

**MINUTES OF FINANCE MEETING
OAK LAWN PARK DISTRICT
BOARD OF COMMISSIONERS
HELD ON APRIL 8, 2024**

The Board of Commissioners of the Oak Lawn Park District was convened in a Finance Meeting on April 8, 2024 at 6:30 p.m. with President Johnson presiding.

PRESENT: Buschbach, Donahue, Mottl, Stalker, and Johnson
A quorum was present.

LONG-TERM ALTERNATIVE REVENUE BONDS - FY'25 PROPOSAL

Ron Badali, Superintendent of Finance, stated the district has aggressively completed capital projects to do major repairs/replacement of building mechanics, roofing, and parking lots. Badali stated with the amount of patron use and normal wear and tear, the district continues to have a long list of projects that need to be undertaken sooner rather than later.

Badali then presented the Board with an initial list of infrastructure projects that staff are proposing the district tackles over the next three years which approximately costs \$13,100,000.

Badali stated that the district has had preliminary discussions with Speer Financial, the district's bond advisors, in regard to debt issuance, length of bond, interest rates and issuance costs. After those discussions, they would recommend that the district consider issuing an Alternative Revenue Bond (ARB) in order to fund this type of project undertaking. Due to the structure and the manner in which the ARB's are issued and repaid, the district would not be required to go taxpayers with a referendum for approval.

Badali said in order to fund these projects while still being able to address other annual Capital Projects, staff are recommending the issuance of a \$13,000,000 long-term ARB to be issued in FY'25. The ARB debt would have a maturity date of either 15 or 20 years and with the current interest rate environment, the repayment schedule would require approximately \$1,100,000 annually. This payment would be made with funds generated from our annual GO Bond and, after the annual payment, the district would still have about \$1,300,000 of GO Bond proceeds a year for normal Capital Project work.

Badali said undertaking such a large Infrastructure Project plan would allow the district to replace/repair many large items which have deteriorated over the years. As we have seen with all of our current projects, costs have increased dramatically, so the longer projects go without being addressed, the more detrimental this will be to the financial condition of the district.

FY'25 BUDGET PRESENTATION OF GENERAL, CAPITAL PROJECTS AND DEBT SERVICE FUNDS

Badali stated the General Fund is the collection of six district budgets which include the Corporate, Insurance, IMRF/Retirement, Audit, IT/Public Relations and the Maintenance Department.

Badali said the property tax revenue category in the budget is the largest portion of revenue for the General Fund and is the combination of our property tax levy as well as from replacement taxes, which are collected by Cook County on corporations' income. Due to increases for many of our General Fund activities, the property tax levy for this fund will increase by about \$240,000 in FY'25.

The interest income generated from operations and reserves continue to enjoy higher interest rates from a couple of years ago and the district's revenue has increased dramatically. For FY'25, we are estimating that interest income will remain level or increase slightly as balances remain high, but interest rates are expected to decrease.

Overall expenses for the General Funds will increase by an estimated \$190,000 in the FY'25 Preliminary Budget with the main drivers for the increase coming from wages, benefits and purchased services. Inflation across the board has pushed all expense line items higher and the district does all it can to reduce expenses whenever possible.

Badali said the Capital Project budget is a combination of the normal Capital Project list created to update facilities along with the addition of the Infrastructure Projects. The preliminary budget for Capital Projects includes the annual GO Bond issuance as well as the proposed long-term Alternative Revenue Bond of \$13,000,000, which greatly increases the overall revenue in this fund. The normal budgeted capital project expenses for FY'25 total almost \$6,533,233 while the FY'25 portion of the Infrastructure Project initiative for FY'25 is set at \$4,900,000. The remaining Infrastructure Project expenses will be budgeted and completed in FY'26 and FY'27.

Badali stated the Debt Service budget expense line item is slated to retire the 2023 GO Bond with interest. As a best practice, the district levies for principal and interest for the GO Bond, so this revenue is budgeted in the FY'25 budget above to create a balanced budget.

Badali said with the proposed issuance of the long-term ARB during FY'25, the initial repayment for this debt will be scheduled for early FY'26, so there is not a budgeted line-item expense in FY'25. All the proceeds from the ARB will be reflected as revenue to the Capital Projects Fund.

FY'25 TENTATIVE BUDGET AND APPROPRIATIONS ORDINANCE

Badali stated the Budget and Appropriations Ordinance has been presented to the Board over the past three months. The district anticipates having a budget surplus in FY'25 of \$6,133,162. This is largely due to the proposal to undertake a roughly \$13,000,000 Infrastructure Capital Project Initiative and to fund these projects, is planning on issuing \$13,000,000 of Long-Term Alternative Revenue Bonds.

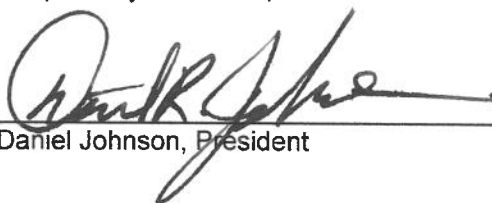
Badali thanked the Board for their time and encouraged them to ask any questions regarding the budget.

ADJOURN:

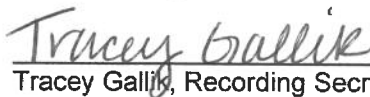
Stalker motioned to adjourn at 6:49 p.m.; Mottl seconded.

Voting: Aye: All
Nay: None

Respectfully submitted,



Daniel Johnson, President



Tracey Gallik, Recording Secretary