FOREST PRESERVE DISTRICT OF KANE COUNTY

FINANCE COMMITTEE MINUTES

I. Call to Order

The Finance Committee meeting was held Tuesday May 26, 2015 at 2:00 PM at the Administration Offices located at 1996 S. Kirk Road, Suite 320, Geneva, IL 60134. The meeting was opened by Chairman Mark Davoust at 2:00 PM.

Members Present:

Attendee Name	Title	Status	Arrived
Mark Davoust	Chairman	Present	
Michael Kenyon	President	Present	
Rebecca Gillam	Commissioner	Present	
Joseph Haimann	Commissioner	Present	
John Hoscheit	Commissioner	Present	
Philip Lewis	Commissioner	Absent	
Brian Pollock	Commissioner	Late	2:10 PM
Deborah Allan	Board Member	Present	

Staff Present:

Monica Meyers, Executive Director, Ken J. Stanish, Director of Finance, Drew Ullberg, Director of Natural Resources, Jerry Culp, Director of Planning and Development, Laurie Metanchuk, Director of Community Affairs, John Goreth, Director of Operations, Tracey Smith, Director of Human Resources, Mike Gilloffo, Police Chief, Patrick Kinnally, Attorney, Anna Marano, Buyer, Ellen Maglio, Administration, Patricia Hestekin, Recording Secretary

Additional attendees: Dave Phillips and Daniel Forbes of Speer Financial

II. Public Comment (Each speaker is limited to three (3) minutes)

None

III. Approval of the April 22, 2015 Meeting Minutes

RESULT:	**APPROVED WITH VOICE VOTE [UNANIMOUS]**
MOVER:	Joseph Haimann, Commissioner
SECONDER:	John Hoscheit, Commissioner
AYES:	Mark Davoust, Michael Kenyon, Rebecca Gillam, Joseph Haimann, John Hoscheit, Brian Pollock
ABSENT:	Philip Lewis

IV. New or Unfinished Business

A. Presentation and Approval of Refinancing the 2006, 2007 and 2008 Bond Issues

Director Stanish presented refunding options for refinancing the 2006, 2007 and 2008 Bond Issues. The call dates for 2006 General Obligation Bonds and the 2008 Taxable General Obligation Bonds is December 15, 2016 and the 2007 General Obligation Bond call date is January 15, 2017. The recommendation from Speer Financial is to combine the 2006 and 2008 bonds together for refinancing purposes and to pass a Parameters Ordinance which would allow President Kenyon to authorize refinancing when the interest rates get lower. The Parameters Ordinance gives the District a 6 month window to watch interest rates. The minimum advance refunding savings requirement is 2-3% and the issuance cost to refund is approximately 2% of the issue value.

RESULT:	**MOVED FORWARD BY VOICE VOTE**
TO:	**Forest Preserve Executive Committee 6/5/2015 8:30 AM**
MOVER:	Brian Pollock, Commissioner
SECONDER:	John Hoscheit, Commissioner
AYES:	Mark Davoust, Michael Kenyon, Rebecca Gillam, Joseph Haimann, John Hoscheit, Brian Pollock
ABSENT:	Philip Lewis

B. Presentation of Debt Service Fund Update

Director Stanish presented an update on the District's Debt Service. Presently 82-83% of the property taxes the District receives goes toward the District's debt service. The average homeowner pays approximately $184.27 towards the District's existing debt. In both 2017 and 2018 the existing debt levy extension will fall by $7 million and $9 million dollars respectively.

Executive Director Meyers stated there is $2 million dollars budgeted for the bridge in downtown Aurora. It appears this project will not be completed for 5 years. Money for this project has been set aside from the 2011 bond issue. Bond counsel suggests using these funds and replacing the bridge money in future budgets. There are several land acquisition and/or capital projects for these funds.

C. Presentation of the County / District Partnering Investment Option

In April, Treasurer David Rickert contacted the District regarding the possibility of investing District funds with the County. He proposed creating a special agency fund that would segregate the District’s money. The interest earned would be the same as what is earned by all of the County funds, a weighted average investment yield. Below is a graph provided by the County that shows a twelve month weighted average investment yield.

Both boards would have to approve a resolution entering into an intergovernmental agreement to solidify terms and procedures. If the Commission chooses to proceed, the states attorney's office would review the agreements. The District's auditors were also consulted regarding this arrangement and were comfortable with it as long as all of the agreements were formally approved.

