1.0 CALL TO ORDER
The Special Call Meeting of the Finance and Administrative committee of the Board of Trustees of the McHenry County Conservation District was called to order at 7:12 p.m. by Treasurer Henning on the evening of Thursday, May 21, 2020 via Video Conference by Zoom Video Communications Platform under Gubernatorial Disaster Proclamation - Executive Order 2020-10 and 2020-18 Suspending the Open Meetings Act (5 ILCS 120/2 &120/7) which limits remote participation of the public body and requiring a quorum be physically present in a public space. The meeting was available for public access through the same log-on and meeting code as the Trustees. Trustees called in remotely as did the public and staff.
Executive Director Kessler shared a screen of the agenda items for those with video access.

2.0 ROLL CALL
2.1 Roll Call
Trustees Present: John Henning, Treasurer
Carolyn Campbell, Secretary
Patrick Fritz, Trustee

Additional Trustees Present: Vern Scacci, President
Dave Brandt, Vice President
Bill Cook, Trustee
Linda Thomas, Trustee

Staff Present: Robert “Bob” Nowak, County Board Liaison
Andrew S. Paine, General Counsel
Elizabeth S. Kessler, Executive Director
Anne Basten, Executive Assistant
John Kremer, Director of Operations & Public Safety
Andy Dylak, Director of Administration & Finance
Ed Collins, Director of Land Preservation & Natural Resources
Stephanie Michael, IT Coordinator/Administrative Assistant

Others Present: Various members of the staff and public

2.2 Remote Participation
A motion was made by Secretary Campbell, seconded by Trustee Fritz, to allow the Board of Trustees to attend remotely through electronic participation as per Administrative Policy #2.04.02. The basis for missing the meeting is due to personal illness and per the State of Illinois Gubernatorial Disaster Proclamation - Executive Order 2020-7 suspending requirements that members of the public body must be physically present. A verbal vote resulted in all ayes.
Motion passed unanimously.
3.0 PUBLIC COMMENTS
There were no public comments.

4.0 NEW & UNFINISHED BUSINESS
4.1 FY 2021 Budget Forecast w/COVID-19 Impact
Director of Administration and Finance Dylak shared a PowerPoint presentation which began with an explanation that because 93% of the District’s operating revenues were generated from property taxes and farm lease revenues, the revenues are very reliable and the District would be less impacted by the pandemic induced recession than other agencies.

He then presented Scenario 1: Most Likely - which projected a total reduction in General Fund operating revenue of $284,072 from the FY 2021 Budget. He explained that the anticipated reductions in revenue would be offset by $313,234 of planned expense reductions. The largest share of the expense reductions would be derived from the elimination of almost the entire seasonal work force, which would save an estimated $208,189 in related wage expense. He shared the capital expense items budgeted for the year which are currently being postponed until July to see what taxes come in and identified which items have already moved forward. Scenario 1 projected a net spend down in General Fund reserves of $355,838. This is an improvement over the FY 2021 Budget which projected a net reserve spend of $385,000. He also explained, that as with previous forecasts, the estimated expense details for all departments had been combined by type to facilitate the financial projections.

Director of Administration and Finance Dylak went on to present Scenario 2: Further Revenue Reductions - which projected a total decrease in revenue of $413,787 from the FY 2021 Budget. He explained that the additional revenue reductions were driven by increasing the uncollectible property taxes to 1% and uncollectible farm leases to 5% and reducing the State Personal Property Replacement taxes to 60%. He explained the additional reductions in revenue would be offset by reducing capital outlays by $121,500 from the FY 2021 Budget. The revised total capital outlays would be only $278,000. Scenario 2 projected a slightly higher net spend down in General Fund reserves of $364,050, but this is still an improvement over the FY 2021 Budget which projected a net reserve spend of $385,000.

4.2 Pandemic Preparedness, Response & Recovery Plan
Executive Director Kessler reviewed the goals as stated in the plan, the governance, chain of command and the various stages of recovery. She noted that the District is currently at Level 4 and that we did not need to go to Level 5 in this situation but the requirements and limitations are detailed for future use. The rest of the plan was reviewed by section. The final section is on Financial Resiliency and included many possible cost savings or financial sources for the Board to consider should the pandemic or emergency situation continue long-term (extending beyond 18 months).

