

APPROVED

MINUTES OF JUNE 17, 2014 FINANCE COMMITTEE OF THE WHOLE MEETING
GLENCOE PARK DISTRICT
999 GREEN BAY ROAD, GLENCOE, ILLINOIS 60022

The meeting was called to order at 6:21 p.m. and roll was called. Commissioners present: President Hilary Lee, Treasurer Steve Gaines, Bob Kimble, and Andre Lerman. Staff present: Executive Director/Secretary Lisa Sheppard, Director of Finance/Human Resources Carol Mensinger, Director of Parks Rick Bold, Manager of Marketing and Communications Erin Maassen, Director of Recreation and Facilities, and Administrative Assistant Jenny Runkel.

Also in attendance was Ron Amen from Lauterbach & Amen LLC and Dan Dorfman from the Glencoe News.

Matters from the Public: There was no one present wishing to address the Committee.

Discussion of FY 2013/2014 Annual Audit Report, Management Letter, Other

Director Mensinger introduced Mr. Ron Amen, a partner from the District's auditing firm, Lauterbach & Amen LLC, who presented an overview of the Annual Financial Report and Management Letter and answered any questions the Board may want to bring up from a financial perspective.

In response to a question from Commissioner Lerman, Mr. Amen clarified the difference between IMRF and other state-based retirement funds. IMRF is stable and healthy.

Mr. Amen went on to explain the Financial Audit Statement, and stated that the auditor's opinion is clean or unqualified, which is the highest level of opinion we can receive from our auditors. Our financial statements are materially correct based on auditor procedures.

The good news for the Park District as of the end of the fiscal year, is that we have an increase of \$750,886 in fund balance reserves.

Mensinger clarified that we are saving for future capital needs, so eventually a year or so from now, when we have used that money and see a deficit; it is not necessarily a bad thing as it was planned and budgeted. Mr. Amen confirmed Mensinger's comment and added that positive and negative are not good or bad, as long as they are planned.

Mr. Amen thanked Director Mensinger for her outstanding cooperation and professionalism.

Discussion to Reserve a Portion of Current Fund Balance for Future Capital

Mensinger stated that historically following an audit, we look at fund balance percentages and primarily Corporate and Recreation Funds. In the midst of the Master Plan, the goal is to set aside money from the fund balances for Master Plan projects. Staff's recommendation is to commit \$300,000 from Corporate Fund and \$700,000 from Recreation Fund.

Overall, in this segment of the meeting, we will keep our fund balances in line while still being able to commit this \$1 million. This current year, we transferred \$700,000 combined from Corporate and Recreation into Fund 69 Master Plan Capital.

Commissioner Gaines commented that we are having this discussion because transferring these funds will not inhibit day-to-day operations and is a result of good management knowing we have projects coming up the road. Mensinger added that even after the funds have been transferred, we will still meet fund balance guidelines in both the Corporate and Recreation Funds. Gaines spoke of our aging infrastructure by choice, for example, our ice rink and the unexpected expenses associated, that we still have funds to maintain the investment. Mensinger interjected that those expenses could in fact come from capital monies. Overall, we are not strapping ourselves. There is a fine line in meeting our operating needs and also funding projects that the community really does want.

Gaines continued that we are preparing to meet our obligations as we envision them. We are working on a Master Plan that can open new, wonderful opportunities with community input and consultants and, in the end, will be prepared to rise to it.

Director Mensinger responded to a question from Executive Director Sheppard that we are following our policy. The guideline for the Corporate and Recreation Funds are 25% and we are over 50% right now. Sheppard mentioned that we have asked the question of what the community wants and we need the money to follow through. Additionally, we put many projects on hold during the construction of Takiff Center and now it is time to bring to the those projects to the forefront, some of which need to be done sooner rather than later.

Action on the resolution to transfer funds will be part of the Regular Board Meeting.

Discussion of District's Current Outstanding Debt

Director Mensinger explained this portion is a discussion for the Boards viewpoint and philosophy of potential funding of new capital projects. Last summer, it did not make sense to refund our current 2006 debt for the Community Center. That debt goes out to 2026 and is callable in 2016. The savings to the District would be the interest rate when we sold the bonds to what the current rate is. The rates since last summer are now more advantageous with estimated savings for us to refund (or refinance).

There are changes coming July 1 as it relates to municipal advisors, which Director Mensinger is currently researching, and would like clarification prior to any refunding.

The second part of this discussion revolved around referendum versus non-referendum debt. Given there may be some big tickets items, like a maintenance garage, she would like to know the Board's philosophy on funding options. First using funds we currently have set aside, then to look for grants, and then non-referendum or referendum bonding power, for which she stated she does not recommend at this time. Overall, Mensinger was requesting of the Board their point of view on debt.

Commissioner Gaines stated that he would not want to consider a referendum. Executive Director Sheppard interjected that she would not recommend going to referendum for current possible projects. Commissioner Gaines continued that the community must be behind the project in order for us to go for referendum debt.

Director Mensinger added that from a non-referendum perspective, the Board would have the ability to issue new non-referendum debt for those things that fall under the duty of the Board to decide it is important enough. That non-referendum ability is now estimated around \$3.5 million. These options are all ones the Board can take into account when the time comes to make a decision on how to pay for Master Plan projects. Commissioner Gaines added that the Board has been consistently conservative in taking the right steps to fund projects. Mensinger continued that we have proven that we plan and put money aside as shown with our Community Center and Watts Ice Center projects.

Lerman vocalized that we need to be careful and have a discussion before entering into a referendum. He would find it helpful when we get closer to Master Plan discussions, for staff to come back to the Board concerning how much money we have, forecasting, and options. He stated he is not ready to answer this question at this time.

Mensinger clarified that she was not looking for an answer, but for opinion on all types of funding options. She agreed it is too early in the Master Plan process to discuss other funding opportunities.

Lerman continued that we should not limit our options, but we need to find out what needs to be done first, with which Sheppard and President Lee agreed.

Other: There was no other business.

Adjourn: At 6:55 p.m., a motion was made by President Lee to adjourn the meeting. Commissioner Lerman seconded the motion which passed by unanimous voice vote.

Respectfully submitted,

Lisa M. Sheppard
Secretary