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**FINANCE COMMITTEE**

Glenview Park District – Administration Building  
1930 Prairie Street, Glenview, IL 60025  
Regular Meeting Minutes  
Tuesday, July 16, 2019 @ 8:30 a.m.

**1. Roll Call**

Committee Chair Dan Peterson called the meeting to order at 8:30 am and the roll was called.

**Commissioners present:** Committee Chair: Dan Peterson; Committee Member: Bill Casey, Joe Sullivan; Jen Roberts, Dave Dillon, Dave Tosh

**Official Staff present:** Executive Director Mike McCarty, Deputy Executive Director Katie Skibbe, Treasurer Bill Moore, Finance Director Erin Ryan, Director of Brand Strategies Jena Johnson, District Attorney Jim Rock, District Attorney Derke Price, Recording Secretary Amy Wille

**Guests:** District Municipal Advisors Eric Anderson and John Balzano of Piper Jaffray & Co.

**Late Arrivals, Early Departure:** Eric Anderson and John Balzano left at 9:06 am, Lori Lovell left at 9:36 am, Derke Price joined at 9:38 am.

**Commissioners/Official Staff absent:** None

**2. AGENDA TOPICS**

**a. Continued Discussion on Alternate Revenue Source Bonds**

Deputy Executive Director Katie Skibbe introduced Piper Jaffray and reminded the committee of the decision points to be made, including the amortization schedule of Alternate Revenue Source (ARS) bonds, sale approach, and tentative timing of issuance.

Eric Anderson of Piper Jaffray updated the committee on the bond market and federal interest rates that have changed since the last Finance Committee Meeting on June 18, 2019. The commissioners asked various questions regarding the Federal Reserve and potential upcoming changes.

Anderson reported on the District's current debt structure by debt series for outstanding operating debt and the debt structure options for the new ARS bonds. Eight options were presented last month with either a 15-year or 20-year debt service maturity. Based on commissioners' recommendations, Anderson narrowed the options down to four, including two options with 15-year debt service and two options with 20-year debt service. All options had a declining amortization schedule.

Anderson noted staff's recommendation to take a proactive approach and begin preparing to issue the ARS bonds through a negotiated sale with the intention of postponing issuance until the funds are needed. Commissioner Joe Sullivan asked when the funds will be needed. Deputy Executive Director Katie Skibbe explained two options for issuance. In option one, the District would utilize fund balance first and issue the ARS bonds in January or February 2020. In option two, the District would utilize bond funds

first and the ARS bonds will be issued in October or November of 2019. Commissioner Dan Peterson asked if there are any implications issuing within or outside the calendar year. Anderson explained that the District is limited to the allowed amount of bank qualified bonds, so it is preferably to issue before year end to remain bank qualified as long as the District does not pursue buying their own bonds.

Commissioner Dan Peterson stated his preference with the two 15-year debt service options. Peterson's first choice was the option that included a less dramatic annual decline of debt. He stated his second choice would be preferred if staff indicated how they would pay off the substantial amount of debt in the early years using the District's operational funds. This option provided cheaper debt service amount in total compared to the other three options. Executive Director Mike McCarty explained the District's capability of covering the initial debt payments. The commissioners and staff discussed the two 15-year debt service options in regards to the District's operational funds, TIF funding, and potential future bond market changes.

The committee agreed to move forward with the 15-year debt service option with the acute descending retirement approach, which allows for less demand upon the District's each succeeding operating budget. Since the negotiated sale for the ARS bonds was agreed upon at the June Finance Meeting, Eric Anderson stated that the amortization schedule chosen by the Committee will be included in the RFP created to select an underwriter through a national search. He outlined the rest of the schedule including the process of underwriter selection which would take place at the September Finance Meeting.

The commissioners and staff discussed the use of fund balance or bond funds to postpone the sale of ARS bonds. The committee agreed to use the fund balance first and agreed to select an underwriter in September to be prepared for favorable interest rates. John Balzano explained the flexibility of the parameters ordinance that will allow control for bond issuance.

**b. Discussion on Special Revenue Facilities Operations**

Deputy Executive Director Katie Skibbe started the discussion by explaining that this discussion was brought about by questions raised at the April 9, 2019 Finance Committee of the Whole Budget Meeting regarding negative fund balances in the enterprise funds and their coverage of G&A costs. Skibbe stated that direction given during this discussion will help guide decisions related to annual recommendations, business plans, budget and the annual audit.

Commissioner Joe Sullivan asked when a decision needs to be made. Skibbe responded that there is no timeline, but the Board would have an opportunity to change the status for the next fiscal year.

