest Preserve, the District's highest quality natural area, as additional justification for Commission approval of the proposed ordinance. Without additional funding to address the increasing threats to preserve areas from non-native exotic species, the District will fail in its mission to conserve species found in Kendall County's natural areas.

President Wehrli reported that the question was amended to provide the voters with greater insight into what the additional funds will be used to accomplish.

Commissioner Gryder stated that he was opposed to the Ordinance and proposed permanent tax increase, citing that the District has only just approved a balanced budget after several years of deficit budgets and transfer of interest earnings from the District's capital fund.

President Wehrli asked whether Commissioner Gryder was opposed to the tax increase, or whether he was opposed to asking the voters their opinion.

Commissioner Gryder stated he was opposed to the tax increase, citing resident concerns over current tax rates.

Director Guritz offered a different perspective, stating that the District's effort to conserve open space approved by the 2007 referendum exceeded public expectations through efforts to acquire 1,000 acres more land than would have otherwise been purchased with the support of millions of dollars in State and Federal grants. Additional funding is now needed to improve the land acquired and maintain the completed capital improvements in order to sustain these investments. Director Guritz stated that in the end his position is charged with doing the best job that can be done within the resources available. Right now, there is insufficient funding to accomplish the District's mission and referendum obligations, and the quality of forest preserve natural areas is decreasing.

Commissioner Davidson acknowledged that Commission did not realize the scope of obligations that were being taken on as lands were purchased and facilities opened to the

public. Commissioner Davidson stated that he does not have a problem with asking the voters a non-binding question to help to gauge voter sentiment, but would not be in favor for a tax increase. This would be the right time to ask the question, with a large voter turnout expected.

VIII. FY 16-17 Budget Timeline Discussion

Director Guritz presented a report and overview of the District's budget outlook and timeline for development and presentation to the Finance Committee and full Commission.

A flat budget is anticipated, with slight increases in projected surplus and contingencies anticipated, and with staff salary and marketing budget increases as afforded.

The District will need to put forward a plan for repayment of the Workers' Compensation claims that will be owed to Kendall County projected at \$65,000 for the year, with approximately half of this amount afforded for repayment in the current fiscal year, and half to be paid back in one or two years' time.

Director Guritz reported that wedding events scheduled for 2017 are down for the year, with 6 events currently scheduled, with 8 or nine events needed to break even on the program.

The Finance Committee discussed insurance costs for the District. Director Guritz reported that with the District's current claims record, the best strategy for the District is to pool with the Kendall County insurance plan.

IX. FY 16-17 Natural Beginnings Program Budget

Director Guritz presented the proposed budget figures for Natural Beginnings. The budget proposes a \$75 tuition increase that would result in increased net gain over expenses of \$17,682.00.

X. Executive Session

None.

XI. Citizens to be Heard

No public comments were offered by those in attendance.

XII. Other Items of Business

None.

XIII. Citizens to Be Heard

None.

XIV. Adjournment

Commissioner Gryder made a motion to adjourn. Seconded by Commissioner Davidson.
All, aye. Meeting adjourned at 5:53 pm.

Respectfully submitted,

David Guritz
Executive Director, Kendall County Forest Preserve District