1.0 CALL TO ORDER
The meeting of the Finance and Administrative Committee of the Board of Trustees of the McHenry County Conservation District was begun by President Pro Tem/Vice President Brandt on the evening of Thursday, July 14, 2020 at Brookdale Administrative Offices and via Video Conference by Zoom under Gubernatorial Disaster Proclamation - Executive Order 2020-07 in response to COVID-19 (COVID-19 Executive Order No. 5), as amended by 2020-33- COVID 19 Executive Order No. 31) and as reissued and extended by Executive Order 2020-39 - Executive Order in Response to COVID-19 (COVID-19 Executive Order No. 37) 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 logon and meeting code as the Trustees. Trustees were present at Brookdale Administrative Offices and were connected to Zoom through a shared connection on a laptop.

President Pro Tem/Vice President Brandt stated that he had determined that it was not practical or prudent to hold the public meeting of the Board in person with members of the public due to the current pandemic (PA 101-0640).

The meeting was then called to order at 5:04 p.m. by Treasurer Henning on the evening of Tuesday, July 14, 2020, at the Brookdale Administrative Offices, 18410 US Highway 14, Woodstock, IL. The meeting was available for public access through the Zoom Video Conferencing platform contemporaneously with information supplied on the District's website and on the posted agendas.

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

Trustee Absent: Patrick Fritz, Trustee

Additional Trustees Present: Dave Brandt, President Pro Tem/Vice President
Bill Cook, Trustee
Linda Thomas, Trustee

Counsel & Staff Present: Andrew S. Paine, General Counsel (Remote)
Elizabeth S. Kessler, Executive Director
Anne Basten, Executive Assistant
John Kremer, Director of Operations & Public Safety (Remote)
Andy Dylak, Director of Administration & Finance (Remote)
Ed Collins, Director of Land Preservation & Natural Resources (Remote)
Wendy Kummerer, Director of Marketing & Education (Remote)
3.0 PUBLIC COMMENTS
There were no public comments.

4.0 NEW & UNFINISHED BUSINESS
4.1 Execution of Financial Strategy to Pay Off Pichen Installment Agreement
Director of Administration and Finance Dylak reminded the Board that the estimated cost of issuing the Debt Certificates is approximately $36,000. He then virtually introduced Attorney Kyle Harding from Chapman and Cutler and explained that bond counsel is not only an integral part of the issuance process, but they are also critical to ensure that the District adheres to all required IRS and SEC post issuance compliance and reporting requirements. He then introduced Jamie Rachlin of Meristem Advisors who has provided advice to the District over the years and who introduced himself and his strong background in conservation. Mr. Rachlin gave a brief overview of the interest rate market and explained it had been fairly stable since April although the credit spread has changed. He stated that he is hopeful that the bonds will have an interest rate under 2% if we move quickly.

Attorney Harding explained that he had prepared the ordinance in a parameters format which authorizes the subsequent issuance as long as it falls within the parameters. He noted that the issuance is under the Local Government portion of the Illinois Compiled Statutes and not under the Conservation District Act. He explained that the Debt Certificates cannot be paid off using the tax revenue unlike the General Obligation Bonds (GO Bonds). He then talked about the process of issuing the debt and stated that the President and the Executive Director will be authorized to execute the documents once the terms are set.

Trustee Cook asked if he interpreted the information correctly in that it was written up to purchase five, 12-month Debt Certificates as opposed to one, 5-year Debt Certificates. Mr. Rachlin noted that the interest rates would be fixed and not change and that the document parameters were written to allow the District flexibility in establishing the maturities, which would allow for serial maturities and would allow the purchaser of the certificates to possibly take advantage of the fixed rate in serial years. He stated the ordinance could be changed to include a 5-year Debt Certificate if preferred.

4.2 2020 Property Tax Levy & Development of FY 2022 Budget Discussion
Director of Finance and Administration Dylak shared his presentation. The objectives this evening were: to gain consensus for developing the 2020 PTELL Levies by understanding the financial impacts of various levy options; set the basic Budget development guidelines while understanding the budget challenges and determining the potential use of and impact to reserves; and, to set the general operational goals.

