

APPROVED
SPECIAL BOARD MEETING

A Special Meeting of the Board of Commissioners of the Mt. Prospect Park District, Cook County, Illinois, was held on Thursday, February 13, 2014 at the Central Community Center Facility of said Park District. President Doherty called the meeting to order at 6:30p.m. On roll call, the following officers and commissioners were present:

Tim Doherty
Steve Kurka
Bill Starr
Ray Massie
Bill Klicka
Susan Walsh

Administrative Staff:

Greg Kuhs, Executive Director
Lee Howard, Financial Advisor
Jim Jarog, Director of Parks & Planning
Brian Taylor, Director of Recreation
Teri Wirkus, Executive Professional Compliance Manager

Professionals:

Tom Hoffman, Attorney
Dan Forbes, Speer Financial

Visitors:

Robert Kawalek

CHANGES OR ADDITIONS TO AGENDA

None

APPROVAL AGENDA

Commissioner Massie moved to approve the Agenda for the Special Board Meeting; seconded by Commissioner Kurka and carried by unanimous voice vote.

PUBLIC COMMENT:

None

DISCUSSION ITEMS:

A. REVIEW OF THE FINANCIAL OPTIONS FOR CAPITAL PROJECTS

Greg Kuhs, Executive Director reviewed:

- The two different types of bond issues the district historically uses to fund capital projects.
- Issuance of annual rolls-over bonds; a portion of bonds used to make payments on existing long-term bonds-previously sold to fund capital project ex: Meadows Pool, etc.
- Another portion used to fund ongoing capital projects/improvements.
- Proceeds from the sale of annual roll-bonds; supposed to be used w/in 3 years after the sale
- When budgeted costs of a capital project/improvement are less than excess capital funds used toward other capital project/improvements.

Dan Forbes, Speer Financial reviewed:

- General Obligation Alternate Revenue Bonds:
- Currently Debt Service Plan; Mr. Forbes has worked on the District's Bonds.
- Discussion of the Preliminary Financing Plan Overview; (2014 Debt Service Plan); explanation of each column: annual & semi-annual interest, Debt certificates, Alternate Bonds (lower interest rate & bit more secure), Limited Bond combined Debt Service and the estimate proceeds available for Capital Projects.

Lee Howard explained:

- The payments on a long term debt (the district already has) and the total payments. And if capital projects are less than expected then the excess capital funds could be used for other capital projects or improvements like the district's annual capital projects. (trucks, etc.) Explained the existence of the long term debt on page 3.
- Commissioner Kurka: for a clarification on retiring the bonds from columns D/F/G. Anticipating the 7.55 will be retired between now and 2017. Lee explained the interest and

principal for the different columns for D/F/G and that Commissioner Kurka is correct in his understanding.

- Commissioner Walsh: 2012/2013 roll over GO Bonds- is this in the 14 million combined debt service: Mr. Forbes explained that this is a piece of what your outstanding debt is.

Dan Forbes went into depth of:

- How the issuance of bonds for the annual debt service extension base are used each year. (Tax caps, amount of debt service issued w/rules and reasons.)
- The current debt service plan for the MPPD (Speer Financial are conservative).
- Reviewed Alternate Bonds with the annual interest and semi-annual interest.
- Reviewed the combined debt service (total payments).
- Commissioner Walsh asked for a clarification if the district is levying the tax for the (2.9 million) and if the roll over bonds will be covering the rest of the debt: we levy the tax for these bonds and a portion of the bonds from page 3.
- Preliminary” G.O Limited Tax Park Bonds, Series 2014 with the explanation of the current refunding and new capital projects on page 5.
- 2013 Debt Service Plan (Preliminary Financing Plan Overview) G.O. (Alternate Revenue Source) Park Bonds, Series 2014B & 2015B for \$8m each (estimated) Column K & Column L
- Combined you outstanding with Column J/K/L you will get Column M-shows you estimated annual capital with cash & Issuance Costs
- Reviewed if cost efficient to the Park District and restructuring of the bonds.