President Scacci asked about a few of the items in the Financial Resiliency, specifically an Early Retirement Program or Voter Referendum and if they would automatically occur according to the Plan or whether they would need Board of Trustees approval. Executive Director Kessler’s response was that these items would require specific Board of Trustees approval.
If the Board chooses to accept the document it would be considered a part of the staff procedural manual/guiding document and not a policy as it was designed for guiding the staff under emergency pandemic circumstances.

It was noted that at this point the pandemic it is expected to be a temporary/short-term situation.

4.3 **EAV Statutory Rate**
Director of Administration and Finance Dylak reviewed the sources of income available to the District and the statutory limitations under which the District operates with a maximum ‘corporate’ levy rate of 1/10th of 1% of the County’s EAV. For 2019 this was be $8,814,398. He explained that, while unlikely, if there was a 20% reduction in the County’s EAV for 2020, the District would exceed the maximum statutory rate and have to reduce the 2020 levy by $357,458.

Director of Administration and Finance Dylak then explained the strong correlation between median home values and the EAV. He explained that the EAV was determined using a 3-year average of assessed values. Because of the averaging and the timing of the assessment process, the District had developed a model that could project the change in the EAV over the next 12-24 months with considerable accuracy. He explained that in order for the District to reach its corporate statutory rate cap in 2021, home values would have to fall by 54% in 2020; something that was very improbable to occur. He went on to show that if home values entered a sustained moderate decline, similar to the 2008 housing fallout, the District could reach its statutory rate cap by 2023. He is estimating that the 2020 EAV will actually increase by at least 4% and possibly up to 5.8% over 2019.

Director of Administration and Finance Dylak stated that current forecasts do not anticipate a significant decline in home values however home sales may decline during the pandemic and in the recovery phases and re-emphasized that a sustained multi-year housing decline from 2020 -2022 wouldn’t negatively impact the District until 2023 and/or 2024 levies. He questioned if there is a need for a future legislative change to come out from under the rate cap.

Treasurer Henning stated that gave us at least two years to react.

4.4 **Review of FY 2021 Project List**
Executive Director Kessler had supplied the final FY 2020 Project List originally shared in April in addition to the FY 2021 Project List as budgeted for FY 2021. The Board will see an update in July based on what was able to be accomplished during the pandemic. No action was required at this time.

President Scacci asked that an item related to the Prairie Trail in Crystal Lake be removed from the project list if it was not on the property the District owns.

4.5 **FY 2022 Budget Timeline**
Executive Director Kessler stated that staff was grateful that the District’s budget had already been accepted prior to the pandemic. The need to move any meetings in January earlier by a week for 2021 due to the timing for public hearing notification was explained. Under the new timeline, the board will be involved earlier in the process allowing them to provide more direction and input. The board members were encouraged to review the numbers as they start to come out and begin asking questions at that time.
Executive Director Kessler then asked to bring up two items that were intended to be discussed under item 4.2 but were inadvertently skipped. The first was consideration of hand sanitizer units for outhouses which are not currently available commercially due to shortages and which staff recommends not providing due to vandalism and theft experienced by other agencies who have tried it.

Board discussion centered on expectations under the new normal, that most people are carrying their own hand sanitizer if they are concerned about contamination and that possibly additional signage could reinforce that expectation. Staff was thanked for documenting the research and recommendations. There will be three stations located in public buildings: Brookdale, Lost Valley Visitor Center and Prairiewind Visitor Center.

The second item was a discussion on the 7.27 Emergency Closing Policy which was requested by President Scacci. He asked that the policy be reviewed because if the District had not been deemed essential by the Governor, the policy would have been in force for a much longer period of time.

The heart of the issue was what would have happened if we were not able to have work for employees to do or they were not allowed to work under the emergency proclamations. The majority of the board members present at the Committee meeting thought that the policy needed to be reviewed and an attempt made to fit more possible conditions other than poor weather and that a revision should include a time limit to allow a thorough evaluation of the situation and seek direction from other governmental entities.

