1.0 CALL TO ORDER
The Committee of the Whole Meeting of the Board of Trustees of the McHenry County Conservation District was called to order at 5:07 p.m. by President Heinsohn on the evening of Thursday, January 19, 2017 at the Brookdale Administrative Building within Brookdale Conservation Area, 18410 US Highway 14, Woodstock, Illinois.

2.0 ROLL CALL
Trustees Present: Bona Heinsohn, President
                 Stephen Barrett, Vice President
                 Brandon Thomas, Treasurer
                 David Kranz, Secretary
                 Peter Merkel, Trustee
                 Vern Scacci, Trustee
                 David Brandt, Trustee

Staff & Others Present: Robert K. Bush, Attorney (arrived at 5:45 p.m.)
                        Elizabeth S. Kessler, Executive Director
                        John Kremer, Director of Operations & Public Safety
                        Andy Dylak, Director of Administration & Finance
                        Ed Collins, Director of Land Preservation & Natural Resources
                        Wendy Kummer, Marketing & Communications Manager
                        Anne Basten, Executive Assistant
                        John Berg, Facilities Manager
                        Sara Denham, Wildlife Resource Center Manager
                        Jeff Diedrick, Chief of Police
                        Deb Chapman, Educational Services Manager
                        Jenny Heider, Human Resources Manager
                        Amy Peters, Planning Manager
                        Val Siler, Land Preservation Manager
                        Perry Weborg, Sites & Fleet Manager
                        Brad Woodson, Natural Resource Manager
                        Ben O’Dea, Sites Supervisor
                        Bryson Calvin, Region 2 Ranger
                        Chad Secor, Region 3 Ranger
                        Jake Muench, Region 3 Assistant Ranger
                        Kurt Klinger, Region 5 Ranger
                        Jeff Murray, Region 3 Restoration Ecologist
                        Jacob Holmes, Region 6 Assistant Ranger
3.0 PLEDGE OF ALLEGIANCE
President Heinsohn led the reciting of the Pledge of Allegiance.

4.0 CONSERVATION ETHIC
Trustee Merkel read the Conservation Ethic aloud.

5.0 PUBLIC COMMENTS
There were no public comments.

6.0 LONG RANGE PLANNING DISCUSSION
Executive Director Kessler reviewed the definition of Long Range Planning being used for the purpose of the discussion as “an exercise aimed at formulating a long-term plan to meet the future needs estimated by extrapolation of present or known needs” and in this case for the next ten (10) years. The needs of the District and the residents in the current economic climate were to be discussed based on natural capital, bricks and mortar capital, and human capital. Strategic planning identified critical issues. These included: Protect Public Investments; Diversifying Alternative Revenue; Investing in Human Capital; Grow Public Participation; and, Enhance Partnerships. It was noted that within the next ten (10) years there would be significant events including the 50th Anniversary of the District, retirements of key employees and the final payoff of the outstanding voter approved referendum debt in 2026.

6.1 Purchase Installment Agreement for Trustees Deeds: Harry Pichen Trust and Helen Pichen Trust
The PowerPoint presentation that goes with the following narrative is to be filed with these minutes. Executive Director Kessler reviewed the history of the installment loan on the Pichen parcel, which began in 2006 prior to the passage of the 2007 referendum, including the wishes of Mr. Harry Pichen to preserve the property with the District in perpetuity. The site has ecological, cultural and recreational significance. The purchase price was $6.5 million for the 138+ acres and the installment agreement was at a low interest rate. The original term was for ten years, with an additional payment it was extended an additional five years to 2021. The District made a possession payment in 2011, following the death of Mr. Pichen. The current Board of Trustees asked staff to consider alternative strategies for paying the balance of the purchase agreement. Staff provided a list of options and assessed them as least probable and probable and explained the rationale. Options included funding from reserves; issue non-referendum debt; referendum ballot measure; transfer funds annually from the General Fund for payment; fundraise through the McHenry County Conservation Foundation; restructure the Installment Agreement; and, explore establishing an Enterprise Fund - Working Organic “Farm to Table” Farm.

Executive Director Kessler then shared that staff has determined that a working organic farm and fundraising through the Foundation would not likely provide the necessary funding needed within the timeframe. They also believe it
would be unlikely that the Pichen family would accept a restructuring of the agreement.

Staff recommended that the Board of Trustees consider the issues of General Obligation Bonds, either through referendum or non-referendum as this would be consistent with the Board of Trustee’s initial and long-term funding strategy and promotes intergenerational equity of the county taxpayers with all existing debt being paid in full with the 2025 levy.