Greg Kuhs, Executive Director remarked:

- If we issue the bonds shown on page 5 we will not have the ability until 2025 to do another large capital project for 10 years out.

Commissioner Walsh: explanation of constraints on page 5: Dan explained on the model there are estimated constraints of the debt services that have to be paid for; million dollar to set aside for capital that is the second constraint and this is a scenario of what could be in the model.

Commissioner Klicka: if the \$8 million-part of the scenario and it is.

Commissioner Walsh: asked for the explanation on the changes for the roll overs: Dan explained the projection of the roll over, will flex with the interest rates (we are very conservative on the projections rates and the extension of the bonds and the pros & cons).

Lee Howard: explained our short term debt (roll over bonds) and why the district keeps it for four years and goals are set into parameters. There was also an explanation of the long term debt and how they relate to the different years.

Commissioner Walsh: asked if we didn't borrow at all do we have to take short term bonds; is the district forced to roll over bonds.

Lee Howard: the district can't levy a direct tax.

Tom Hoffman: Also explained outstanding alternative bonds (old terminology was called double barrel bonds) and how the first barrel would be the levy provided in the ordinance (if that barrel goes off it's disastrous) so the second barrel is a pledge of an alternate revenue source and traditionally in park districts the most frequent alternate revenue source (other than the general levy under the bond ordinance) is your non-referendum (short term) bonds. If you do not abate the alternate bonds levies each year it then renders all the outstanding principal remaining in the alternate bond issue as outstanding indebtedness.

Commissioner Walsh: give an example of which is the double barrel bonds.

Tom Hoffman: explained that all your alternate revenue bonds are the double barreled bonds- example on page 3 column H/I.

Commissioner Walsh: asked: If you had a referendum for the \$8MM then what would happen?

Commissioner Starr: asked question of how the referendum would be spent on capital bonds and the operation budget.

Tom Hoffman: explained pros and cons on referendum bonds.

Commissioner Doherty: if we would go out for referendum bonds would that be paid back in the increase of taxes.

Dan Forbes:

- Referendum bonds depend on what the district's goal is- 1. Keep resident's taxes exactly the same or targeted you will have a little more difficulty achieving that goal if you do long term referendum bond (longer into the future, high costs long range field, don't know what is going to happen AP) harder to manage. Speer is credited for management of the roll bonds, management of the rate & keeping this relativity short term (lower interest rate).
- With alternate bonds there could be an eight year call to restructure, depending on market conditions, (still not cost the district money)
- Explained page 6-8 for the "Preliminary" for the \$8MM G.O. (Alternative Revenue Source Park Bonds, Series 2014B & 2015B New Capital Projects and the vertical split and the horizontal split.
- On page 9, show the "Estimated" Interest rate (Dave has been quite conservative)

B. FUTURE MAJOR CAPITAL PROJECTS REVIEW

Greg Kuhs reviewed the Large Projects-3year projections and tentative budgets:

- Golf Course Renovation Project with the explanation of internal service costs; professional fees ext. (possible 2014-2015)
- Reviewed the information on Leahy Circle Playground; Einstein Playground.
- Explained the professional study should be done on Big Surf Pool Renovation before any projected budget could be made. (possible 2015-2016) Should have a study done when we start this project with the residents input.
- Looked at estimated timing on Central Community Center Roof Replacement for possible the year 2016.
- Rec Plex/Friendship & Lions Park parking lot replacement or repairs for possible 2015-2016.
- A discussion of the funding sources (Revenue) for the projects and where they could possible come from (ie: Bond Issues, ADA fund and paving and lighting fund).
- Discussed the other possible large future projects-potential acquisition of property north of Friendship Park would be a nice piece to acquire (timing unknown) and the development of MWRD Cup Site Land (timing of 10+ years).
- ACG was hired in January 2013 was hired to evaluate and project capital needs for parks and building over the next 20 years. ACG is scheduled to attend the March meeting to provide an overview of their report.

Commissioner Star: is this study just for facilities (or trucks etc) in the study.

