



WILMETTE PARK DISTRICT
Financial Planning & Policy Committee
Meeting Minutes

Monday, October 25, 2021
Village Hall Committee Meeting Room

Present

Commissioners/Committee: Chair Cecilia Clarke, Mike Murdock and Kara Kosloskus

Staff: Superintendent of Finance Sheila Foy and Accounting Manager Lisa Phillips

Visitors: Noah Rothschild, Verde Solutions

Absent

None

I. Meeting Called to Order

Meeting was called to order at 6:31 p.m.

II. Approval of Minutes

A. September 20, 2021

Commissioner Kosloskus moved and Commissioner Murdock seconded a motion to approve the minutes of the September 20, 2021 Financial Planning & Policy Committee meeting.

By a unanimous voice vote, **motion carried.**

III. Communication and Correspondence

Commissioner Clarke stated that there was no correspondence in the packet by the time of publication but that she had received an e-mail from resident Steve Later regarding the Memorial Tree Policy. Due to time constraints, the Committee will address this at a later time.

IV. Public Comment/Recognition of Visitors

Commissioner Clarke facilitated public comment. The Attendance Sheet will become part of the permanent record.

Noah Rothchild, 1524 Lake Avenue – Mr. Rothchild stated that he is a resident who also happens to sell solar energy. He works for Verde Solutions, the company that put together a proposal for a power purchase agreement with the Park District. He asked whether the RFP is for an independent solar energy consultant or a vendor to implement the solar panels. The Committee confirmed the RFP would be for a vendor to implement the solar panels. He explained the benefits of solar power, specifically the benefits of solar through Verde Solutions. Commissioner Clarke expressed an interest in the PPA to fund this project. Commissioner

Murdock noted the tax benefits available to a for-profit investment partner. The Committee thanked Mr. Rothchild for his time.

V. Unfinished Business

A. Solar Panels

Director Wilson advised that there is no update on solar panels at this time. The Committee had directed staff to obtain an independent energy consultant and staff has obtained one lead. Director Wilson asked if the Committee is interested in staff investing in this lead. Alternatively, staff can create a RFP, publish the RFP and make a decision based on the proposals. There was Committee consensus with respect to staff creating an RFP. At this time, Commissioner Clarke allowed public comment.

B. Communications

Agenda item deferred due to time constraints.

C. DEI Policy

Agenda item deferred due to time constraints.

D. Memorial Tree Policy

Agenda item deferred due to time constraints.

VI. New Business

A. Financial Statements for the Month Ended September 30, 2021

Superintendent Foy reported that the financials through September are still trending ahead. An update to total year projections based on capital that the Park District is not going to spend in 2021, instead of \$2.6 million, staff has now identified \$2.9 million in projections. This number will be trued-up as part of the ongoing budget process. By the end of October, staff should have a clearer idea of where the Park District will be at the end of 2021.

Commissioner Clarke noted that the property tax collection is still running under budget. Superintendent Foy advised that the due date for the second half of property taxes is in October. About a million dollars was received from property taxes at the end of September. During October, the Park District has received about \$2 million dollars. Superintendent Foy advised that she budgeted for property taxes in 2022 by projecting 55% will be collected over February and March and 45% will be collected in September and October.

Commissioner Murdock stated that the County does tax 55% of the prior year in the first half of the year and 45% of the prior year in the second half. As such, it makes sense to budget this way. There was a brief discussion about 2022 being a reassessment year for property taxes. Director Wilson clarified that this generally does not affect the Park District. The Park District levies a dollar amount and collects that dollar amount. The variations occur between what each individual parcel pays but the Park District still collects the same dollar amount.

B. Wilmette Park District 2021 Capital Expenditure Summary

Commissioner Murdock reiterated that staff has identified \$200,000 in capital that will be deferred. Superintendent Foy clarified that number may be closer to \$300,000. Superintendent Foy further advised that she added notes to each of the projects but that she still needs more information related to the permitting for Langdon. This amount may change. Superintendent Foy then recognized some new projects that have been accelerated in 2021 such as the replacement of the gymnastic doors at the CRC which is an immediate safety concern. Commissioner Kosloskus noted that pickleball is still on the 2021 Capital Expenditure Summary. Superintendent Foy advised that staff intends to spend \$15,000 in 2021 in addition to the \$6,000 that has already been spent. Director Wilson clarified this is not for the actual construction but detailed project scoping designs. Commissioner Murdock asked for clarification regarding the roof over the gymnastics facility. Director Wilson reminded Commissioner Murdock that this project was originally a 2022 project but per the Board's direction after the first round of capital review, this project was accelerated for a 2021 completion.

