I. **Call to Order**

President Wehrli called the meeting to order at 5:30 p.m. in the Kendall County Board Room.

II. **Roll Call**

Commissioners Cullick, Davidson, Gilmour, Koukol, Prochaska, Shaw, and Wehrli were present.

III. **Approval of Agenda**

Commissioner Cullick made a motion to approve the agenda as presented. Seconded by Commissioner Prochaska. All, aye. Opposed, none.

Commissioner Gryder arrived at 5:35 p.m.

IV. **Citizens to be Heard**

No public comments offered.

V. **Director’s Report**

Director Guritz reported that primary focus work areas in February included preparation of the tree removal bid packets, coordination of the Fox River Bluffs acquisition including coordination of communications with grant agencies, progress on the budget recoding project, coordination with IDOT on three projects including the US Route 30 and US Route 34 multi-use trail proposals, and $250,000 grant for construction of the railroad safety gates at Hoover Forest Preserve. President Wehrli added that as part of the railroad safety gate construction project, the District will need to bring this agenda item through the Highway Committee, and enter into an intergovernmental agreement with Kendall County to convey and maintain the roadway. Director Guritz reported that he had recently completed training through the Illinois Parks and Recreation Association’s Leadership Academy program. The newsletter is off to print. Preparation is underway for the S&P bond rating review meeting. An engagement letter has been received from Charles Schrader & Associates and will be presented to Commission for approval, as well as closing documents for the Fox River Bluffs acquisition project. Director Guritz reported that work is continuing to explore a high-speed internet connection to Meadowhawk Lodge at Hoover. Director
Guritz discussed the request from IDOT to convey 0.6 acres of property for the construction of the multi-use trail connection along Route 30 at Blackberry Creek Forest Preserve. The additional property is needed to construct a wider pathway. Commission discussed this project. Under the Illinois Downstate Forest Preserve District Act, Commission is able to sell parcels 1 acre in size or less. Proceeds from the sale can be used for future land acquisition purposes.

Commissioner Gryder inquired into the content for the Leadership Academy. Director Guritz reported that the six-month program included sessions on inspiring staff, strategic planning, financial and program management, and effective board and staff communications.

VI. FY 2013 and 2014 Audited Financial Statements

Matt Schueler, CPA for WIPFLi, Inc. presented the District’s FY 2014 audited financial statements. This included presentation of financial statement revisions in accordance with newly adopted accounting standard. This resulted in significant adjustments to the FY 2013 financial statements discussed in note 19 in the report. This resulted in a decrease of $1.8 million in the District’s net position, and a decrease in the District’s fund balance of $11,000. The reason for the decrease in net position is due to the District’s bonded debt. Bond premiums on debt are required to be capitalized and amortized over the life of the debt. This was not addressed by the previous auditor. The previous auditor also did not adjust for end-of-year payroll accruals, requiring retroactive adjustments back to 2012.

This is discussed in the audit report on page 34, note 19. Matt Schueler further explained that the adjustments resulted in an increase in District liabilities, which reduced the District’s net position. When the bonds were first taken out, bond premiums should have been shown as a liability.

Matt Schueler reported that this adjustment impacted other areas of the report.

Commissioner Koukol inquired into whether these adjustments would impact the District’s bond rating. Director Guritz requested information for insights that would assist the District with its upcoming bond rating interview.

Commissioner Gryder inquired into whether the District’s negative operating fund balance would also impact the District’s bond rating.

Matt Schueler stated he was not sure how these adjustments would be interpreted by the rating agency, but generally the bond rating agency’s focus is on the tax base and tax-based earnings for the District.
The District’s Statement of Net Position incorporates all of the District’s assets into a single report. For the District, land valued at $62.5 million is the greatest portion of the District’s $80 million in total assets, which is consistent with the prior year’s report. Of the District’s $49 million in total liabilities, the largest liability is bonded debt, with $1.2 million due in FY 2015.

Matt Schueler discussed the status of the District’s restricted and unrestricted assets and liabilities.

On pages 11 and 12, the audit report shows the balances of the debt service and capital project funds, as well as the District’s operating fund. The District has $6.1 million in fund balances, with unassigned balances in a negative position. Director Guritz stated that the report shows an operating fund deficit of just over $34,000, and asked whether this was due to the accrual adjustments to payroll that was unanticipated at the time the District transferred funding from the 2007 series interest earnings. Matt Schueler indicated this was the case, and in the future, the District should anticipate end-of-year accruals to payroll, and account for this when considering end-of-year transfers. Director Guritz pointed out that this would include benefit payouts for the previous Forest Preserve Director that would have been accounted entirely to FY 14.

On page 23, note 3, Matt Schueler pointed out that all District fund balances are collateralized and secured.

On page 37, Matt Schueler pointed out there is a new accounting standard in FY 15 that the District is going to adopt. The disclosure on this page for FY 15 shows the same schedule for the District’s pension liability as that of Kendall County. The specific pension liability will be determined for the District in 2015, and once determined, will reduce the District’s net position accordingly by accounting for the District’s specific pension liability. Matt pointed out that IMRF provides the funded ratio for pension liabilities. The funded ratio is at 93.2%, showing $1.6 million unfunded, a portion of which will be allocated to the District based on full-time equivalent positions. This will not change the amount or schedule the District is required to pay for its annual IMRF contributions.

The Board of Commissioners discussed how this effort ties into the separation of the District from Kendall County. Director Guritz stated that three efforts underway include new position descriptions for all staff, and creation of a separate personnel policy manual for the District.

