

## **BOARD MINUTES**

**July 10, 2017**

The regular monthly Board Meeting of the Board of Commissioners was called at 7:00 p.m. on July 10, 2017 at the Cynthia Neal Center, 8047 W. 91<sup>ST</sup> Place, Hickory Hills, Illinois.

The following commissioners were present: Guisto, Jerantowski, Kosnick, Morgan, Peterson.

Also present were: Jennifer Fullerton, Executive Director, Dan Maier, Recreation Director, Jim Murphy, Maintenance Director, Tammy Muth, Administrative Assistant and the following from First Midwest Bank; Lori Kazich, Susan Wade and Debra Grad.

### **APPROVAL OF MINUTES**

Commissioner Jerantowski moved, seconded by Commissioner Morgan, to approve minutes June 12, 2017. Ayes: Jerantowski, Kosnick, Morgan, Peterson.

### **SECRETARY'S REPORT**

Director Fullerton distributed an article from the Reporter that said the Carnival will be an annual event.

### **PUBLIC COMMENT**

Nothing to report. Commissioner Guisto arrived at 7:10pm.

### **Investment Agreement Presentation:**

Representatives from First Midwest Bank presented the Investment Agency Agreement. Director Fullerton said the recommendation will be to invest in US Government Treasuries with funds from CD's. We receive .60 for a one year CD and this rate could go up to an average of 1.55% minus .55% (fee) so the return could be 1%. Treasuries are liquid however they can go up and down so it is a small risk. Attorney David Freeman made several changes to the agreement so the final agreement is in the Board packet. Ms. Kazich said US Treasuries are debt obligations of the US Government and are the safest of all investments. CD is issued by a bank and is FDIC insured up to \$250,000 and it is locked in for a period of time and if you withdraw early there is a penalty. US Treasuries has a stated interest and maturity rate and they trade in the market every day and are liquid. First Midwest Bank uses US Treasury notes to collateralize. Many park districts and public funds use US Treasury notes because they are allowed by the Illinois Public Investment Act which you have to comply with. Ms. Kazich distributed the portfolio characteristics as an example for \$3.1 million and the Yield to Worst fluctuates every day. The .55 fee is annualized fee but we charge you that every month versus paying trading costs. Ms. Wade said as trades are going up, your cost won't change at all. Ms. Kazich said they have to keep a 1% reserve in your account and the 1% will gain interest too and would be in a money market account in Northern Trust. Commissioner Peterson asked if they were individual bonds or funds. Ms. Kazich said they are individual US Treasury Notes. The term limit on the spreadsheet shows 2017 to 2025 and you can still cash these in with these long term dates. Commissioner Morgan asked how you will get the money. Director Fullerton said as the CD's mature they will be put in the investment account and we will not sell early. We can leave some in CD's like two to four of them. Can we lose money? Ms. Kazich said we take advantage of market opportunities where we can buy it at a discount and it is trading on a premium and if it is a large amount like \$2 million you can lose a dollar on each one. That happens only when you need a substantial amount of money. We will try to anticipate when you need money. Director Fullerton said she will still have to manage it, project into the future and give First Midwest a list for what time of year we are withdrawing. We will keep at least \$200,000 in checking and never below \$125,000. Director Fullerton asked about some government agencies that lost money on investments and asked why that happened. Ms. Wade said Illinois Investment Funds is a long term bond fund and it is allowed in the Illinois Public Fund Act. They hired an investment

manager like Prairie Capital and the bonds they bought were USDA bonds and the bond itself was a fraudulent bond and it was a husband and wife that worked for the USDA and created fraudulent documents and sold millions of dollars of these fraudulent documents which got put into Prairie Capital's portfolio and it effected hundreds of municipal agencies. Ms. Kazich said it was a USDA bond not a US Treasury note which is backed by the US Government. It is different than what we are doing. We are buying and selling from well known counter parties and we are using the trading abilities that the US Government provides us for bonds and notes. Commissioners Kosnick asked about the additional handling fee in the agreement. Ms. Kazich said there are public funds investors that can dictate that we go purchase something and is in their investment policy like a Fannie Mae. We won't actively manage it but will go buy it and restrict it. It is a handling fee upon request. It will be rare that it happens if we have to pay extra fees in our \$13 billion portfolio. Ms. Wade said it would be outside of US Treasuries and then it is a handling cost. Director Fullerton said our attorney asked why do you need a W9 on Director Fullerton with the social security number, home address and he said then you are personally responsible for the parks \$3 million budget. Ms. Kazich said there is the entity of the park district with your own identification number and it is who is hiring us to do the investment management. You are an authorized signer and you are required to submit it because they have to get to know their clients with a W9 and personal information sheet on file. That does not make you responsible. Commissioner Kosnick asked about "agent may not be liable for any actions or failure to act on the part of a broker by the agent to reflect the purchase of the sale of HHPD." Ms. Kazich said if you have to purchase something very unique and not in our portfolio then we have to buy or sell it from a broker that we don't do business with and that is a red flag for us. Commissioner Morgan asked what if we don't want to invest in Treasuries and go back to CDs, is there a fee to terminate it. Ms. Kazich said there would be a termination fee of \$250 for the entire portfolio and to liquidate the funds however not the individual securities. Director Fullerton asked if we gave you one week to cash in \$100,000 is that acceptable. Ms. Kazich said there wouldn't be an additional fee for that. Commissioner Kosnick asked what if we heard the bank is going under or changing names. Ms. Kazich said it would be the \$250 to cash in all treasuries. Ms. Wade said if something happened to First Midwest Bank, the assets from the Trust Department can't be touched because it is in the HHPD name and it belongs to those clients. That is why it is FDIC insured up to \$250,000. US Treasuries are not collateralized and are in your name for your benefit. They are not bank assets and you own them. Director Fullerton said that is why we are collateralized now because CD's are with First Midwest.