Greg Kuhs: Just for facilities and parks.

Commissioner Doherty: Cup site is now extended out 10 years-we could have some money to do the project then.

Greg Kuhs: plan to ask for an extension on the lease; MWRD is receptive to the 10 year extension plus; there is a dollar a year lease. Re-evaluate at that time the options for the land.

Commissioner Walsh: need a comprehensive plan for 5-10 years; truck schedule, ACG schedule; need to put everything together- to know what everyone wants.

Greg Kuhs: the ACG report will provide a good overview of the parks and facility needs.

Commissioner Walsh: would like to know what the staff would like for future projects; the district is lacking the revenue compared to the library (tax revenue)-what returns on our investments, help on our equity etc; consider a resident survey (some universities will do the survey for free).

Greg Kuhs: how the Capital list is created- late summer each department prioritizes the capital projects; which projects get attention or replacement; list is pared down depending on money the district has to work with; then it is prioritized again

Commissioner Doherty: On page 10 the 3 year projections (would like to have the south side pulled in); need take care of what is already in process-golf course that has not seen a renovation (like the proposal) since we purchased it; Leahy Circle Playground - 30 years old; Einstein Playground at least 20 years old; Big Surf-no renovation since it was built; roof & parking lot repairs; great to go to staff and asked what they would like (if we had the money to do that); need to take care of what we have and keep up with repairs.

Commissioner Walsh: at the Board Retreat (2011) the discussion was Big Surf, Golf Course Irrigation & drainage; it is possible to use the 8 million to do all that; parks were supposed to be done two years ago (thought that was a done deal, physically saw the parks not completed); under park improvements-doesn't say which park has been improved; need a discussion on how to use the money.

Commissioner Kurka: page 10 the Large Capital Projects are the "must do" list; page 11 the short term list-replacing worn out stuff (ex. carpets, pipes etc. assets that need to be taken care of); other than the Dog Park is on this list (which has an over whelming support from the community); 2011 (look at the economic environment) the golf course project was talked about 6-7 years ago; anticipation that in 2013 it would be funded at the earliest (long term planning by the board); in favor of having a retreat in the future (to prioritize).(Commissioner Doherty pointed out the "must do" repairs); the next year the board will be figuring out what to do with Big Surf; (don't anticipating borrowing another \$8 million in the next year because of the amount of time preparing and public input etc); hope it only takes a couple of years to decide about the Big Surf (not like the golf course that is taking 6-7 years); public should have a wish list (I would like to see that); get the University to do a (free) survey someday; there are immediate repairs need to be done.

Commissioner Massie: have not seen the final design from Esler Design.

Greg Kuhs: Esler will be giving Nicholas the final design; Nicholas will go out for cost estimates before Phase I is awarded at the March meeting.

Commissioner Walsh: the first issue is a \$7.5-8 million dollar Golf Course; \$5million dollar difference between doing the irrigation/ drainage and current plan; be careful talking and comparing the prior plan- (it is the same cost) but the prior plan did not have the driving range on the course (planned for Melas); added \$1.7 million dollar maintenance facility that is where the big

cost came from, otherwise the plans were about the same; big concern is do we know if the public wants this.

Commissioner Kurka: went to all the golf meetings; Greg Martin stated if the district did only drainage and irrigation-we would be wasting the money and back in 5-7 years closing the golf course,to redo the course correctly, (which should have been done right the first time); overwhelming sentiment of the people in the room was do it right, get in, get it done and done for 30-40 years; the second architect made the same comment; the course is crumbling from underneath and has to be fixed; drainage problems-carts can't go out; there is a lake on the 14th hole and stays there for a long time; drainage and irrigation (very minimal drainage) does not take into account fixing all the bunkers (holding water for weeks); believes it is a necessary expense that needs to be taken care of.

Commissioner Walsh: the golf course is set in a flood plan -drainage could be improved- with \$1.2 million to repair the irrigation that is crumbling; lasted seven years since it has been talked about; about 20% would be for drainage; do other things while doing the drainage-if you are spending the million and half;. golf course was open after the 100 year flood-parts could have had water but it was not on the parts that closed the course: the premises have changed several times concerning the greens, bunkers, fencing; just seems like a lot of money.

