

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

MARCH 24, 2016

I. Call to Order

Finance Committee Chair Cullick called the meeting to order at 6:45 pm in the Kendall County Board Room.

II. Roll Call

Commissioners Davidson, Wehrli, and Cullick all were present.

III. Approval of Agenda

Commissioner Werhli 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 \$15,338.98.

Commissioner Davidson made a motion to forward claims to Commission in the amount of \$15,338.98. Seconded by Commissioner Wehrli.

The Finance Committee reviewed the claims list. The Finance Committee inquired into the John Deere Financial, Inc. charges. Director Guritz reported that the charges were for purchases made at AHW LLC, Somonauk or Rural King, Plano.

Finance Committee Chair Cullick called the question. Aye, all. Opposed, none. The motion was unanimously approved.

VI. Review of 2016 Refunding Bonds Underwriter Proposals and Speer Financial Inc. Recommendations

Anthony Miceli of Speer Financial presented a report on underwriter bid proposals submitted for the 2016 refunding bonds. Eight proposals were received from qualified firms, with Stifel submitting the best rate projections. Anthony Miceli recommended splitting the issuance between two highly-qualified underwriting firms at a ratio of 70% to 30% respectively to Stifel and Bernardi, Inc.

Stifel presented a lower underwriting fee and lower estimated interest rates for the transaction. Anthony Miceli expressed his opinion that the rates submitted by all firms were aggressive considering current market conditions, and recent bank-qualified bond

issuances. Bernardi, Inc. also submitted a competitive proposal, with fees and rates more in line with current market conditions. Because of the experience of the two firms, Anthony Miceli recommended appointing both firms as co-managers for the sale. Advantages to the District include spurring competition to the two firms to sell the bonds at the best rates, and marketing of the sale to a broader client base. This has no impact to the District in terms of work load or costs, and the District's bonds will be sold to the best competitive offer in the open market.

Anthony Miceli offered insights into the other proposals received from underwriting firms, noting that a number of the firms submitting proposals have limited experience in selling bank-qualified bonds in the State of Illinois.

Director Guritz pointed out that while Stifel is a much larger firm, in terms of volume of business with handling bank-qualified issuances, Bernardi Securities, Inc. has handled a much greater volume of sales between the two firms. Both firms have experience with "A" bond rating issuances, and assignment of co-management responsibilities will take advantage of the two firm's business networks.

Director Guritz requested that Anthony Miceli provide insights into the underwriter counsel selection process. Anthony Miceli reported that most underwriting firms now elect to appoint an underwriter counsel to review the official statement for the bond issuance. It is an added expense to the underwriting firm and the issuance, but helps protect the underwriter and District by providing a legal review of the official statement. Many municipalities select the underwriting counsel for their bond issuances, with the advantage being that the firm is working directly on the government agency's behalf rather than the underwriting firm. Either way, the District is covered by the legal review, but it is a choice of the agency to appoint an underwriting counsel firm.

Director Guritz reported IceMiller had performed this service on last year's issuance, and that he had received a call from requesting consideration for appointment as the District's underwriter counsel on the issuance.

Commissioner Wehrli made a motion to forward to Commission for approval the assignment of Stifel as the primary underwriter, and Bernardi, Inc. as the secondary underwriter for the 2016 refunding bonds. Seconded by Commissioner Davidson. Aye, all, opposed, none.

Commissioner Wehrli made a motion to forward to Commission for approval the appointment of IceMiller to act as disclosure counsel to the District for the 2016 refunding bonds. Seconded by Commissioner Davidson. Aye, all. Opposed, none.

Anthony Miceli reported on the bond rating call with Moody's. Generally, the rating interview was much more positive over last year's rating interview with S&P. While it is

unlikely that the negative outlook will remain, this will likely be removed next year if the District meets or exceeds budget projections.

VII. Review of Ellis House Contracted Window Replacement Proposals

Ellis Farm Manager Marty Vick presented three quotes for completion of window replacements at Ellis House. Comparable quotes were extended for removal and replacement with Andersen 400 series windows for the bride's room, office, on-site resident's unit and 2 window units for the dining room. All windows will be pre-finished with a white interior, and include a 10-year warranty. Mr. Vick recommended approving a contract with Barry Niles – Big Ben Builders who extended the lowest quote for \$18,234.00.

Barry Niles's quote also includes replacement of the window sill plates, with a \$45 per hour for labor to address any interior damage that needs to be addressed.

Commissioner Davidson recommended spraying a mold disinfectant into the wall interiors during the replacement process. The Finance Committee discussed Barry Niles's reputation in the community as a quality builder.

Commissioner Wehrli made a motion to forward a recommendation to Commission to approve a proposal received from Barry Niles, Big Ben Windows in the amount of \$18,234.00. Seconded by Commissioner Davidson. Aye, all. Opposed, none.

VIII. Atlas Bobcat, LLC Costs for Completed Repairs (Bobcat) Totaling \$1,261.90

Director Guritz reported that repair work is in process for the District's Bobcat and Dump Truck. The Atlas Bobcat quote exceeds the Director's approval limit per policy.

Director Guritz reported that for vehicle repairs, vehicle limitations, and timing of repair needs requires the District to move forward with the work in order to reduce the down time for use of these vehicles. During this time of year, we are working to replace gravel on all District roads before the mowing season. Director Guritz reported that the vehicle repair budget was reviewed, and with these repairs, the District has expended most of the budget allocated for repairs for the year. This is the time of year that these issues are addressed, and most of the District's vehicles have been inspected and repaired, anticipating that routine maintenance charges will be low for the remainder of the year.