Director of Administration and Finance Dylak led the Board through several slides on the past levies, tax rates & EAV, and estimated Property Tax impacts.

He then shared that issuance of referendum debt would equate to approximately $2.50 per household annually. Alternative Revenue bonds paid out of the District’s operational revenue would result in a significant reduction in service levels to the residents.

Discussion continued with several Board members stating their hesitancy with Alternative Revenue Bonds based on recent local municipal experience. Executive Director Kessler explained that the decision needed at this point is to decide whether to use existing revenue sources/reserves or to sell additional bonds.

Vice President Barrett asked to move on to 6.2 on the agenda in order to see the whole picture.

6.2 Capital Asset Management Plan (CAMP)

Capital Assets are expenditures greater than $5,000 with an expected useful life of greater than one (1) year or that extends the useful life of an asset for more than one (1) year. These types of capital assets are funded through the General Fund operating budget.

Significant capital assets generally have a greater value than $20,000, have a useful life of greater than five (5) years, and are not supported by the General Fund. These include: vehicles and heavy equipment; roads, trails, parking areas; bridges, boardwalks, ramps, piers, stairs and other improvements.

Director of Administration and Finance Dylak reviewed the history of CAMP beginning in 2008 and through 2013 when the Capital Improvement Project (CIP) Fund was established to support CAMP needs and $4.2 million dollars was transferred from the Dedicated Accounts Fund to the CIP Fund.

Fleet vehicles were discussed and staff has proposed to reduce the fleet by four (4) vehicles when those vehicles have reached the end of their useful life. Staff is also extending the replacement cycle on many other vehicles that may still work fine but may not look so good. The size of vehicles will be reviewed on a case-by-case basis and two-wheel drive pickups may replace some four-wheel drive pickups.

Tractors and heavy equipment will be reduced through attrition and five (5) pieces of equipment will not be recommended for replacement when the end of their useful life is reached with a plan to rent equipment for specific projects as needed.
Bridges and other improvement listings are revised with all items now being accounted for and all will continue to be inspected regularly and have a useful life of twenty-five (25) or more years.

Trails, parking lots and roads listings are now comprehensive and are based on actual trail conditions with ADA improvements being deferred where not required. Trails will show more wear as their useful lives are extended with less proactive maintenance.

With the staff recommendations above, the total average annual CAMP cost would only increase by just under $100,000 per year.

Building demotion one time needs under CAMP are proposed at $664,080. Director of Administration and Finance Dylak then shared several slides revealing his calculations used to reach an average annual funding need for the CAMP of about $376,708. Staff has grouped CAMP needs into priority levels with Priority One being immediate and critical to be funded in the FY 2018 budget. Leadership will focus on succession planning, suspending hiring on vacant positions and reevaluating as needed, strategically increasing revenue and decreasing expenditures and investing in existing personnel to reach this priority need.

Priority Two identified potentially critical needs over the three fiscal years (2018, 2019, 2020). Leadership will look at planned attrition with related organizational realignment with the possibility of accelerating attrition through the pending retirements in the next several years, shared services, discontinuance of programs and/or services that are less critical or relevant to the core mission while remaining relevant to the current residents.

Priority Three included items that are not necessary or not yet critical. Staff noted the importance of continuing to seek a permanent funding source for these capital projects into the future.

Several Board members were in favor of supporting the assignment of $2.4 million within the General Fund reserves to support the CAMP needs as long as there are no layoffs of personnel. It was reiterated by President Heinsohn that it was the consensus of the Board of Trustees that there would be no layoffs since District is not in a crisis mode. It was also noted that some key positions will need to be filled if they become vacated. Trustee Scacci suggested hiring an independent consultant to assess efficiencies in operation while Trustee Brandt believed the agency is too small and specialized to merit expending resources for a consultant.

There was cautious consensus to support the recommendations of staff related to the funding of CIP and CAMP through the methods proposed.

Discussion then returned to item 6.1 and the balance of the installment agreement.

The consensus was for staff to continue to research all bonding options with an effort to include the long-term benefit to the taxpayers.
7.0 ADJOURN
At 6:50 p.m., there being no additional items for discussion, a motion was made by Trustee Brandt, seconded by Secretary Kranz, that the meeting be adjourned. Motion passed unanimously. Meeting adjourned at 6:50 p.m. January 19, 2017.

Respectfully submitted,

[Signature]

David Kranz, Secretary

[Date]

Date