Commissioner Massie: waiting for the numbers before deciding.

Commissioner Kurka: the proposal is to wait until we get the golf course projection from Nicholas & Associates before we vote in March on phase one of the building.

Commissioner Walsh: would like vote on both phases together.

Commissioner Klicka: need to watch the timing otherwise the course could be shut down the wrong time.

Commissioner Starr: if we do a maintenance facility redo (which feels necessary – due to working conditions); move the maintenance facility to Busse Road, have a better working environment.

Commissioner Walsh: never had an estimate for the maintenance shed; never been brought up before-first time in April; no one mention the zoning code violations or terrible conditions (no memo); big leap from having trouble with the maintenance shed to building a \$1.7 million shed; if you leave the course as is; does it really cost 1.7 million for a maintenance shed; we don't have to do the maintenance shed before doing the whole project; should vote on both phases together.

Commissioner Klicka: went through two referendums and the people said no that is why we are in a cash crunch now.

Commissioner Kurka: for clarification the number for the maintenance building is \$1.5 million and includes the carry over costs for other parts of the golf course renovations.

Discussion

The following individual addressed the Board:

Bob Kawalek

- Attended the Phase 1 bid meeting; worked the numbers (with the lowest bidder in the 16 categories and added up to \$1.725 million and change.
- The largest debt the district accrued at one time: building of RecPlex.
- If two of the bond issues are floated (back to back) then no opportunity for long term debt until 2025: only if the district refinancing or goes to referendum.
- Wanted to learn more about the referendum (floating a referendum before bonds are purchased).

Commissioner Starr: talked with Chevy Chase Golf Club and they regret not putting in a driving range (during renovations); pertinent part of the community and growing the game of golf; children for golf lessons etc.; our design for Plan B moved the driving range in the center of the range-it seems designing the golf course around a driving range; reseed all greens-not replacing but reseeding; toured the golf course hole by hole-decided not to do a lot of things-does it make sense; still talking about 5.5 million dollars; this is a lot of money; expect the bids to be less money (with all the things decided not to do); the land (maintenance facility on) can't live with-toxic; make a driving range & move the maintenance to Busse Road; expand the driving range and still have a beautiful golf course (for it); still no place to park; still expect the bids to go down.

Commissioner Walsh: each member has gone out to the course or talked to Esler & staff; never heard what has been said; should be brought back to a meeting and talked about; we are the board-we decide what is going to be done and when we are going to do it; need to go hole by hole with pictures on exactly what is being done; outline on where the holes are going to be; what trees are going to be taken down; \$1.5 million a lot for a maintenance shed; dangerous for a driving range or not (both comments have been stated); driving range is going from 18 spots to 25 spots; water tower is in the way; concerns- the driving range shorter due to hitting the buildings; details not talked about; residents want to know; what about putting the two phases together.

Commissioner Starr: discussed improvements to the Esler design (minimizing the expense); the initial \$5.5 million is being held to; bids go out and get them back (with costs)- then we make decisions.

Commissioner Kurka: can't make a decision without the cost estimates; receiving the cost estimates at March meeting; get a preliminary indication (estimates & costs) no action taken in March until we will get both the numbers.

Commissioner Walsh: wait another month or two and get the actual bids; discussion on exactly what is being done on the course; would like to hear from Esler Design as what is exactly being done (hole by hole); specks in hand.

Greg Kuhs: Esler Design is working on getting the cost estimates (hole by hole); cost comparison between protecting the greens and/or redoing the greens; Dave Esler will be coming to the February regular board meeting.

ADJOURNMENT

There being no further business to discuss, Commissioner Starr moved to adjourn the Special Board Meeting at 8:31.p.m.; seconded by Commissioner Klicka and carried by unanimous voice vote.

Respectfully submitted,

Bill Starr, Secretary