## **MAINTENANCE REPORT**

The turf growth has slowed down but we are still cutting all the parks weekly. The following was accomplished last month: The bushes trimmed and mulched and various parks and City Hall. John's Pro Tree Service cut dead branches out of an oak tree by Krueger Park's entrance and the cost was \$300.

The budget price to drain tile the area used for the carnival was very expensive at \$35,000.00. Larry Boettcher recommends waiting until MWRD (Metropolitan Water Reclamation District) comes up with their final plan for Roberts Road. They could condemn a piece of the hill for retention. In August, maintenance will add black dirt to that area followed by slit seeding since the fall is the best time to seed. Director Fullerton said we asked Dan Danziel from 3D Design to give us a range of the cost to put in drain tiles because we are thinking about it. He ended up drawing a plan which she showed the commissioners and he charged us \$800. We didn't ask for a drawing just an idea of price. If we do proceed then we will pay the \$800 so for now we will not pay it and he knows that. Also, MWRD wants to put detention down there and it would be terrible to have standing water when we have special events where children are around water and we don't want a drowning on our property. Now we have the hurdle of not putting drain tiles in there and waiting for MWRD. Director Fullerton showed a water wheel that we would like to purchase prior to the fall. The water wheel would be \$4,000 but below \$5,000. Mr. Murphy said there would be a water meter on it and the invoice may be around \$300 to \$400 and you can also use it for Martin's sports field. It automatically reels itself in. We will need it since the carnival will stay in May and there will always be grass and turf restoration. We will use the tractor to pull it and store it at MF.

Commissioner Peterson asked if you could put a water tank on the back of the Gator. Mr. Murphy said you wouldn't get the volume of water and we only have 100 gallon tank that goes in the dump truck.

School District 117 dug along the east side of Marty Ptacek Park to install a water line for their building. They will restore the site in the fall. Mechanically everything ran fine on the splash pad last month. It used approximately 20 gallons of chlorine and six gallons of muriatic acid. We had a surprise visit from the Illinois Department of Health for the splash pad and we did fine. The inspector asked for the Certified Pool Operator License and then confirmed you don't need one for the splash pad. The pump for Martin Park's waterfall was rebuilt by Schaaf Equipment last month. Pacific Coast Irrigation repaired the sprinkling systems at Kasey Meadow and Krueger Park. All vehicles passed the state's safety inspection. Public Works replaced a bad lamp and light sensor at Petkiewicz Park.

### **RECREATION REPORT**

There was an issue coming back from the White Sox game trip. The air conditioning wasn't working on the way back and a patron yelled at Mr. Maier. They got a new system on the bus and the driver turned on the heat, not the air. The chaperone said it wasn't that bad, just uncomfortable and maybe it was because the game was hot too. At the Street Fair, one of the rides wasn't running until 1:30pm. They replaced the motor and gave us \$700 off the invoice. We will hire the senior violinists that performed at the summer luncheon for our first concert next year. The luncheon lost \$110. There will be two chaperones for the next Four Winds since there could be 80 people. There were six people for the Taste of Chicago trip and we transported them in the park van and it had a net of \$100. Mr. Maier said he will be adding the \$5 to non-resident to trips starting in the fall but said the numbers may decrease. If trips are canceled we will include it in the board report. Even if a resident brings their friend that is a non-resident then that non-resident pays \$5 extra for trips. Director Fullerton said we will also put "Refund or Ref" and then the program name for payables from now on. Commissioner Guisto asked when they are at the City Senior meetings can they announce what is going on at the park district. Director Fullerton said yes. Mr. Maier is attending the meeting this week. Session I and II of camp reached over the maximum for registration and now has 106 kids in each session. Commissioner Peterson said his daughter loves it and it is reasonably priced. Bike Rodeo went well. Director Fullerton asked if we could purchase some helmets and bike locks and some prizes like the police used to donate. At Bingo night there was bones in the pork so Mr. Maier made an announcement. The caterer gave us a credit for the invoice. Mr. Maier has been finalizing the lines on the new gym floor and will show Director Fullerton.

