

**KENDALL COUNTY FOREST PRESERVE DISTRICT
COMMITTEE OF THE WHOLE MEETING MINUTES**

MARCH 15, 2017

I. Call to Order

President Gilmour called the meeting to order at 5:33 pm in the Kendall County Board Room.

II. Roll Call

Commissioners Cullick, Davidson, Gryder, Hendrix, Prochaska, and Gilmour all were present.

III. Approval of Agenda

Commissioner Gilmour requested a change in the order for the agenda to move the Director's Report to follow item XIII. Commissioner Prochaska made a motion to approve the agenda as amended. Seconded by Commissioner Gryder. All, aye. Opposed, none.

IV. Citizens to be Heard

No public comments were offered by those present at the meeting.

V. Presentation of the FY 15-16 Audit (WIPFLI CPAs)

Matt Schueler, Partner with WIPFLI CPAs presented the District's FY 15-16 audit. Mr. Schueler reported that the District's financial position improved over the past year.

The audit process included review of internal controls to document any deficiencies, complete fraud interviews, confirm revenues and expenditures for the year, and to examine other facets not previously reviewed.

Mr. Schueler reported that the audit report is clean, with an unmodified opinion, which is positive.

The pension reporting requirement is now completed.

No single audit reports were needed for the past year.

The District's statement of net position improved over the prior year's audit.

The Committee of the Whole discussed the change in net position for the District's pension liability. Director Guritz observed that this is a snapshot, with the change largely dependent on IMRF pension fund investment performance, which would be expected to rise and fall with economic performance of the investments. Mr. Schueler confirmed that the previous year's investment earnings were approximately \$2M higher than the current year, noting that investment earning reporting is one year in arrears. Mr. Schueler reported that IMRF projects a long term 7.5% gain on \$39M of pension fund investments. Reporting indicates

that the unfunded portion of net pension liability increased from 91% to 83% over the previous year.

Mr. Schueler reported that net change in fund balance totaled \$159,000, with the operating fund accounting for \$23,000 of this total. Director Guritz stated that the amount reported is the net gain following transfer of funds to Kendall County for the total of workers' compensation claim amounts owed, which was approximately \$64,000.

Mr. Schueler reported that there are no fund balances in a deficit position. This is an improvement over the audit performed for FY 13-14, noting that the final transfer of investment earnings from the capital fund to the operating fund effectively established a positive operating fund balance.

Mr. Schueler reported that the District's deposits and investments are appropriately insured.

The District's long-term debt obligation principal amount was paid down \$2M in FY 15-16, with \$2.3M scheduled for the upcoming year. This does not include interest payments owed.

Mr. Schueler reported that the 2016 refunding resulted in a favorable gain of \$1.1M.

Mr. Schueler stated that there was a restatement of the District's net assets over the past year, which was favorable, based on review of how debt service interest funds were accrued and reported prior to WIPFLI CPAs engagement in audit services. This increased the District's posted fund balance by \$954,000.

Commissioner Hendrix requested confirmation that the District is now meeting generally accepted accounting requirements. Mr. Schueler stated that this is the case.

Mr. Schueler presented a snapshot report of the past four years, noting that the fund operating fund balance has improved from a deficit of (\$34,000) with the surplus fund balance now covering 95 days for operations, an increase of 8 days over the prior year.

Director Guritz reported that a discussion was held with the District's Auditor, Jordan Sasscer, on a new requirement for financial reporting of life estate agreements that will be implemented in the upcoming year.

Director Guritz noted that the Subat restricted funds showed no interest earnings, which should be examined. Mr. Schueler stated that interest earnings are accounted to other funds. Director Guritz stated that this needs to be examined, as well as the investment strategies for the \$800K held in this fund.

Commissioner Davidson inquired into whether the audit accounts for project work required for completion in compliance with our State and Federal grants. Mr. Schueler reported that this is not included within the scope audit.

