

**FOREST PRESERVE DISTRICT COMMITTEE
MINUTES
November 20, 2007**

The DeKalb County Forest Preserve District Committee met Tuesday, November 20, 2007 at the DeKalb County Administration Building Conference Room at 6:00 p.m. In attendance were committee members, Ms. Fauci, Mr. Gudmunson, Ms. DeFauw, Ms. Turner, Mr. Rosemier and Superintendent Hannan. Mr. Lyle and Mr. Anderson were absent. Also in attendance was guest Kevin Hoffman of the Park District Risk Management Agency (PDRMA).

APPROVAL OF MINUTES

Ms. Fauci began by asking if there were any changes to the October , 2007 minutes. Hearing none, Mr. Rosemier moved to approve the minutes, seconded by Ms. Turner and the motion passed unanimously.

APPROVAL OF AGENDA

Ms. Fauci asked if there were any other additions or corrections to the agenda. Ms. Turner moved to approve the agenda as amended, seconded by Mr. Gudmunson and the motion passed unanimously.

PUBLIC HEARING: FY2008 BUDGET AND LEVY

Ms. Fauci opened the hearing for the purpose of allowing public input into the FY2008 budget and levy of the Forest Preserve District. It was then noted that no members of the public were in attendance nor, Superintendent Hannan reported, had he received any phone calls concerning the proposed budget and levy.

Mr. Rosemier asked if discussions regarding contracting with a Risk Management agency had any impact on the immediate budget. Mr. Hannan replied that he had been advised by County Finance Director Gary Hanson that it did not as the decision regarding the levy total did not require immediate specification of how the risk management issue would be funded.

Hearing no further comment, Ms. Fauci closed the public hearing.

GENERAL DISCUSSION: PDRMA Insurance Information

Ms. Fauci welcomed Mr. Kevin Hoffman of PDRMA (Park District Risk Management Association) and invited him to take the floor for a presentation on his agency and the services it provides.

Mr. Hoffman began by noting that there was a small typographical error on the proposal documents he had presented to the Committee, noting that the document calls out a 2 year proposal when it is actually a 1 year quote. He then went on to discuss the history of the organization. Founded in 1984 during a time when Park Districts in Chicago had a great deal of difficulty obtaining insurance coverage, PDRMA was the result of a series of

intergovernmental agreements that allowed public entities to band together to share risk pools.

He noted that because the agency grew out of the membership, they take a fairly liberal approach with the member agencies and do not prohibit activities as long as they are lawful and the risk can be reasonably managed. All members of PDRMA are equity owners of the organization, building their equity by their years of membership. Mr. Hoffman commented that over one half the staff of the agency are from parks and public agencies and have a keen understanding of the unique needs and responsibilities of public entities. However, to retain a good balance of public and private interests, the remaining staff come from the private insurance industry.

He noted that the agency requires that members use certain waivers for adults participating in dangerous or high risk volunteer activities and offers several training seminars and risk management tools to the membership. At this time, he commented, the agency has 7 Forest Preserve Districts as members.

Mr. Rosemier asked what the turnover rate was members. Mr. Hoffman responded that the turnover rate is quite low and recalled the last member to leave was a downstate member who left approximately seven years prior. Mr. Rosemier then asked what sorts of programs would the District be required to participate in. Mr. Hoffman replied that members are offered participation in a property/casualty program or a health insurance program and may elect one or both, but must participate in one. Mr. Hannan commented that the Committee was looking solely at the property/casualty / liability program at this time.

Mr. Hoffman then discussed the calculation method for determining the Districts' rate. He noted the risk is determined by a formula taking into account the operating budget less the Districts' depreciation and debt and then adjusted for actuarial assumptions and administrative costs. He noted that many member districts have realized savings over their former programs of between 10% and 70% annually. He commented that members tend to start their affiliations with the organization for the premium savings, but then stay due to the service.

Mr. Hoffman went on to note that the agency had two full-time attorneys available to assist with issues such as employment claims as well as a trained claims and finance staff in-house. He also noted that there are specific training days offered to Forest Preserves.

He commented that the agency focus is very much on prevention rather than managing claim payments and have a goal of assisting their members to allow visitors to have fun safely without getting in the way of the Districts' activities.

He noted that each member agency must undergo a three year review process to assess their risk control activities. The member must meet an 80% threshold be determined acceptable and scores above that can result in some rebate options. He noted that the agency had an extensive web based pool of documents and loss control review programs to assist the members in achieving their threshold goals.

Mr. Hannan reminded the Committee that staff does currently do quarterly reviews and inspections of Forest Preserve facilities.

Mr. Hoffman replied that the property policies can be tailored to provide specific coverages relevant to individual entities. He commented that the limits for property coverage would be \$1,000,000,000.00 (one billion), with the agency retaining the first \$1,000,000.00 (one million) and then purchasing excess coverage to reach the one billion limit. In his experience, he noted, the maximum foreseeable loss would likely be in the area of \$300,000,000.00 (three hundred million).