### **ADMINISTRATIVE REPORT**

Ms. Muth said preschool numbers are low for fall registration and we will market it. We are starting a before kindergarten program called Before Care. The bus will pick the children up here and take them to school. So, it will be like all day kindergarten where they can sign up for Before and After Care. Pictures are in for dance and videos. Some parents asked if they could be in the room during the picture taking and we stopped that because the parents are taking a picture with a flash and the flashes are going off during the time the professional photographer is taking them. There will be a list taken for anyone who still wants a video. The commissioners asked why there is a long pause between each show at the Dance Recital and it is because of costume changes. The volunteers get better at getting the children on the stage for show two and three so it gets better and some volunteers sign up and don't show up. Summer dance is similar to registrations from last year. We added a higher level class and have 16 children in it. Poms will perform at National Night Out. The prices for Ms. Liz's dance classes were raised because she is paid a higher rate however the teacher thinks they are too high so we may lower them. She can have smaller classes and we can pay her the regular hourly rate otherwise it is a reduced rate. We are looking for a dance instructor. The splash pad is running well however pass sales is not as high as last year. The weather was cold and raining in June. Some have complained about \$5 for each three hour shift. Director Fullerton said we have always had two shirts and two fees and the employees need a break because they are in the sun for three hours each shift. We'll be getting WiFi in the CN lobby.

## **TREASURER'S REPORT**

Commissioner Jerantowski moved, second by Commissioner Morgan to approve Claim Ordinance 744. Ayes: Guisto, Jerantowski, Kosnick, Morgan, Peterson. Motion approved. Commissioner Kosnick made note of the Investment Report June 30, 2017. Two CD's were cashed in to pay for some invoices.

## **DIRECTOR'S REPORT**

### **First Midwest Bank Portfolio Management and Investment Policy Changes:**

Commissioner Jerantowski moved, second by Commissioner Guisto to approve the First Midwest Bank Investment Agency Agreement. Ayes: Guisto, Jerantowski, Kosnick, Morgan, Peterson. Motion approved. Director Fullerton will present the investment report monthly and will keep at least two CD's and \$200,000 in checking. Commissioner Jerantowski moved, second by Commissioner Kosnick to approve the changes in the investment policy as presented which is included in our policy manual. Ayes: Guisto, Jerantowski, Kosnick, Morgan, Peterson. Motion approved.

### **Kasey Meadow Park Construction Project:**

There is a list of six punch list items that Hacienda needs to complete. Hacienda was supposed to water and mow twice however maintenance just did it. Hacienda waived the storage of equipment for one year (\$200 per month) in exchange for the mowing and watering. They will come back to seed in the fall and then we will have to water and mow again. Caps are missing on some of the ball field benches and they had to order them. They were there but someone stole them. The drainage on 82<sup>nd</sup> Avenue looks good now during a heavy rain. They installed a rain garden drainage riser this past Friday. It holds water when it rains. Team Reil has to do a final inspection on the playground equipment. There are some bolts missing on the splash pad fence so Peerless fence will come out for that. Everything has to be complete for the last payout. Commissioner Jerantowski moved, seconded by Commissioner Morgan approve Payout #9 to Hacienda Landscaping for \$42,311.43. Ayes: Guisto, Jerantowski, Kosnick, Morgan, Peterson. Motion approved.

### **Carnival:**

Director Fullerton received an email from Mayor Howley that said the three year contract for the carnival shouldn't be a problem. We will sign a three year contract.

### **Articles in the Reporter:**

There were some articles that were in the Reporter for the carnival and the KM construction project.

### **Sweetened Beverage Tax:**

A judge upheld the sweetened beverage tax. We increased our prices and then will lower them this week. On June 30, two employees had to spend five hours taking inventory on our pop machines to pay the beverage tax on existing product. On that same day at 2:30pm the judge upheld the tax however we would already finished with the inventory. Director Fullerton called the Illinois Department of Revenue because it said the beverage tax was exempt from occupational tax and that tax is listed on our tax exempt form as exempt. However, after many phone calls they said the beverage tax is not an occupational tax and is an excise tax.

