

**LAKE BLUFF PARK DISTRICT
FINANCE, ADMINISTRATION & FUTURE PLANNING COMMITTEE
MINUTES OF SPECIAL COMMITTEE MEETING
JUNE 28, 2016**

The Special Meeting of the Finance, Administration & Future Planning Committee of the Lake Bluff Park District, Lake County, Illinois, was held at the Lake Bluff Park District Recreation Center, 355 W. Washington Avenue, Lake Bluff, Illinois.

The meeting was called to order at 7:30 a.m. by Chair Gordon.

The following Committee members were present when the roll was called: B. Wallace, F. Pitera, and B. Gordon.

Staff members present were Ron Salski, Executive Director; Rob Foster, Superintendent of Golf, Park and Facility Maintenance and Marcia Jendreas, Recording Secretary.

Also present were Eric Anderson, BMO Capital Markets; Bookkeeper Rich Rothman; Ann Vanvooren, Lauterbach & Amen, LLP; Commissioners Kurt Gronau, Chris Mosbarger; and President Rob Douglass.

Approval of Agenda

Commissioner Wallace moved, seconded by Commissioner Pitera, to approve the June 28, 2016 Agenda as submitted.

On the roll call, the vote was as follows:

AYE: B. Wallace, F. Pitera, B. Gordon

NAY: None

ABSTAIN: None

ABSENT: None

Motion carried.

Statement of Visitors – None

Approval of Minutes of July 17, 2015 Special Committee Meeting

Commissioner Wallace moved, seconded by Chair Gordon, to approve the Minutes of the July 17, 2015 Special Committee Meeting, as presented.

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On the roll call, the vote was as follows:

AYE: B. Wallace, F. Pitera, B. Gordon

NAY: None

ABSTAIN: None

ABSENT: None

Motion carried.

Approval of Minutes of May 13, 2016 Special Committee Meeting

Commissioner Wallace moved, seconded by Chair Gordon, to approve the Minutes of the May 13, 2016 Special Committee Meeting, as presented.

On the roll call, the vote was as follows:

AYE: B. Wallace, F. Pitera, B. Gordon

NAY: None

ABSTAIN: None

ABSENT: None

Motion carried.

ITEMS FOR DISCUSSION/ACTION

**Strategic Core Area – Financial Sustainability
2016 Limited Tax Park Bond – Presentation – Eric Anderson**

Executive Director Salski stated that Eric Anderson, Bond Advisor, will give a presentation about the Park District's debt and outline recommendations, ideas and/or solutions in a Plan. The Board's decision whether to pay off the Northern Trust note earlier than anticipated outlines the next steps to draft a Financial Sustainability Plan.

Mr. Anderson gave a recap of where the Park District currently stands and explained the process that was created in 2009. He reviewed the non-referendum debt service and referendum debt service by levy year. Debt was issued every three years to pay off the Northern Trust note and four years are remaining. There is a little over \$1 million left at a high interest rate and it is possible to pay a breakage fee and pay off the debt early. The Northern Trust loan could be shifted to non-referendum debt service.

Mr. Anderson explained that the Park District will not have the ability to receive additional funds for existing capital equipment and projects. Originally, the Capital A – Funded Plan was predicated on receiving \$100,000 the next three years, but due to the EAV being flat or even decreasing, the Park District does not have the ability to capture the \$100,000 due to the fact that the District's debt limit and debt structure do not allow for new funds to be raised in the Series 2016 offering through a Limited Park Bond offering; and funds raised by the issuance of Series 2016 Limited Park Bonds will be used to fund an escrow that will be solely used to fund the final four payments of debt service.

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According to Mr. Anderson, if the District wishes to raise new capital in the 2016 offering, it could issue a Debt Certificate which allows the District to fund capital projects. A Debt Certificate is an operating debt, paid from operating revenues. It can be refunded into a Limited Park Bond and levied via property taxes. Debt Certificates count against the District's aggregate debt limit, which is ~\$7 million currently. A \$300,000 Debt Certificate, due in 2021, would approximate payments of \$5,000 of interest annually from 2017 – 2020, with a balloon payment of \$305,000 due in 2021. Such balloon payment would be paid by either payments from operating funds of the District, funds generated from issuance of Limited Park Bonds, or a combination of operating and bond funds.