Discussion continued with Commissioners concerned with the District's limited oversite and access to the funds.

D. Presentation and Approval of an RFP For District Money Manager Services

At the Finance Committee meeting in April, the committee discussed the possibility of hiring a money manager to invest fund balances from the General Fund and the Enterprise Fund to try to improve investment returns. At that time, the committee instructed staff to issue an RFP and evaluate the responses.

On April 29th, the District advertised the Money Manager RFP and a total of 14 firms received the information, with four vendors submitting proposals on May 20th. Staff independently evaluated the proposals and unanimously selected the top firm of Sawyer Falduto Asset Management, LLC from Elmhurst, IL. The responses were evaluated on the following criteria:

- Experience of Firm - 20%
- Experience of Individual Managing the Account - 25%
- References - 20%
- Proposed Fees - 25%
- Sample Reports - 10%

Sawyer Falduto has a fee of .15% of market value of assets under management (guaranteed for 10 years). This fee includes all reporting and custodial services provided by Charles Schwab Institutional. Additional services include:

- Investment Policy drafting, review and updating as needed
- Acceptance of Fiduciary Responsibility
- Fixed Income Management
- Coordination of Custodial Services
- Monthly Statements via Schwab Institutional
- On-line Access via Schwab Institutional
- Quarterly Performance Reports
- Attendance at Quarterly Board Meetings or with Finance Department
- Direct Access to the Sawyer Falduto Managing Partners

The goal of this process is to improve the investment returns of the District while still keeping the funds safe. When entering the fixed income market, fluctuations in values will occur based on the fluctuating interest rate environment. An agreed upon benchmark will be established and Sawyer Falduto's performance will be evaluated as compared to the benchmark.

When looking at the Barclay's 1-3 Year US Treasury index, the prior 1 year return net of fees would have been .87%, the two year returns would have been .55% and the 3 year returns would have been .53%. These returns are superior to what the District has experienced during this timeframe and the expectation would be that the District's returns would be superior to the benchmark.

RESULT:	**MOVED FORWARD BY VOICE VOTE**
TO:	**Forest Preserve Executive Committee 6/5/2015 8:30 AM**
MOVER:	Joseph Haimann, Commissioner
SECONDER:	Rebecca Gillam, Commissioner
AYES:	Mark Davoust, Michael Kenyon, Rebecca Gillam, Joseph Haimann, John Hoscheit, Brian Pollock
ABSENT:	Philip Lewis

V. Presentation and Approval of a Modification to An Ordinance Setting the Salary Ranges of Employee Positions of the Forest Preserve District of Kane County

Per the District's Salary Administration Policy approved by the Commission on April 11, 2006, the salary structure (ranges) will be raised at least 2% annually to stay in line with the market. The recommendation for the 2015/16 fiscal year is to modify the ranges by the minimum 2%.

The expense relative to the modification of the salary ranges has been budgeted in the current fiscal year. Merit increases approved by the Commission for the current fiscal year are 3%. Though the range adjustments and the merit increases are separate functions, the budgeted 3% merit increase covers this range adjustment.

RESULT:	**APPROVED WITH VOICE VOTE [UNANIMOUS]**
MOVER:	Rebecca Gillam, Commissioner
SECONDER:	Joseph Haimann, Commissioner
AYES:	Mark Davoust, Michael Kenyon, Rebecca Gillam, Joseph Haimann, John Hoscheit, Brian Pollock
ABSENT:	Philip Lewis

VI. Executive Session to Discuss Land Acquisition, Contracts, Litigation and Personnel

None

Motion to Exit Executive Session

VII. Adjournment

RESULT:	**APPROVED WITH VOICE VOTE [UNANIMOUS]**
MOVER:	Joseph Haimann, Commissioner
SECONDER:	John Hoscheit, Commissioner
AYES:	Mark Davoust, Michael Kenyon, Rebecca Gillam, Joseph Haimann, John Hoscheit, Brian Pollock
ABSENT:	Philip Lewis

Adjournment Until: **July 28, 2015 at 2:00 pm**
Forest Preserve District Administration
Offices Board Room
1996 S. Kirk Road, Suite 320, Geneva, Illinois

Mark Davoust, Chairman
Finance Committee
Forest Preserve District of Kane County

Respectfully Submitted,

Patricia Hestekin

Patricia Hestekin
Recording Secretary