

**MINUTES OF A THE FINANCE COMMITTEE MEETING
OF THE PARK DISTRICT OF HIGHLAND PARK
HELD ON OCTOBER 17, 2023, 8:02 AM.**

Present: Commissioner Bernstein, Vice President Freeman, President Grossberg

Absent: None

Also, Present: Executive Director Romes; Deputy Director Carr, Director Peters, Director Smith, Director Voss, Director Gogola, Director Baird; Director Hall; Assistant Director Reyes, Assistant Director Acevedo, Manager Ochs, Manager Kutscheid, Manager Sangern; Manager Nichols, Supervisor Moara, Supervisor Kelly; Coordinator Hejnowski

Vice President Freeman joined the meeting at 8:10 a.m. Vice President Freeman left the meeting at 9:46 a.m.

Guest Speaker: Bob Lewis, PMA Securities, LLC.

Additions to the Agenda

None.

Recreation Center of Highland Park Quarterly Report

Supervisor Kelly and Manager DiTomasso reported, to date, the Recreation Center of Highland Park actual revenues have surpassed budgeted revenues by 51% for membership sales, personal training has a 20% surplus, group exercise has a 65% surplus. They also shared graphs highlighting personal training, group exercise, fitness floor, and track utilization. Due to high utilization of the track, staff are proposing to charge non-residents. Lastly, Supervisor Kelly reported that RCHP has a 39% conversion rate to membership, to date, RCHP has 2030 members.

President Grossberg would like to better understand the user experience (membership retention) vs. membership acquisition.

Manager DiTomasso provided an update on growth strategy, highlighting new hires and what they brought to RCHP. Additionally, RCHP will be offering Pilates Reformer training this fall.

Supervisor Kelly reminded the Committee that Membership Appreciation Day is October 24.

Commissioner Bernstein would like to know the membership growth from January through today.

Manager DiTomasso reported that membership has grown by 39% since January.

Commissioner Bernstein commended staff, the locker rooms and indoor pool looks great since.

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Debt Presentation

Director Peters introduced Bob Lewis, PMA Securities, LLC.

Mr. Lewis reviewed the various tools available to park districts to raise funds, this includes general obligation bonds, revenue bonds, and debt certificates.

He reviewed the District's debt service extension base, noting tax levy years, the current DSEB, and the DSEB at 1.5% growth. He reminded the Committee that the last debt certificates were sold in 2021 at a TIC of 1.98%. Payments are scheduled to decline in 2031, which was intended so the District can issue a debt certificate without seeing an increase to the payments.

He reviewed the District's legal debt margin, noting that park district's have a dual limit unlike school districts.

He reviewed the District's EAV, noting that home values are going up.

He shared a graph highlighting general park obligation bond borrowings, noting the Park District would like to issue debt bonds in 2024, 2028, and 2031. He reviewed the 2024 bond issuance timeline: BINA hearing in April 2024, bonds sold in June 2024, and Bonds close in July 2024 (PDHP gets the proceeds).

He reviewed a 20year history of the bond market, noting interest rates are climbing.

Commissioner Bernstein would like to know if there are any changes to the 10-year funding model based on the debt presentation.

Director Peters reported that three debt issuances will be done a year earlier from the last presentation.

Truth in Taxation Resolution/Levy Presentation

Director Peters reviewed the tax levy timeline.

She reminded the Committee that the District relies on 50/50 split between revenues from property taxes and operating funds.

She provided a tax levy refresher, noting the purpose of a tax levy which captures funds to support mission critical community assets and services:

- **Capital Repair and Replacement** – Capital assets (\$39M) including Tier 1-3 Capital Projects (\$37M in 5-Year Capital Plan)
- **Capital Improvements** –Tiers 4-6 Capital Projects (\$30M) of which \$28M is currently unfunded (Tier 6)
- **Operational Maintenance** - 45 parks, 4 Lakefront properties, nearly 800 acres of open space, and 11 facilities

She reviewed the tax levy consideration which includes increasing the levy by the ***CPI and New Growth*** avoids a negative impact on future levies and long-term funding for capital repair, replacement, improvements, and operational maintenance.