C. Debt Extension

Director Wilson advised that per the last discussion regarding the debt service extension base, current debt condition and the rules and regulations with respect to PTELL, it has been suggested that staff come back with a recommendation to issue some debt service extension base debt in a timely manner to utilize the amount of capacity that is in both the current tax year and the upcoming tax years. He advised the 2021 CPI is 1.4% as that is established at the end of the prior calendar year. Staff is using 3.5% which is Piper Sandler's estimate of where CPI will be at the end of 2021.

Commissioner Murdock clarified that for 2020, 2021 and 2022, the existing DSEB is a combination of the funds that were earmarked for the Gillson Beach House and the reconstruction of the golf course clubhouse. The full DSEB will become available in 2026 once the golf course club house is fully paid. Director Wilson confirmed. Superintendent Foy added that current Board practice is to use current debt and not encumber a future Board with debt decisions that were made by a previous Board. Commissioner Kosloskus asked if during Director Wilson's tenure, the Board hadn't ever fully leveraged the available debt. Director Wilson advised that the CPI factor and inflation is a relatively new factor and this dynamic did not exist in the past. He is sure the Board has left small dollar amounts on the table in prior years but generally, the Park District has tried to capture this debt because it is a key integral part of how the Park District funds year over year capital projects. The Park District funds general base capital – not major projects – through a combination of this debt and transfers from the surplus of operations. The two funds combined together allow the Park District to keep the parks and facilities up to date. Commissioner Kosloskus noted it may be more economical to spread the repayment of debt across eight years rather than four years despite the prior practice of only four years as to not encumber a

future Board. Director Wilson agreed that it would be more economical but as Commissioner Murdock eluded to earlier with respect to existing debt, a portion of this form of debt that was encumbered in the early 2000's as a part of the construction of the new golf course clubhouse and that was issued over 25 years. That 25 year timeframe impacted decisions future Boards were able to make. Director Wilson advised that it is best when debt is spread over three year increments because the Board may gain some efficiencies on fees and at the same time, the Board is not extending too far into the future. Commissioner Kosloskus asked if once debt is committed, whether it has to be attached to the project for which it was issued. Director Wilson advised that when the Board issues bonds, they also issue an Ordinance. That Ordinance is what directs the County to assess the taxes in any given year. In that Ordinance, there is language that stipulates what proceeds of the bonds will be used for. There have been times when the Board has specifically named projects but more often, the Board has stated the proceeds are for general capital. It cannot be used to pay salaries or buy supplies. It can only be used towards capital projects. Commissioner Kosloskus stated that while future Boards will have this debt, it will still fund general capital and maintenance needs for those years that it would be applicable too. Commissioner Murdock clarified it is an income stream that will be captured in the future and if the current Board were to hypothetically extend the debt repayment over six years, a future Board would have to keep extending debt repayment further into the future to capture available income stream. Director Wilson added current Board practice lines up the inflows and outflows more closely with the actual operations versus receiving tax funds that was expended twenty years ago. Commissioner Kosloskus asked if the Board spread repayment across eight years and managed it in appropriate fashion, if that would accomplish the same with a savings. Superintendent Foy stated there are unknowns that come with a decision like that. For example, no one knows what CPI is going to do. If CPI does go up to 3.5%, the Park District would not be able to capture that increase. As such, these numbers would be much larger if the CPI is increasing. There is also a cap in which the Park District cannot issue anymore debt unless the Board were to go out many years into the future. Interest rates are low now and it would be good to issue debt to get lower rates but the CPI factor is not consistent. Superintendent Foy suggested making the debt repayment a smaller number so as the Park District pays that debt off, future debt becomes available for future Boards to be able to do what they want to do. Commissioner Murdock added there is also a greater risk of leaving something on the table that is far in excess of the Park District is saving. Referring back to the presentation, Director Wilson stated that these numbers reflect what the Park District can tax to repay both the principal and interest in any year. Depending on interest rates, proceeds may vary. He provided an example of what the Series 2021 limited bond debt service repayment schedule could look like to get to an overall payment principal interest of \$1.164 million. Commissioner Murdock asked what the consequence is if the Board were to overestimate. Director Wilson stated that

the consequence is whatever amount was overestimated, will be paid out of operations in addition to what was collected on the tax levy. There is some value in being slightly more aggressive. There was Committee consensus on a debt repayment over four years. There was a brief discussion as to what would happen if the District were not to issue debt, the history of DSEB and the Board's prior decisions with respect to bond issuance. Director Wilson advised that procedurally, after the Committee's discussion today, there are requirements. The BINA Hearings must be called for at the November 8th Board meeting to officially give notice that the Board is going to conduct a BINA Hearing at the December meeting. Ultimately, if interest rates and the debt repayment schedule work to the Board's approval, then the Park District would do the issuance of the bonds in January and close in February. Commissioner Murdock clarified that before the bonds are issued, the Board will know the 2021 interest rate. There was Committee consensus that staff consult with the Municipal Advisor, Eric Anderson, to create various debt scenarios for the Committee to consider.