The Finance Committee inquired into whether the Bobcat was repaired locally. Director Guritz stated he would look into this and work with Kim Olson to include quotes from local repair shops.

The quote was shared with President Wehrli in order to begin repairs. The Finance Committee provided direction to move forward with the repairs with presentation of the repair costs on a future claims list.

IX. Gjovik Ford Costs for Completed Repairs (Dump Truck) Totaling \$1,628.50

Director Guritz provided a quote for the repairs to the District's dump truck. The Finance Committee provided direction to move forward with the repairs with presentation of the repair costs on a future claims list.

X. Custom Manufacturing, Inc. Proposal Review – Richard Young Forest Preserve Main Trail Bridge Replacement

Director Guritz presented a quote from Custom Manufacturing, Inc. that included the fabrication and optional installation of a new bridge crossing for Lyon Creek in the Richard Young Forest Preserve. Director Guritz reported that Custom Manufacturing has an excellent reputation, and the District has purchased similar services in the past from the firm. Custom Manufacturing completed a site inspection, recommending a 48 foot long and 6 foot wide bridge rated at 10,000 pounds with horizontal railings for \$11,000.00. An optional quote for installation was extended in the amount of \$6,000.00.

The Finance Committee discussed the stream erosion impacts to the current bridge, concluding that the 48 foot span should suffice for the location provided additional stream bank armoring is installed to protect the new bridge footings. The proposed bridge will meet Kendall County building codes.

The Finance Committee discussed the status of capital funding available for the project.

Commissioner Davidson made a motion to forward the Custom Manufacturing, Inc. proposal to Commission for approval. Seconded by Commissioner Wehrli. Aye all. Opposed, none.

XI. IPMG Storm Damage Inspection Report

Director Guritz presented a report received from L.J. Shaw & Company, the claims adjustor from IPMG, for the damage incurred to the Ellis Roof from the windstorm event in December. The Finance Committee provided direction to complete an inspection and secure certified contractor statements for the extent of damages for the roof. The Finance Committee also provided direction to begin development of bid specifications for a full roof replacement of the Ellis House.

XII. OSLAD/LWCF Land Acquisition Grant Application Development Costs

Director Guritz reported that The Conservation Foundation has approached the District with an interest of pursuing a large-scale land acquisition project. As part of the proposed partnership approach, the District would be required to secure a grant to provide the matching funds for the acquisition. The Conservation Foundation also offered to pay for half the cost for completing a market value assessment. Polach Appraisal Group, Inc. extended a quote of \$3,750.00 to complete an appraisal, and Upland Design extended a quote of \$1,800.00 to complete a concept plan. Completion of an appraisal and concept plan are grant application requirements.

XIII. Hey and Associates – Wetland Mitigation Project Design Proposal

Director Guritz presented a proposal received from Hey and Associates and concept budget model for the proposed wetland mitigation project at Baker Woods Forest Preserve.

Director Guritz requested that Hey and Associates extend a proposal that would evaluate the feasibility of the proposed wetland mitigation project at Baker Woods Forest Preserve, including the presentation of a concept plan to the Rock Island District of the U.S. Army Corps of Engineers. The total proposed cost for the evaluation is \$12,000.00, and includes development of the cost estimates for design, permitting, implementation, and long-term management of the restored wetland area.

Director Guritz reported that in follow-up conversations with Hey and Associates, the District would expect to incur an additional \$75,000.00 of project costs within the pre-approval phase to complete formal project designs, and submit the project to the Army Corps for approval. Once approved, the District would have one year to begin to implement the project.

The Finance Committee discussed the Preliminary Business Model presented for discussion purposes. Within the model, total costs for evaluation, design, permitting, and implementation is estimated at \$1.25 million within the first six years of the project leading up to and including regulatory sign off, offset by mitigation credit sales revenue of \$1.2 million, with an additional \$800,000 of credit sale revenue anticipated once regulatory sign-off is achieved. Ongoing habitat management costs years six through ten would be \$10,000 per year for four years.

The Finance Committee provided direction to work with Latreese Caldwell to further refine the project's business model. One of the project challenges is cash flow. While 60% of the total credits would be available for sale on the open market within the first three years of the project, there is no guarantee that the credits offsetting the wetland development costs would be sold within the first six years of the project. This would have significant impact on the time required to recognize a return on the investment.

The Finance Committee discussed the proposal. Commissioner Davidson observed that there is ongoing cost through year 10 required to maintain the restored wetland, and that significant upfront cost needs to be incurred long before the credits are actually sold.

Director Guritz stated that because of the District's other capital project priorities, this project, and the District's capital fund cash flow needs and project schedules need to be critically examined to insure that sufficient funds are available to address capital project obligations and priorities.

XIV. Executive Session

None.

XV. Citizens to be Heard

No public comments were offered.

XVI. Other Items of Business

Director Guritz reported that the Village of Millbrook has tabled consideration of the intergovernmental agreement until November. Director Guritz reported that the District did not receive an invitation or request to attend Millbrook's most recent Board meeting.

XVII. Adjournment

Commissioner Wehrli made a motion to adjourn. Seconded by Commissioner Cullick. All, aye. Meeting adjourned at 7:58 pm.

Respectfully submitted,

David Guritz
Executive Director, Kendall County Forest Preserve District