The Preliminary Timeline for issues of the Series 2016 Limited Tax Park Bond would be:

June 28, 2016	Presentation to Finance Committee
July 11, 2016	Presentation to Committee of the Whole
July 18, 2016	Adoption of Call for BINA Hearing by Board of Commissioners
August 15, 2016	BINA Hearing Conducted
September 19, 2016	Bond Ordinance Adopted
October 15, 2016	Series 2016 Bond Settlement
November 15, 2016	Payment of Series 1999 Debt Service to Northern Trust

Treasurer Wallace explained that by switching Northern Trust to non-referendum debt service, the Park District can issue additional debt and it won't drain the operating fund to make payments.

Committee Member Pitera asked if this had to be done now. Mr. Anderson said that the cost to pay off Northern Trust early would be approximately \$70,000; however, this amount would all be built in. The current interest rate to issue debt is 1.5%. Interest rates are low right now and the District has the ability to do this right now. No one knows what is going to happen in Springfield in the future or how high interest rates will go.

Treasurer Wallace said the issue here is do we want to issue debt at 1.5% interest for four years, or do it one year at a time and not know what the future rate will be. Also, it is unknown as to what the legislatures will do with the whole debt service issue.

Executive Director Salski explained that the Park District has three restricted capital sub-funds with an anticipated 2017 beginning balance of the following:

2013 Bond - \$88,858
718 Mountain Avenue Land - \$99,000
Capital/Master Plan Fund - \$461,000

He said there needs to be a plan of action to use the money and reviewed some of the capital items in the funded and unfunded plan. Approximately \$50,000 to \$100,000 of the funded items might be needed for next year, but not the full amount. Staff feels that it is possible there will be no need to issue debt certificates in the next year.

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After some discussion, Commissioners felt comfortable about not issuing debt certificates. Treasurer Wallace said this could change in 2018 if the Park District gets into a bind. Commissioners were also comfortable with paying off the Northern Trust debt. They agreed to let Commissioner Mosbarger take the lead and try one more time to work out a deal with Northern Trust. Everyone was in favor of adopting the call for a BINA Hearing before the Regular Board Meeting on July 18, 2016. Treasurer Wallace said he would provide Commissioners Ehrhard and McKendry with a summary of today's discussion.

Chair Brock said that the recommendation to the Park Board of Commissioners, from the Finance, Administration and Future Planning Committee, was to approve the issuance of Series 2016 Limited Tax Park Bond to retire certain outstanding liabilities as discussed in the presentation by Eric Anderson, Bond Advisor, on June 28, 2016.

Next Meeting

Executive Director Salski said that the following items will be up for discussion at the next meeting:

1. Capital Restricted Sub-Funds
2. Five Year Financial Forecast
3. Financial Sustainability Plan
4. 2017 Budget Process
5. Post Referendum Projects - Financials

STAFF REPORT

Executive Director Salski noted that he didn't feel a need for the July 11, 2016 Workshop Meeting and all Commissioners present agreed.

EXECUTIVE SESSION

Commissioner Gordon moved, seconded by Commissioner Wallace, to adjourn into Executive Session, at 8:52 p.m., for the purpose of discussion of the meetings lawfully closed under the Open Meetings Act, whether for purposes of approval by the District of the minutes or semi-annual review of the minutes as mandated by Section 2.06 per 5 ILCS 120/2(c)(21).

On the roll call, the vote was as follows:

AYE: B. Wallace, F. Pitera, B. Gordon

NAY: None

ABSTAIN: None

ABSENT: None

Motion carried.

The regular meeting reconvened at 8:54 p.m. with the following persons present: B. Gordon, B. Wallace, F. Pitera, R. Salski, and M. Jendreas.

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And Future Planning Committee of June 28, 2016**

ACTION, IF ANY, ON MATTERS DISCUSSED IN EXECUTIVE SESSION - None

ADJOURNMENT

There being no further business, motion was made by Commissioner Wallace, seconded by Chair Gordon, to adjourn the meeting at 8:54 p.m. The motion carried by unanimous voice vote.

Approved this 14th day of September, 2016
Board of Commissioners
Lake Bluff Park District