She reviewed the tax levy factors for the general and recreation funds.

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- CPI for 2023 is 6.5%
- New Growth accounts for new property which cannot be accessed in future years. As of September 18, 2023, new growth is estimated at \$10 Million, so staff are recommending \$20 Million.
- EAV (Equalized Assessed Valuation) is 8.83% per Lake County Assessor/Clerk as of September 18, 2023, so 8.83% is recommended.
- Special Recreation Fund is .04% of EAV.

She reviewed the 30year history of tax caps in Illinois, noting inflation is at the highest it has been over the last 30years.

She reviewed the tax bill, and the impacts for an individual taxpayer.

She reviewed tax levy calculations. Nothing the general fund, which is tax capped, would see a 6.45% change, the recreation fund, which is tax capped, would see a 6.93% change, the special recreation fund would see a 10.34% change, for an overall increase of 6.96%. She reviewed the historical rates that the district levied. The key considerations for the proposed tax levy include:

- The District's Tax Levy increase will be less than the 6.5% CPI.
- A 5% levy, plus new growth will provide the District with revenue to sustain its operations and address increases in Part-time & Seasonal Wages, Construction, Materials and Supplies, Utilities, Health Insurance, Security, and IT.
- The District has more than \$28 million in unfunded capital expenditures.
- The District will continue to focus on equity, alternative revenue sources and grant-in-aid scholarships.

She reviewed that the Highland Park government bodies are proposing the levy.

Sunset Woods Improvements Design Service Request for Qualifications

Director Smith reminded the Committee that the District received three RFQ submittals for this project. Staff received consensus from the Park Board of Commissioners at the September 27, 2023 Regular Meeting to proceed with negotiating a fee with the top-ranked firm, Lamar Johnson. Director Smith reported that staff received the agreement late last night and will have an update at the Regular Park Board Meeting on October 25, 2023.

Recreational Services of an Enterprise Facility at 2205 Skokie Valley Road

Manager Ochs reported that the District received three RFP submittals for this project: Ron Saslow Pickleball Dome Proposal, Golf Development Strategies and The Golf Practice, and The Golf Practice Partnership with The Highland Park Golf Learning Center. Submittals were required to present a plan for the following scope of work: the operation and management of an enterprise facility, with consideration given to a proposed design, construction, and financing at 2205 Skokie Valley Road. Proposals could be for all, or portions of the entire property.

- a. Ron Saslow proposes to build a new Four-Season Dome structure with Pickleball courts and Padel courts and donate the Dome to the Park District upon completion. The new Dome will also feature a reception area, café, locker rooms and a pro shop. The Park District will operate the facility upon completion. The Park District team is currently working on a Proforma to illustrate how the facility will operate financially.

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- b. Golf Development Strategies and The Golf Practice proposes to reimage the driving range, reconfigure the putting green, short game area, and the 13th hole, operate the dome as is, and expand the food and beverage patio.
- c. The Golf Practice Partnership with The Highland Park Golf Learning Center proposes operational changes. The Golf Practice would team up with PDHP staff to enhance programs and golf instruction.

President Grossberg is concerned if a private entity is controlling golf programs.

Commissioner Bernstein would like to know if Golf Development Strategies and The Golf Practice would still be interested if the dome is removed.

Executive Director Romes reported there is potential to work with all three parties.

Commissioner Bernstein would like to know if staff have plans for lost program usage for current programs operating in the dome.

Executive Director Romes reported that there are discussions with the three parties.

Staff received consensus from the Finance Committee to have Park District Counsel begin working on an agreement to accept the proposal from Ron Saslow to replace the dome on Lot 3 with an agreed upon interior design containing pickleball courts and other amenities. The new dome and its contents will be donated to the Park District upon completion. With regard to the remaining facility, staff received consensus from the Finance Committee to work with The Golf Practice to explore future development of the driving range area, programs, and instructions.

Vouchers

Commissioner Ruttenberg reviewed the vouchers and had no concerns.

Other Business

None.

Open to the Public to Address the Board

None.

Adjournment

The meeting adjourned at 10:12 a.m.

Respectfully submitted,



Roxanne Hejnowski, Assistant Secretary