



**THE VILLAGE OF HAWTHORN WOODS
SPECIAL JOINT VILLAGE BOARD/FINANCE/PARKS AND RECREATION MEETING
2 LAGOON DRIVE, HAWTHORN WOODS, ILLINOIS
MARCH 22, 2010
5:30 P.M.**

MINUTES

I. CALL TO ORDER AND ROLL CALL

Mayor Mancino called the meeting to order at 5:40 p.m. Roll call indicated the following members were present: Mayor Mancino, Trustees Riess, Morgan, Weick and Corrigan. Trustees Ansani and Wright were absent.

Parks roll call: Jason Silber, Dan Replinger, Paul Steuer and Larry DeGraf

Finance roll call: Jane Kosik, Steve Weinstein, Joanne Weick, Steve Riess, Kelly Corrigan and Pete Ponzio.

Also present were Chief Operating Officer Pam Newton, Public Works Director Jim Maiworm and Chief Financial Officer Kristin Kazenas.

II. DISCUSSION WITH PETER MURPHY OF THE ILLINOIS ASSOCIATION OF PARK DISTRICTS

Mr. Ponzio spoke of one pressing need the Village has at this time and that is that of making the debt service payment on the pool, which bonds are backed by developer donations. Many alternatives for financing have been considered. At this time, it is believed the best solution is to renegotiate the loan. Staff was also asked to prepare other alternative financing options. The most promising option at this point is to institute a park district. Mr. Ponzio mentioned that Mr. Peter Murphy, President and CEO of the Illinois Association of Park Districts, is present tonight to discuss this option at tonight's meeting.

Ms. Kazenas explained the financial implications of the problems we are facing with the pool, and discussed the parameters of home rule designation. Ms. Kazenas presented a summary highlighting the financial structure of the revenue bonds for the aquatic center. She presented the cash flow forecast for the aquatic center debt. The bond and interest fund

going into this fiscal year had \$158,269 available to make the debt service payment. Transfers into the bond and interest fund will be made and the Village will be able to make the interest payment of \$63,650 in June, 2010. Going forward to December 31, 2010, we are forecasting we will be able to make the principal payment of \$110,000 plus the interest payment of \$63,650, leaving a balance at the end of this fiscal year of \$10,154. At the end of 12/31/10 we forecast the park donation fund balance to be \$0, so there will be no more available park donation money for debt service payment.

Ms. Kazenas also discussed the debt service payment that came out of the audit as of December 31, 2008. The short-term issue to address is how to make the 2011 payments, and the longer term concern is the aggressive payment schedule and how we are going to make those payments.

Ms. Newton discussed financing options that was considered by the Village in the past.

Mr. Murphy said the IAPD represent about 350 park districts in the state of Illinois. He discussed the benefits park districts have to offer. In a tax cap community like Hawthorn Woods, the question to the residents is, do you want to create a Hawthorn Woods Park District? He said the primary advantage to forming a park district is sustainability, because a government would be created to look at the park and recreation needs of our community. There would be an elected board. It gives us as a community to conduct long range planning that may or may not be happening right now. Mr. Murphy stated that based on our EAV and our population, he believed our community could support a park district.

Mr. Murphy stated that the park district boundaries can consist of property in the Village as well as unincorporated areas, but not those in other park districts. He distributed the park district code and mentioned there's an article in the code that discussed the five different ways to annex property. He also stated that with annexation, you cannot take part of a Village without taking the entire Village without a referendum. The annexation of the Towne property into Mundelein's park district was done prior to that property being annexed into Hawthorn Woods, and that we would not be able to take this property back.

Mr. Murphy presented a video on the formation of park districts.

Mr. Murphy commented that a lot of revenue generated from park districts comes from tournaments. Also, all the recreational activities require sporting goods equipment. The sources of revenue are not exclusive to property taxes.

Mr. Murphy said the park districts have general levy authority in several ways. They have a general corporate tax of \$.10, and a recreation tax of \$.075. Both taxes can be increased by referendum by an additional quarter. He said there would be the ability to issue a tax to pay for audits, liability insurance and workers compensation. Park districts have bonding ability.

Mr. Murphy discussed how Villages who presently own land transfer such ownership to a park district once formed. He said the municipality would deed the property to the district.

If the park district was ever dissolved, the property would revert back to the municipality. He said a 99 year lease is another option.

Mr. Ponzio asked if it was possible to retire one bond and substitute a bond backed by the park district and support it by revenue from tax revenue specifically for the park district. Mr. Murphy stated there would be a different way to structure. He said you would pledge that taxing authority to pay off the original bond.

Ms. Kazenas explained the distribution of parks and recreation funds in previous fiscal years. In the past, the various functions were allocated to different departments within the general fund. For tracking expenditures for park functions, a park and recreation fund was created and all pieces were placed in this fund for purposes of budgeting. A piece of the tax levy was then moved from the general fund to the park fund. She questioned if it would be possible with the creation of the park district to allocate a part of the Village's levy into the new park district and net no increase in the tax. So, creation of a park district does not necessarily mean the creation of a new tax levy.

Continued membership in SRACLC was discussed. Mr. Murphy said we could continue to be members in SRACLC with the formation of a park district; however, the same residents could not be taxed twice for special recreation.

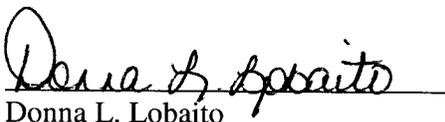
The liability associated with park districts versus municipalities was discussed. Mr. Murphy discussed insurance pools that exist in the state and they would be the responsible parties, not the Village.

Mr. Murphy stated park board members elected to office cannot receive compensation. He also noted that park districts are never considered home rule, therefore, they are always subject to the tax cap laws.

III. ADJOURNMENT

Each committee adjourned at 7:15 p.m.

Respectfully submitted,



Donna L. Lobaito
Village Clerk