Commissioner Cullick made a motion to forward the FY 15-16 audit to Commission for approval. Seconded by Commissioner Gryder. All, all. Opposed, none.

VI. RTP Grant Public Hearing Outcomes, Project Overview, and Application Deadline

Director Guritz presented a report on public hearing outcomes for the proposed grant-funded trail and parking lot improvements project at Millbrook South Forest Preserve.

The Committee of the Whole discussed the proposed trail alignment.

Director Guritz reported that members of the public attending did not support establishing an entrance off of Shagbark Lane, with permission needed from the Village of Millbrook.

Laura Stuart, the District's Grants Consultant with Charles Schrader and Associates, reported on the scope of work required for satisfying the conditions of the grants received for Millbrook South Forest Preserve.

While the RTP grant application would show progress towards the requirements, the District will need to complete restoration of the 118-acres remaining in cropland production.

Laura Stuart reported that the grant application will have to identify the railway line as a connectivity gap that is currently under investigation for approach, which will likely impact the competitiveness of the District's proposal.

Laura Stuart reported that a resolution authorizing the application will need to be approved at the upcoming Commission meeting.

The Committee of the Whole provided direction to present a resolution authorizing the 2017 RTP grant application at the March 21, 2017 Commission meeting for approval.

VII. Review of Grant-Funded Property Acquisitions and Requirements

Laura Stuart presented a chart showing progress with completing restoration and public access requirements for forest preserves purchased with support from State and Federal grants. Laura Stuart responded that the District is behind on meeting commitments for restoration and improvements at Henneberry Woods Forest Preserve, and Millbrook South Forest Preserve.

Public access improvements and additional restoration efforts are needed at Henneberry Woods, Fox River Bluffs, and Millbrook South Forest Preserves. The restoration project now planned for Henneberry Forest Preserve for October 2017 will satisfy restoration requirements, with public access improvements pending. Fox River Bluffs restoration and initial public access improvements need to be completed in 2019. The proposed RTP grant

for Millbrook South Forest preserve would satisfy public access requirements, with phased restoration work following completion of the trail.

Laura Stuart presented an overview of forest preserves purchased and developed with outside grant funding, reporting that public access improvements for the proposed Little Rock Creek acquisition will be relatively simple to complete, with no cropland conversion required.

Director Guritz stated that the District continues to explore grant application opportunities for completing all remaining projects with the limited remaining capital funds with additional support from the Land Cash fund.

VIII. Review of Draft Resolution #17-03-002 in Support of House Bill 3127 to Exempt Conservation and Forest Preserve Districts from Drainage District Annual Maintenance Assessments and Require Pre-Approval of Drainage District Projects on Conservation Lands

Director Guritz presented a draft resolution of support for House Bill 3127.

Assistant State's Attorney David Berault has reviewed the draft bill, recommending that the District support a change in the language and approach taken for amending tax code by simply exempting forest preserve and conservation districts within the Illinois Downstate Forest Preserve District Act from drainage district annual or yearly assessments, recognizing that the District is already exempt from special assessments from other government agencies.

Director Guritz presented information received from other forest preserve districts cautioning against making changes to the tax code provisions that could impact interpretation of State law, and concerns with possible changes in the interpretation of forest preserve and conservation district eminent domain powers.

Assistant State's Attorney Berault provided an overview of the approach taken, and issues addressed within the District's intergovernmental agreements as part of the reformation of the Rob Roy and Morgan Creek Drainage Districts in Kendall County.

Assistant State's Attorney Berault stated that he did not have any issues with the language or possible interpretation of the proposed House Bill pertaining to the exemption of the forest preserve and conservation districts from drainage district projects without drainage districts first seeking preapproval for projects taking place on District lands.

Assistant State's Attorney Berault did report that there was one court case involving State conservation lands that involved the rights of drainage districts to complete work on State lands.

Direction was received to present a final resolution of support for approval at the March 21, 2017 Commission meeting. Director Guritz stated that he would submit the draft resolution to the State's Attorney's Office for review and amendment.