All forecasts of expenses and revenues were based on the adopted FY 2021 budget and personnel expenses were the only expenses that were increased in the forecasts; with the non-personnel expenses being held unchanged from their FY 2021 Budget levels. Projections were made for all revenues sources and held constant.
between the scenarios, with only the property tax revenue (based on the 2020 P-Tax levy) changing. All three scenarios assumed that the 2021 & 2022 levies will be maximized (collected in FY 2023, FY 2024).

Director of Administration & Finance Dylak reviewed the revenue sources pie chart and the General Fund Property Tax Levy History as well as a graph comparing the McHenry County Corporate Levy with the District’s levy since 2006. The District has maintained a 0.5% annual average with only two (2) funds while the County annual average of their ten (10) levy funds over the same time period was much higher. The County has the ability, with multiple levies, to grow their General Fund corporate levy by utilizing excess levy capacity from other levies. This allows the General Fund levy to exceed the growth otherwise limited by PTELL, and mitigates the overall impact of their total tax levies.

Director of Administration & Finance Dylak covered the details of the 2019 Levy reduction agreed to by the Board and the County which resulted in a (-$123,681) reduction from the 2018 Levy. The Key Forecast Assumptions were presented and include an expected reduction of revenue from farm leases, State Personal Property Replacement taxes, interest income and educational program income. For Expenses, the personnel expenditures are somewhat fixed and make up about 77% of total operating expenses, which is comparable to Lake County Forest Preserves and the Forest Preserve District of DuPage County. The FY 2022 Budget will include a 2% wage increase, ‘4/7’ plan increases and the seasonal wage will be increased to $12/hr which will be the minimum wage required under state law effective January 1, 2022.

Director of Administration and Finance Dylak also explained the expected Health Insurance cost increases for the next year and which will be presented by the consultant the following Tuesday evening. He also estimated the IMRF employer contributions and explained that all other expenses: non-personnel and capital were held unchanged from FY 2021 budget and that the CPI for calendar 2019 increased 2.3% which is the maximum allowed increase under PTELL for the 2020 levy.

Director of Administration and Finance Dylak then explained three Scenarios and their impact to reserves which all included preserving the assignment for CAMP needs of $3,159,256: Scenario 1) starts with taking the full levy based on the reduced 2019 levy and results in a reduction of reserves putting the agency below the 25% of annual operating expenses by the end of FY 202; Scenario 2) requests the maximum levy but starts from the slightly higher 2018 levy and has less impact on the unassigned reserves keeping them near 20% of the Annual Operating Expenses through FY 2024; and, Scenario 3) takes only new development and reduces the net reserves to 10.5% of annual operating expenses by the end of FY 2024. All scenarios projected an operating deficit of six figures for all three years presented. This deficit as a percentage of Total Expenses came to (-1.7%) for Scenario 1; (-0.4%) for Scenario 2; and, (-3.6%) for Scenario 3.

Executive Director Kessler left the room to share the next portion of the presentation from her office to most effectively present through the Zoom communication platform.

Executive Director Kessler began by summarizing the number of hours Director of Administration and Finance Dylak had dedicated to come up with the various alternatives that might work. She noted that the whole team at the District has been challenged over the years to adapt and has continued to make do with less.

Executive Director Kessler then used charts to show the impact of the final three Scenarios on staffing, public access, and a conversion to reactive rather than
proactive response to issues. She noted that the District is still behind other similar agencies on staff to acreage ratios. It was noted that Technology proved to be one of the most vital pieces in the District's resources in response to the pandemic and allowed many staff members to work remotely where the more current technology existed and the lack of current technology hurt other staffing areas. Maintenance will be impacted and under the more extreme scenarios, some sites may need to be closed over time as the funding is reduced and our inability to effectively and safely maintain them for public access.

Executive Director Kessler began with Scenario 1 showing which items would be the first to be impacted. She continued with Scenario 2 which had several items moved to a lower impact including the selective hiring of some seasonal staff rather than no seasonal staff and basically resembled the current status quo envisioned for 2020 with COVID-19.

Scenario 3 would have the greatest impact to services, progress on strategic goals, with longer term impacts, with the increased potential for errors and omissions, and the breaking point in team effectiveness and quality staffing which could take decades to recover. It would include continued reductions in: staffing and benefits, ability to respond to the board members and other agencies to provide valuable data, hours of operations, public outreach, education programming, capital projects and purchases, technology, and extreme reductions in land management.

