

Finance Subcommittee Meeting
July 8, 2015 5:00 p.m.
Dupage County Historical Museum

In Attendance:

President Hodgkinson, Commissioner Kelly, Commissioner Vires, Commissioner Frey, Commissioner Morrill Executive Director Benard, Executive Assistant Siciliano, Finance Director Trainor, Dave Phillips & Anthony Miceli from Speer Financial

CALL TO ORDER –Commissioner Vires called the meeting to order at 5:00 p.m. President Hodgkinson, Commissioners Frey, Kelly, Morrill were present.

Presentation by Dave Phillips and Anthony Miceli on Referendum and Non-Referendum Limited Tax General Obligation Bond Refinancing Options.

Dave Phillips stated that these are only models and not recommendations from Speer. Anthony Miceli explained the current debt.

Referendum Approved General Obligation Bond Refinancing Options

Option One: Refinance the bonds for level annual savings. He stated that these bonds are callable at the end of the year. He estimates 1.8 million in savings by refinancing the bonds. This saves approximately \$16.00 annually for the average home in the City.

Option Two: Maximum impact within footprint. Shorten the bonds as much as possible with no savings in the beginning and two million in savings at the last year. Residents do not experience any immediate tax decrease, it remains flat until the last year when a \$105 savings is realized per household.

Option Three: Extends debt by one year in order to maintain the current tax impact through the life of the bonds. Results in a 1.4 million in savings. The tax impact stays at \$190 throughout the term, rather than annually increasing.

Option Four: Extend debt additional five years and bring rate back to \$130.00 a year. Results in an overall loss of 400k.

President Hodgkinson asked how a possible property tax freeze impacts these models. Dave Phillips stated that the voted GO Bonds wouldn't be impacted. No referendum needed for this.

After some discussion the board and Executive Director Benard were in favor of Option Three.

Non -Referendum Limited Tax General Obligation Bond Refinancing Options

Option One: Refund for level savings. Average \$60,000 a year debt service savings for a total of \$600,000. An average of approximately \$60,000 of annual limited tax GO bond capacity is gained.

Option Two: Two year extension of debt with approximately \$150k annual capacity gained through 2025. Total estimated savings of \$290k.

Option Three: Five year extension of debt with an annual capacity gain of \$244k a year through 2025. This option results in an overall loss of \$200k.

Option Four: Ten year extension of debt with approximately \$316kk annual capacity gained. Total estimated loss of \$927k.

Executive Director Benard stated that he would like to get Arrowhead's portion of the debt down to under a million.

After some discussion the Board was divided in favor of options two and three. Executive Director Benard stated that further analysis of this portion of the budget (capital) is needed to make a decision. It was decided to have Dave rerun the debt options at three to four years out. We can do the voted GO's in September and the limited tax GO's in October. Dave stated that it takes them 60 days to get ready for a sale. It was decided that we will look at other options at the August Subcommittee meeting.

Dave Phillips and Anthony Miceli left at 5:50 p.m.

Disposal Policy

Finance Director Rita Trainor stated that there are 350 items over the \$5,000 threshold. Finance believes that they could monitor this with existing resources with the proposed measures. Included in those measures are doing quarterly physicals of 25% of the assets, so that over the course of a year, every asset is physically observed. An internal control policy and asset disposal procedures were provided for the committee's feedback. Director Benard requested that Department Heads make recommendations on the type of disposal to him; the revised disposal form has signature requirements of both the department head and the Executive Director to document same. Commissioner Kelly asked that the disposal policy be taken out of the purchasing policy and made into a separate policy. He also asked staff to make an opinion on investments and we should have a workshop on it.

Commissioner Morrill moved to adjourn the Finance Subcommittee meeting at 6:20 pm. Seconded by Commissioner Kelly. Motion carried by voice vote.