### **Fall 2016 Bottom Line Report:**

In the board packet was the Fall 2016 Bottom Line Program Activity Report. There was a 55% increase in the bottom line net revenue. In the fall of 2016, the net revenue was \$16,809, \$10,798 in 2015 and \$11,798. There were 2,035 enrollees in 2016 and 1,758 in 2015. Adults program had a decrease of 90% with a decline is

participants from 145 in 2015 to 89 in 2016 which included a decrease in meditation, softball, Zumba and Total Workout however volleyball increased. The rest of the programs all had increases. Special events had a loss of -\$2,244 in 2016 versus -\$4,380 in 2015 which was mainly from moving up to one month earlier for warmer weather; Pumpkin Fest (-\$4,593) versus Fall Fest (-\$1,055). Also, there were a lot of sponsorships for the Fall Festival. Contractual increased 23% with increases in karate and gymnastics and the largest increase was guitar (42%). Senior programs increased by 68% from Yoga, Easy Does It, Dominos, Rummy and luncheons had a loss of -\$39 in 2016 versus -\$116 in 2015. Total programs tripled (\$663-2016, \$296-2015) and had 58 participants versus 36 in 2015. Trips also tripled (\$1,620-2016, \$427-2015) with an increase in the Chicago Fire trip, Christmas Lights Tour, Spirit of Chicago and Four Winds. Teens had a 27% increase because Hoops increased 12% and we had a Teen Mixer. Youth had an increase of 14% due to birthday parties, Holiday Krew, Violin and Piano. Soccer was the only youth program that had a decrease.

### **Security Cameras at Kasey Meadow Park:**

Security Cameras were added to the splash pad. One of these cameras has a focus to the 5-12 playground. The total cost for the two cameras and wiring from the CN building to the splash pad was \$4,295 by Altec Automation. A closer view to the older (5-12) playground would over \$10,000 because we would have to tie into a light pole and the wiring would have to run under the parking lot, across a hill and under concrete.

### **Tax Levy and Special Recreation:**

Our tax levy distribution will be higher now that we have a special recreation fund. Last year the grand total we received was \$1,152,993.88 and this year it is \$1,408,763.21. This represents \$249,447 more in tax distributions which is the highest tax distributions received since 1994. There is an additional amount of \$115,547 received in the bond fund for the Byline Bank 2016 three year bond and the existing Bank of New York KP 2010 bond. The EAV went up from 316,756,561 to 330,695,589 so that was also part of the increase in tax distributions. IMRF, Social Security, Auditing, Liability Insurance and Workmen's Compensation have been reduced to \$0 and last year the total for all of these was \$6,225. As you know, we have already started budgeting for most of these funds in the corporate and recreation funds to prepare for this reduction in the tax levy. Then there is the new special recreation fund which is an additional \$133,900 in tax dollars. The closest special recreation association is Alsip that is 13 miles away, SEASPAR in Downers Grove, SSSRA in Tinley Park and Gateway is in Burr Ridge which is 34 minutes. SWSRA will be the only agency presenting in September and the agreement will be in the August board packet. The participants that currently go to Oak Lawn Special Rec will be grandfathered in for at least one year maybe longer. The law is very clear that 50% of the special recreation tax levy will go to the special recreation association that we select and the other 50% can be used for ADA improvements to HHPD facilities, parks and programs. Since the 2016 taxes are for the 2017/2018 fiscal year we want to select a special recreation association no later than January 1 so the funds can be used prior to April 30, 2018.

### **Financial Audit:**

Three auditors were on-site June 6-8. One of the additions for the 17/18 fiscal year will be to start coding special fund expenses to the operating statement as invoices come in instead of a one-time transfer of funds. This will help us to prepare for eliminating the special funds. For the 16/17, one invoice was coded to a new audit fund instead of a Transfer of Funds. Director Fullerton will write the Management Discussion and Analysis report which is included and bound in the audit. Next month she will go over the final audit.

There was a power outage at KP last Thursday and Director Fullerton made sure the power was back on that evening and the next day I had to reset the fitness center TV's and a computer.

**Miscellaneous:**

The April and May fitness center and walking track report was included in the board packet. Director Fullerton asked if she could release addresses, phone numbers and email to our attorney David Freeman for information purposes. Commissioners were fine with it.

**Closed Session:**

Commissioner Peterson moved, seconded by Commissioner Kosnick , to approve closed session minutes for release which includes the following minutes: March 14, 2005, April 11, 2005, May 9, 2005, June 6, 2005, June 13, 2005, March 13, 2006, April 10, 2006, July 10, 2006, February 12, 2007, April 9, 2007, July 9, 2007, October 8, 2007, February 11, 2008, January 12, 2009, February 9, 2009, February 8, 2010, March 8, 2010, February 14, 2011, July 11, 2011. Ayes: Guisto Jerantowski, Kosnick, Morgan, Peterson.

Commissioner Jerantowski moved, second by Commissioner Morgan to adjourn to the next regular board meeting. Ayes: Guisto, Jerantowski, Kosnick, Morgan, Peterson. Motion approved.

The meeting was adjourned at 9:25p.m.

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**Secretary**

**ATTEST:**

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**President**