Executive Director Kessler asked the Board to consider the impacts of the various scenarios on public support in 2026 when the bond debt is paid off.

Treasurer Henning asked about the deficit expected at the end of the FY 2021 to which Director of Administration and Finance reported that based on the revised COVID-19 projections, if all the budgeted capital projects are expended, we would likely end the year with a deficit of $200,000. He noted that in all of the scenarios presented this evening, all included the assumption that all capital expenses budgeted were fully expended.

Trustee Cook stated that he believed this board would have trouble getting our budget accepted by the County Board if this board is not in sync with their leadership and that a decision is not entirely in the hands of this board.

Secretary Campbell suggested taking the full levy in September and then abating later if required.

Trustee Cook suggested using Capital Asset Management Plan (CAMP) funding to support operations to get through until 2026 and consider asking the tax payers for recapture funds to cover the reductions.

Treasurer Henning spoke about deficit spending until 2026 while maintaining the agreed upon 25% reserves but does not really like working at the minimum.

Further discussion covered large capital items that have been deferred and which are not functioning at optimum levels and to contact the pertinent Committee Chairs at the County Board about what direction they are seeing.

There was additional discussion on land management direction with the majority leaning towards maintaining agricultural land in production where feasible and moving forward with larger restoration projects with outside funding sources such as grants and mitigation reimbursements. It was noted that letting the land regress impacts adjacent and other landowners in the county.

Director of Administration and Finance Dylak reminded the board that continued CAMP deferrals and reducing reserves can impact bond ratings which are currently at AA+.
The board must make the decisions on which resources to reduce going forward.

Staff was then asked their recommendation. Executive Director Kessler stressed the need to communicate and develop an understanding of the financial needs of the agency based on the needs of the community as identified in the results of the most recent community-wide survey and that Scenario 3 is not sustainable but that Scenarios 1 and 2 provide challenges but would allow the agency to recover more quickly. Scenario 1 was using the numbers agreed to by the board last year with the County Chairman and County Board but that staff would prefer Scenario 2.

Trustee Cook suggested meeting with key members of the County Board to show them the three scenarios. Further discussion covered timing, the lack of support from tax payers to pay more even after increased use through the pandemic. The District will not be able to support any new projects and can’t keep up with repairs and replacements.

Executive Director Kessler asked the board to indicate what they are willing to give up (i.e. pulling funds from CAMP, general fund reserves, etc.)

Trustee Cook supported Scenario 3 for FY 2022 and take the full levy in FY 2023 and FY 2024 and continue to “tighten the belt”.

Secretary Campbell is concerned about the capacity to recover and does not want to continue to extend debt.

Treasurer Henning stated that Scenario 3 would be the easiest to take to the County Board but may not be the best for the District. Trustee Thomas agreed with Treasurer Henning and asked that staff be brutally honest with what is not going to get done.

Treasurer Henning called for an end to the discussion on this topic at this point in the meeting.

4.3 Job Classification Review

4.3a Reclassification of Restoration Ecologists, Plant Ecologist and Wildlife Ecologist from Grade 19 to 20 on the Technical/Professional Salary Schedule

Executive Director Kessler explained the process used and the time it took to re-examine the Ecologists’ rankings which actually regraded to a Grade 21 but staff is recommending only a change to Grade 20 and detailed where the funds would be moved from. It was noted that the review began prior to acceptance of the GovHR report when it was determined that the consultant did not use the most relevant job description from Lake County Forest Preserve District and that staff has been extremely patient through the process.

4.3b FLSA Exemption Status Review: Community Relations Specialist on the Administrative Salary Schedule

Executive Director Kessler explained the reasoning behind the reclassification which would allow for more flexibility based on the job demands and printer deadlines and would eliminate overtime and stood up to reevaluation due the creativity necessary for the work done by this position.
5.0 OTHER
President Pro Tem/Vice President Brandt asked about the document related to the pandemic response to which Executive Director Kessler replied that this was an update and noted that additional columns were added to show that there were several items that were more off track than originally determined.

Executive Director Kessler shared that staff would be looking for feedback to the strategic plan at the Committee of the Whole meeting later this same week.

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

Motion passed unanimously. Meeting adjourned at 7:34 p.m. Tuesday, July 14, 2020.

Respectfully submitted,

John Henning, Treasurer

Aug. 25, 2020

Date