Attorney Paine stated that this was not a legal question but a matter of policy and that it is difficult to write a policy to cover every situation but that it would be a good idea to include a finite time period to allow people to adjust and the dust to settle. He noted that benefits cannot be taken away once provided.

Executive Director Kessler noted that the policy is to address an emergency closing whether a pandemic or natural disaster in order to provide adequate time to get operations back up and running.

At this point Treasurer Henning lost connection to the meeting.

Secretary Campbell asked for staff to draft a revision and Trustee Cook agreed and that it did not need to come before the board in June but should include a finite time frame in the revision.

4.6 FY 2020 Budget Operating Surplus

President Scacci asked that any operating expense savings which he calculated as $669,000 be earmarked for the Chichen Loan repayment.

Director of Administration and Finance Dylak explained that $114,000 of the operating surplus was for projects not completed in FY 2020 and has been reappropriated for FY 2021 to complete the projects. President Scacci stated that the revised amount should be earmarked and then talked about the actual cost per acre of this parcel with interest payments, etc. and suggested that $2.5M be used to pay down the debt and a consideration be made to borrow with a debt certificate for the balance owed at the time of final payment to the owners in December 2021.

Treasurer Henning was able to reconnect with the meeting during this conversation.

Executive Director Kessler stated that if the Board would like to discuss this in June instead of July that the revised Capital Asset Management Plan (CAMP) could not be completed by then, but the discussion could be had with information presented.
last-year during the FY 2021 Budget and committed to staff doing their best to get the document numbers revised for future discussions. Director of Administration and Finance Dylak stated it would be a crunch. He also said he cannot speak to the value of the land but stated that the 2.5% rate of interest was significantly lower than the rate of interest on the 2001 General Obligation (GO) bonds which was over 5%. He stated that the financing strategy of the Pichen land acquisition actually made the total financing costs associated with the purchase cheaper than the financing costs of any of the land purchased with the 2001 GO bonds. He stated that staff had estimated that that installment loan and one proposed refinancing strategy collectively would save the taxpayers an estimated $1.6 million dollars an interest versus the interest that would have been incurred had the Pichen land been purchased with the 2001 Bond proceeds.

There were other suggestions and an understanding by the Board that CAMP is horribly underfunded and the concerns about the need to fund the Pichen loan debt. There was concern about the funding coming from General Funds.

Secretary Campbell understood that a June discussion might be pushing it as far as having all the facts and brought up the earlier discussion this evening on the EAV possibly dropping and concerns that reserves would drop below the recommended level and we need to know how far current CAMP funds will last us. She supported the original debt management plan to spread it out so multiple generations pay for the public land purchase that will be held in perpetuity. Asking current residents to foot the entire bill could jeopardize the current assets and infrastructure of the District.

President Scacci stated that based on his calculations that the District would need at least $10M to fund CAMP fully and that the interest paid on the loan would have financed the entire CAMP. He reiterated that he would like to have this discussion in June before his term is up on this board.

Treasurer Henning agreed that tonight was the beginning of the discussion and he would be willing to discuss it in June.

Executive Director Kessler and Director of Administration and Finance Dylak will connect after this meeting and consider bringing in a consultant for the discussion in June. Staff committed to putting together as much information as possible for a June meeting.

Executive Director Kessler reminded the board that many other units of local government do not have a 10-Year CAMP plan developed let alone fully funded and most have other sources of revenue available to them for greater flexibility in funding as part of their enabling legislation that the District does not have access to.

5.0 OTHER

President Scacci advised the Board that he had approved the addition of two items to the May 26, 2020 agenda: the payment of the First Installment of the 2019 property taxes payable in 2020 has been added to the consent agenda; and, there will be an item under new business on attendance of an attorney at board meetings.
6.0 ADJOURN

A motion was made by Trustee Fritz, seconded by Secretary Campbell, to adjourn the meeting. A voice vote resulted in all ayes.

Motion passed unanimously. Meeting adjourned at 9:37 p.m. May 21, 2020.

Respectfully submitted,

John Henning, Treasurer

Jun 29, 2020