Skibbe presented the history of the four enterprise funds: Glenview Park Golf Course (GPGC), Glenview Prairie Club (GPC), Glenview Tennis Club (Tennis), and Glenview Community Ice Center (Ice). The enterprise funds have not covered their costs now for several years as Park Services has been covering their G&A contributions, large renovations and additions to these facilities have been paid for by Capital Development and GPGC and GPC have been unable to cover their depreciation expenses for several years which has contributed to their negative fund balances. Skibbe presented information on the fund balances for each of these funds. She explained that the audit shows interfund loans

from Tennis to the other enterprise funds to keep cash balances positive in these funds. interfund loans are intended to be short term loans with a reasonable expectation of repayment.

Commissioners and staff specifically went over the costs and repayment options for the interfund loan between Tennis and Ice after the renovation project is complete. Skibbe noted that the depreciation expense for the new Ice Center would be considerably higher than the current depreciation. Commissioner Jen Roberts asked about the consultants' viewpoints on the District's interfund loans from the Tennis Fund, which has historically reported a positive balance. Skibbe responded that Lauterbach & Amen and Moody's are aware of the status of the District's enterprise funds and stated that most park district's enterprise funds are not true enterprise funds.

Skibbe went on to explain the issue of covering costs through raising fees at GPGC, GPC, Tennis, and Ice as many of these services compete with private-businesses and increasing fees beyond the going market rate can be difficult as customers go elsewhere for their recreational needs. Commissioner Jen Roberts mentioned the perception that the public has regarding how costs are covered at these facilities. Skibbe stated the golf courses benefit individuals who don't participate in golf by providing stormwater management, increasing property values surrounding the golf course, and providing open space. Staff provided the committee with the costs and benefits to turning a facility like GPGC into a passive park or an active park in order to provide perspective.

Skibbe stated that staff has begun having the GPGC, GPC, Tennis, and Ice facilities cover their costs, starting with Capital Replacement costs and this year they paid 10% of their G&A costs. She explained that changing the enterprise funds to special revenue funds would remove long term assets and long term liabilities from the balance sheet and these funds would no longer record depreciation expense or interest expense from debt.

Staff and commissioners discussed changing the enterprise funds to special revenue funds, including the optics and accounting perspectives. Commissioner Dan Peterson stated his preference with enterprise funds, but had questions for a future discussion. Executive Director Mike McCarty concluded that this discussion will be brought to a future Finance Committee Meeting.

**c. Update on Annexed Properties**

District Attorney Jim Rock reported that the District annexed two unincorporated areas that were surrounded by Park District land in September 2018. As part of that process, based on information provided by Cook County, the property owners were told they would not see a tax assessment for the Glenview Park District until the 2019 Tax Levy payable in 2020. However, a property owner reached out to District staff because their tax bill received the Park District property tax extension. Staff confirmed with Cook County that all property owners in the annexed areas were taxed on their 2018 bill due to a change in procedure.

Jim Rock indicated two options for the District to rectify the taxes that were prematurely billed. One option included the Park District sending a rebate check to Cook County covering the total tax dollar amount. The second option included an abatement which would not occur until next year. In the best interest of the property owners, staff recommended moving forward with the rebate option.

DRAFT

Jim Rock followed up with Cook County Treasurer's Office for next steps and was told that the Park District should write a check to the Treasurer in order to reduce the tax collections for this year from the District. The Treasurer would then refund or credit the property taxes for the residents in the annexed areas.

The commissioners asked various questions to understand the logistics of the process for the property owners. Executive Director Mike McCarty added that staff will be sending first class mail and certified mail to every PIN holder, which will include an explanation and an outline of the proper steps being taken. The commissioners commended the staff and the attorney for developing this solution. The commissioners and staff discussed the financial aspect of the rebate option and how the letter will communicate the process.

The committee endorsed the staff's solution to send a rebate to Cook County that will refund or credit the property taxes billed to residents in the recently annexed areas as well as sending letters of communication with the residents.

**d. June Financial Statement Review**

Deputy Executive Director Katie Skibbe provided the Board with the June financial statement including a review of variances over \$10,000.

**3. Other**

None

**4. Matters from the Public**

None

**5. Adjourn**

Commissioner Jen Roberts moved seconded by Commissioner Dan Peterson to adjourn the Open Session at 10:00 am. On Voice Vote: All present voted aye, motion carried.

ATTEST:

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Jennifer G. Roberts  
Board President

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Michael D. McCarty  
Board Secretary

Approved this 22<sup>nd</sup> day of August 2019.