D. Tax Levy – Truth in Taxation Resolution

Director Wilson explained the three sections of the Park District tax levy include tax cap funds, the debt service fund and the special recreation fund which is what the Park District uses to pay for ADA improvements, dues to NSSRA and NSSRA staff as inclusion aids for participants of programs. The special recreation fund number needs to be adjusted down. At the last NSSRA Board meeting, a decision was made to take a yearlong break from certain contributions. Due to the pandemic, NSSRA was unable to facilitate programs despite surrounding Park Districts still paying their dues. Therefore, NSSRA amassed a fund balance. As such, the Park District will not be required to make the same contribution in 2022 as they did in 2021. Superintendent Foy explained that the tax cap funds include every fund the Park District with the exception of the Special Recreation fund and the debt service fund. The calculations for the debt service fund and the Special Recreation are specific. Bond interest and bond principal becomes the debt service fund. The special recreation fund is hand calculated to determine what the Park District is going to be paying out of that fund. The difference is allocated to the tax capped funds. The calculation of the tax capped funds are done as a whole. All of the tax capped funds together is \$5,061,224. There is a \$1.4 increase in the tax cap funds because it is limited to CPI. The proposed tax levy for all tax capped funds for 2021 is \$5,132,081. That amount gets allocated to each of the funds based on their particular budget. Superintendent Foy advised that the property tax contribution to the Park District's total revenue is about a third of the District's revenue. For a Wilmette tax payer, this equates to about 5% of their taxes. With the DSEB dropping by about a million dollars, the taxes may fall even further. Commissioner Murdock highlighted the fact some Park Districts rely on taxes for more than half of their revenue and that the Wilmette Park District is unique in this respect. There was Committee consensus regarding the proposed tax levy.

Director Wilson advised he will update this document and provide the Truth-in-Taxation Resolution at the upcoming Board meeting.

E. Proposed FY2022 Administration Budget Review

Director Wilson advised that the portion of the budget presented to the Committee includes all of the tax cap funds. Commissioner Murdock asked what the replacement taxes are and why there is such a significant adjustment this year. Superintendent Foy advised that the replacement taxes are calculations for businesses, trusts and estates to contribute to taxes in lieu of property taxes. This is determined by the state. Commissioner Murdock then asked why the communications expense is lower this year. Superintendent Foy advised that staff has implemented a new telephone system with an 18-month payback. With the implementation of the new phone system, the reduction of phone lines and the renegotiation of the AT&T contract contribute to this decrease. Commissioner Murdock further asked why Independent contractor services is up. Director Wilson advised that this line item is in relation to independent contractor services within the marketing department. Commissioner Murdock acknowledged inflation is running at about 5% this year and that the Board is expecting to increase salaries by 5%. While this keeps employees on pace for the coming year, it does not address the fact that no one received salary increases last year. He noted there have been conversations within the Committee about a bonus structure. He asked Director Wilson if the bonuses are still part of the plan for the current year. Director Wilson confirmed. Commissioner Kosloskus acknowledged that printing and postage had a significant drop across the District. She asked if that is because staff is no longer mailing brochures. Superintendent Foy confirmed. Commissioner Kosloskus asked if staff intends to mail brochures in the future. Superintendent Foy stated the plan is to keep brochures online but to implement post card mailings. Superintendent Foy then turned the Committee's attention to health insurance. She advised that health insurance has mostly remained flat on the PPO side. The HMO had a small increase by 5.6%. This line item in the budget will also reflect an increase in fulltime staff as the District intends to start hiring again.

VII. Next Meeting

The next meeting of the Financial Planning & Policy Committee is tentatively scheduled for November 15th, 2021.

VIII. Adjournment

There being no further business to conduct, Commissioner Murdock moved and Commissioner Kosloskus seconded a motion to adjourn the Financial Planning & Policy Committee meeting at 7:30 p.m.

By a voice vote; **motion carried.**

Minutes Approved by Committee on November 15, 2021.

Respectfully Submitted,

Catherine A. Serbin

Catherine Serbin
Executive Administrative Assistant