Commissioner Davidson stated that the District stands to benefit from drainage district projects on District lands from the standpoint of cost for maintaining creek channels. Director Guritz stated that the enabling legislation for forest preserves and conservation districts includes maintenance of waterways on conservation lands. Other conservation districts reported similar situations where stream corridor habitat improvement is included as part of channel maintenance projects, with the cost for the improvements included within the conservation agency budgets. As these costs and responsibilities are already handled by the forest preserve and conservation districts, there are no tangible benefits to forest preserve and conservation districts for the payment of drainage district annual assessment costs.

Commissioner Prochaska stated that by approving the resolution, we are notifying the State legislature of our support of the House Bill, including efforts to continue to amend the language of the draft bill.

Commissioner Davidson adjourned from the meeting and did not return.

Commissioner Prochaska suggested the absence of a quorum.

Assistant State's Attorney Berault advised that the Committee of the Whole may continue to discuss items remaining on the agenda, but needs to refrain from making any decisions, and voting on any of the remaining items, with continued recording of the remainder of the meeting.

IX. 2017 Series Refund Bond Updates – Suspension of Sales of State and Local Government Series Securities and Cityview Capital Solutions Competitive Bidding of the Escrow Investment Portfolio

Director Guritz reported as a result of the federal government reaching the debt ceiling in March, State and Local Government Series Securities are no longer available for establishing the debt service escrow account. As a result, the escrow investment portfolio recommended by Cityview Capital Solutions through competitive bidding will serve as the depository for the 2017 series refund bond escrow account.

X. Henneberry Forest Preserve 2017 Farm License Agreement with Farm Operator Jr. Collins

Director Guritz reported that the 2017 Farm License Agreement with Albert Collins, Jr. has been revised based on consultation with Commissioner Kellogg and Mr. Collins. Proposed

changes include insertion of language prohibiting use of herbicides that would impact fall planting activities, with the District receiving one-third of the market value of the soybean harvest at the time of harvest based on grain elevator market price per bushel at the time of harvest. District payment will be received following harvest in early to mid-October.

XI. Debt Service Schedule Assumptions and Average Home Value Year-to-Year Tax Levy

Director Guritz presented a report received from Anthony Miceli from Speer Financial, Inc. showing the impact to taxpayers for the District's debt service levy through the remainder of the debt-service schedule. Changes in year-to-year levies will significantly impact individual tax bills for the average homeowner with a \$200,200 home value. The estimated tax on the average home will gradually increase from \$100 per year to \$125 per year before expiring in 2026, assuming a 2% growth rate in total EAV for Kendall County. The schedule in place cannot be modified or effected until the final years of the schedule.

XII. Hoover Water Main Project Updates

Director Guritz presented a report on main location activities, including a GIS exhibit showing the location of the Hoover water main infrastructure.

Director Guritz presented a progress report on efforts to determine possible cross connection of the District's water main services and the Boy Scout camp water main system.

The District is in process of reaching out to the contractors that completed Hoover Phase I and Phase II improvements which will help determine what, if any, capping work remains to disconnect from the old system.

Commissioner Hendrix suggested looking at the aerial imagery for clues to the location of the old infrastructure.

XIII. Director's Report

Director Guritz reported that a 40-year old shelter at Harris Forest Preserve will be demolished due to issues with structural integrity. District grounds maintenance staff are beginning to discuss the approach to closing the old rest stop at Route 47 and Galena Road.

The Committee of the Whole discussed the possibility of a future trade of this parcel.

XIV. Executive Session

None.

XV. Other Items of Business

None.

XVI. Citizens to be Heard

None.

XVII. Summary of Action Items to be Taken

None recorded.

XVIII. Adjournment

Meeting was summarily adjourned at 7:00 pm.

Respectfully submitted,

David Guritz
Director, Kendall County Forest Preserve District