Mr. Hoffman went on to note that the governance of the agency was based on the principle of “one member, one vote” with all members having equal say. He noted that the relationships forged between the member entities and the agency are very strong. The member presence is especially critical in that their Board consists entirely of members elected by the membership overall. The Board structure works closely with the staff and offers dispute resolution and redress options through the Board committee structure.

Members serve on committees to assure that their specific needs are addressed and to assure that there is sufficient member input before programs or decisions are implemented.

Mr. Hoffman then reiterated that they current have 7 of the 12 Forest Preserve Districts in the State, including Lake, Will, Kane, Champaign, Byron and Winnebago with Lake being the longest serving member and Kane and Will the newest.

He noted that the agency has several levels of review processes should a claim ever be denied, but went on to comment that their first responsibility is to pay claims as appropriate. He further noted that they do access the Tort Immunity laws when also appropriate and have legislative liaisons on Springfield focused on the protection and strengthening of those laws.

Ms. Fauci commented that she was pleased with the representative governance structure of the agency as well as the cost sharing and training options available. Mr. Hoffman noted that while some of the available workshops do have a cost, the most expensive is \$190.00 with most falling into the \$25.00 to \$35.00 range.

Mr. Rosemier questioned a provision in the presentation documents that required any lawsuit brought be heard in the 18th Judicial Circuit of DuPage County. He asked if this applied to a claim by a visitor, and if so, how could they require a specific Circuit hear the case. Mr. Hoffman replied that the provision applied specifically to administrative claims against PDRMA itself and was a common “home court advantage” clause utilized by most insurers.

Mr. Hoffman then reviewed the scope of coverage noting again the \$1,000,000,000.00 in property coverage with liability at \$16,500,000.00 per occurrence. He noted that members must elect a five year rolling term commitment.

Mr. Rosmeier asked how a member can elect to quit the agency. Mr. Hoffman replied that notice would have to be given at the beginning of the fourth year of the policy requesting release.

Ms. Fauci asked how the agency defined “per occurrence” in determining the \$16,500,000.00 liability coverage. Mr. Hoffman commented that for public entities such as Forest Preserves and Park Districts, group transportation always poses the greatest risk. A bus accident is the worst type of “one occurrence” as many individuals can quickly deplete the \$16,500,000.00 limit. After that limit, amounts over and above would require response from the public entity (in this case the County). He noted that this is the reason the agency offers so many driver training programs (bus, snow plow etc.).

Ms. Fauci asked what would constitute an “advertising injury” as noted in the presentation. Mr. Hoffman responded that such an injury could arise from a billboard falling on someone, to a person who felt District advertisements or promotional materials for a program were slanderous or insulting.

Mr. Rosemier asked if the agency would be proactive in pointing out areas that the District should be particularly attentive to. He went on to comment that the presentation materials state that the agency expects it’s members to respond to such suggestions from the agency “to the farthest extent possible”. He asked what the agency would consider the farthest extent possible. Mr. Hoffman replied that this is a protection against situations where a member willfully and knowingly engages in behaviors or practices that back the agency into expensive claims needlessly. He commented that this is a rare situation and utilized mostly as a protection against such situations.

Mr. Rosemier then asked what the District would be judged on in its tri-annual review. Mr. Hoffman responded that the requirement to hit the 80% benchmark is a fair process review of practices, involvement in training activities and risk management. He further noted that this is a situation of members assessing members as each member has a potential seat on the Board and is an “owner” of the process, something commercial coverages never provide.

Ms. Fauci asked when an activity is deemed “dangerous”. Mr. Hoffman replied that there are no hard and fast rules aside from a preclusion of illegal activity, but that they do have lists of high risk activities available and encourage the use of signage in these situations (toboggan or sled hills risk signage for example).

Mr. Gudmunson asked if the waivers held up in court generally. Mr. Hoffman replied they were excellent deterrents and that the agency has not had to litigate a waiver situation for several years.

Mr. Rosemier asked what the phrase ‘supplementary payments’ referred to specifically. Mr. Hoffman replied that this referred to a requirement that members would need to make supplemental payments to keep the pool operational should its fund be totally depleted. However, he went on to note that since they carry several layers of reinsurance to protect the funds, the chances of requiring this are extremely slim.

Mr. Rosemier then asked about the potential for future rate increases. Mr. Hoffman noted that the Board conducts an annual review of the cost of administration and reinsurance and then sets a long term stable contribution rate. However, the amount of contribution paid to the pool is limited by their rate of budget growth. He further noted that the Board can elect to use an Equity stake to assist in keeping the contributions stable.

He then noted that there were other coverages available through the agency such as Worker’s Compensation, Boiler, Machinery, Crime and Unscheduled Fine Art as well as Pollution Liability, Medical/Accident and Unemployment.

Mr. Rosemier asked if the premium had to be paid in a lump sum. Mr. Hoffman noted that it would likely be charged quarterly. Mr. Rosemier asked if the coverages could be negotiable. Could, for instance, the volunteer injury coverage be increased. Mr. Hoffman replied that any member could join the Board and recommend coverage increases or adjustments, but that would have to be a decision of the full membership. Mr. Rosemier asked if a member could purchase additional coverages. Mr. Hoffman replied that the agency would assist the member in shopping for supplemental coverage if they wished, however, the principle of the general coverages is that all members get the same package and an overall change for one would have to be a change for all.