Commissioner Gilmour asked about notes included on page 48 indicating the District was not in compliance with State budgeting laws. Matt Schueler pointed out that the District is not legally allowed to overspend beyond budgeted appropriations. Director Guritz stated
that this issue needs to be watched carefully, and if it appears the District must expend funds beyond appropriations, the board should approve an amendment of the budget to insure that District expenditures fall within appropriations.

Director Guritz stated that there should not be an issue with overspending in either the 2007 series bond fund, or the general operating fund for FY 15. The board will need to consider addressing the operating fund deficit through transfer of bond fund interest earnings, along with establishing an operating fund balance and policy for the District.

The board discussed options for addressing the operating fund deficit, stating that this will need to be examined within the Finance Committee.

Commissioner Shaw stated that the board should be commended for addressing this issue, including retaining a new auditing firm to improve the District’s financial reporting.

Commissioner Davidson inquired into whether the board needed to be concerned with limits for transferring funds from the 2007 series capital project to operations. Matt Schueler stated that only earned interest within the capital project fund may be transferred.

VII. New Business

➢ 2015 Farm Lease and Cropland Conversion Report

Director Guritz provided a report showing the District’s agricultural acres currently in production, and those acres in production falling within the acquisition footprints under past and pending grant agreements. The report shows that approximately 250 acres will need to be scheduled for conversion to natural area cover within the next 3-5 years, with conversion costs estimated at $4,045 per acre based on a breakdown received from Tallgrass Restoration, LLC. Director Guritz stated that the goal is to make progress on the conversion. This includes acres in production totaling 121 acres at Millbrook south, 45 acres at Henneberry, and 85 acres at Fox River Bluffs.

Commissioner Davidson stated the $1 million needed for this project needs to be set aside from the remaining bond funds.

Director Guritz stated that funds the District is expending towards these conversion projects may be used as a match to leverage additional grants to complete development projects at Henneberry and Fox River Bluffs.

Commissioner Gryder inquired into which forest preserves work is needed. Director Guritz stated that cropland conversion is needed at Millbrook South, Henneberry and Fox River Bluffs.
Commissioner Gryder inquired into seed costs, and whether the amounts stated were needed in accordance with the grant agreements. Director Guritz stated that while there are seed standards within the conversion plan, there could be some flexibility in the type and amount of seed mix purchased.

Commissioner Cullick inquired into whether any improvements needed to be made to the woodland acres at Fox River Bluffs. Director Guritz stated that no specific improvements are needed for restoration of the wooded acres, but long-term management of these areas will be needed to address impacts from invasive and exotic species to preserve quality.

President Wehrli stated that this is where volunteers can help to reduce District costs.

Director Guritz stated he would be working to bring back 2015 farm license agreements based on 2014 base rent rates and current formula for calculating yield payments to the District based on market sale of crops. President Wehrli stated that market prices have been falling, particularly for corn. Director Guritz added that the farm license revenues will decline as cropland is converted. Additionally, the FY 15 budget anticipated additional acres of cropland license revenue for Fox River Bluffs. This will likely result in a revenue shortfall in FY 15. Director Guritz stated that he would be working with Latreese Caldwell to take a close look at projections for the end of FY 15 based on actual acres under production.

OSLAD Grant Projects Report

Director Guritz provided an updated spreadsheet report providing a spend down schedule for the 2007 series capital project fund based on revised cost estimates for the Fox River Bluffs preserve, the recent announcement of the $250,000 grant for the railroad safety crossing at Hoover Forest Preserve, costs for cropland conversion including a preserve public access improvement contingency of $400,000. Based on the revised schedule, the remaining capital project fund balance is approximately $250,000.

Director Guritz advised the members of the board that they may soon hear of letters received by park districts and other agencies awarded an OSLAD grant informing them that their projects have been suspended. Because the District’s grant funding is originating from the Land and Water Conservation Fund, a federal funding source, the District’s grant is secure.
Commissioner Davidson suggested that there may be maintenance funds set aside for the Millbrook Bridge project. Director Guritz stated that there may be grant opportunities available to address the bridge within the scope of a multi-use trail improvement project.

President Wehrli requested that Commissioner Davidson research the question on whether a maintenance fund was created for Millbrook Bridge.

**Old Business**

- **Tree Removal Project Updates**
  Director Guritz stated that the District 12 firms participated in the recent mandatory pre-bid meeting. Exchanges with firm representatives provided strategies for reducing project costs that were outlined in a pre-bid addendum sent out to all participating firms. Commissioner Koukol commented that the scope of work that needs to be performed is significant to keep these areas safe. Director Guritz agreed that this will be an issue the District will need to address over the next few years, and thanked Commissioner Koukol for participating in the meeting. Director Guritz stated that there was a high likelihood that a change order will need to be considered based on identification of additional hazards over the course of clearing.

**VIII. Other Items of Business**

None.

**IX. Executive Session**

Commissioner Cullick made a motion to enter into Executive Session under 2.c.(1) of the Open Meetings Act to discuss the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity; and under 2.c.(5) of the Open Meetings Act to discuss the purchase or lease of real property for the use of the public body, including meetings held for the purpose of discussing whether a particular parcel should be acquired. Seconded by Commissioner Prochaska. Roll call: Commissioners Cullick, Davidson, Gilmour, Gryder, Koukol, Prochaska, Shaw, and Wehrli, aye. Opposed, none. Commission entered Executive Session at 7:06 p.m.

Commissioner Koukol made a motion to reconvene the regular meeting. Seconded by Commissioner Prochaska. Aye, all.
Commission reconvened the regular meeting at p.m. 7:48 p.m.

X. Adjournment

Commissioner Davidson made a motion to adjourn. Seconded by Commissioner Prochaska. All, aye. Meeting adjourned at 7:50 p.m.

Respectfully submitted,

David Guritz
Director, Kendall County Forest Preserve District