Ms. Fauci asked what would be required to join PDRMA. Hr. Hoffman replied that there would have to be a review of the loss history for the District as well as the completion of a series of application forms and an on-site risk management review. Finally the District would have to provide Board resolutions accepting the contract and bylaws, membership and loss prevention commitments.

Mr. Hannan noted that the Committee resolution would then be a supplement to a resolution that would be presented to the full Board of Commissioners. He further noted that the Districts current property carrier would allow the District to elect a month by month coverage approach while they completed the PDRMA application process. Mr. Hoffman noted there were no specific deadlines and that they were flexible with the inception date for the coverage. He commented that that the agency did not work on commission and that their primary focus was to find members that would be a good fit to the existing structure. Mr. Hoffman then closed by thanking the Committee for their time and consideration of his proposal.

Mr. Rosemier asked Mr. Hannan if he felt that participation in the program would take a great deal of additional staff time. Mr. Hannan replied that the additional commitment of time would be beneficial as the District and County population grows and risk increases

and that he did not feel it would impair their ability to continue performing their jobs as they were. The training sessions may take only 3 or 4 days per year.

Ms. Fauci commented that making a similar premium commitment to the County for increased liability protection would not provide the additional training and other options that participation with PDRMA would.

Ms. Fauci then thanked Mr. Hoffman for his report. The cost for liability, workers compensation , property and vehicles, and other insurance coverage's is \$13,704.00

FOREST PRESERVE MONTHLY REPORTS.

Mr. Hannan reported that he had received a letter from the City of DeKalb asking for input on proposed property tax abatements to a yet unnamed Fortune 500 company that had expressed interest in locating in the County.

Ms. Fauci noted that the County had adopted an amendment to accept certain percentage agreement such as this, but the Forest Preserve District did not and therefore would not be bound by those amendments.

Mr. Rosmeier noted that he felt they had not been given much information on the subject. Mr. Hannan commented that the Forest Preserve impact on the decision would be quite small due to its representing less than 1% of the tax computation.

Ms. Fauci noted that she was uncomfortable with this flat request to support an abatement and felt that from an environmental point of view supporting additional concrete and asphalt seemed to be working against the Committee's interests. Mr. Hannan commented that the County resolution of intent seemed supportive. Mr. Fauci noted that she would write up a policy draft to lay out the inherent contradiction between the County's support of these activities and the Forest Preserves' environmental responsibilities and intent. She said that she would present the draft to the Committee in December.

Mr. Hannan then reported that since the State had still not finalized a budget, there is still no final decision on the OSLAD funding level and grant awards. He commented the local State Representative Pritchard and Senator Burzynski had written letters of support to the IDNR Grant Committee on the District's behalf. The overall feeling is that given the low Grant amounts applied for, this could be a good year for the application if OSLAD is funded fully.

Mr. Hannan then reported that the C2000 Grant Program had been renamed Partners for Parks and Wildlife and work is underway to generate \$150,000,000.00 annually for public open land acquisition programs. This would be similar to the 1998-2002 4 year Open Lands Trust program that helped fund a major portion the Potawatomi Woods acquisition. The Forest Preserve Committee supported this initiative.

Mr. Hannan noted that the District had worked with FEMA to address the \$14,000.00 in damages caused by the recent August flood and anticipated the receipt of approximately

75% reimbursement due to the County's designation as a disaster area. He noted that some of the funds will be used to improve wetland levies to mitigate future flooding issues.

Mr. Hannan then presented the Committee aerial photos taken of the Afton Preserve and the additional lands purchased known as the Afton Addition. He noted that Al Roloff, a long time supporter of the District had a friend who was doing some local flying and agreed to fly Al over to take the photos. Mr. Hannan noted this is a very good way to see what is owned and what might be considered in the area and the great "habitat island" that Afton is that attracts so many birds as they fly over.

COMMITTEE MEMBER COMMENTS

Ms. Fauci asked if there were any Committee Member comments. Hearing none, she moved to the Chair's Comments.

CHAIR'S COMMENTS

Ms. Fauci commented that she had recently read about a rare blue butterfly that a group had introduced and which had shown tremendous success and expansion. She noted that a group of dedicated stewards could approach a similar project through the District.

LAND ACQUISITION UPDATE

Prior to the beginning of the discussion, Ms. Fauci asked for a motion to enter Executive Session. Ms. Turner moved the Committee into executive session for the purpose of discussing current information on District land acquisition, seconded by Mr. Gudmonson. A roll call vote was held and the motion passed with 5 Committee members voting in the affirmative, none in the negative and 2 absent. Following the Executive Session, Ms. DeFauw moved to return the Committee to public session, seconded by Mr. Gudmonson. A roll call vote was held and the motion passed with 5 Committee members voting in the affirmative, none in the negative and 2 absent.

ADJOURNMENT

Ms. Turner moved to adjourn, seconded by Mr. Lyle and the motion passed unanimously.

Respectfully submitted,

Julia Fauci, Chairperson
Forest Preserve District Committee
JF:kjr