

**FOREST PRESERVE DISTRICT COMMITTEE
MINUTES
OCTOBER 16, 2007**

The DeKalb County Forest Preserve District Committee met Tuesday, October 16, 2007 at the DeKalb County Administration Building, Conference Room East at 6:00 p.m. In attendance were committee members Ms. Fauci, Mr. Anderson, Mr. Rosemier, Ms. DeFauw and Superintendent Hannan. Ms. Turner arrived after roll call and Mr. Gudmunson was absent. Guests included County Finance Director Gary Hanson, Greg Millburg of the DeKalb County Farm Bureau, Land Acquisition consultant, Dan Lobbes and Eddie Wood from Illinois Parks Association Risk Services.

APPROVAL OF MINUTES:

Ms. Fauci asked if there were any additions or corrections to the minutes of September 18, 2007. Hearing none, Mr. Rosemier moved to accept the minutes as submitted, seconded by Ms. DeFauw and the motion carried unanimously. Mr. Rosemier commented that the past minutes on the web needs to be updated. Mr. Hannan noted that he would handle the update

APPROVAL OF AGENDA:

Ms. Fauci asked if there were any additions or corrections to the agenda. Hearing none, Mr. Anderson moved to approve the agenda, seconded by Mr. Lyle and the motion passed unanimously.

WELCOME AND INTRODUCTIONS:

Ms. Fauci began by introducing the evenings' guests. She noted that Mr. Hanson will be providing additional information regarding expanding the Tort Fund to handle future claims and Mr. Wood will be presenting external insurance options to the Committee as discussed in the September budget presentation.

FY2008 BUDGET DISCUSSION

Ms. Fauci began by noting that over the last 2 months discussions had been held regarding maximizing the levy to allowable levels and then utilizing the additional funds realized in expanded contributions to the County Tort Fund and the establishment of a new pool to handle a higher deductible and the payment of any liability claims against the District. She reminded the Committee that the District has been, for several years, making a below market contribution of \$6000 annually to the self insurance fund. She then turned to floor to Mr. Hanson to review the County's proposal.

Mr. Hanson began by handing out an executive summary of the County administrative recommendation regarding the 2008 levy. He began by noting that the voters approved the land acquisition referendum at a maximum .06 cent tax rate and the District has 2 years to set the annual level. If the level is set below the allowable .06 cent rate (again, the amount approved by the voters) at the second year, tax caps will prevent the District from ever achieving that level in subsequent years. Currently the District does not have the cap set for the maximum allowable level.

Since 2008 represented the second year for the levy- the County recommends that the maximum .06 cent tax corporate rate plus Tort and IMRF be levied and the funds realized be used to address Forest Preserve operations, debt and liability exposure issues in future years. In a three fold approach the funds would address needs for funding the FICA and IMRF obligations of the District as well as realigning the District's liability exposure to make it more self-sufficient and bring it into line with what the County has done with other entities, such as the Rehab and Nursing Center.

The County recommends that a portion of the fund realized be used to raise the annual Tort Fund contribution from \$6000 to \$10,000 and also establish a \$75,000 annual reserve fund to address liability claims. He noted that this could be adjusted in future years to reduce IMRF obligations or for allowances for land acquisition opportunities.

Mr. Anderson asked Mr. Hanson what the dollar amount is that the County has had to pay out on the District's behalf to this point. Mr. Hanson replied that at this time, there have been no liability claim payments made. However, he reminded the Committee that past experience does not negate the theory of insurance against potential future risks.

Mr. Rosemier noted that the issue seems to be one of either buying or renting coverage against future claims. If we pay insurance premiums, we are essentially renting the protection rather than buying it with our own dollars that could also be used in other ways if not needed for claims

Mr. Anderson expressed concern at creating a reserve fund as it seemed to be taxing in a way that the taxpayers had not agreed to. Mr. Hansen reminded him that a .06 cent tax rate is exactly what the taxpayers approved.

Mr. Rosemier noted that the proposal appears to just be maximizing exactly what the levy would allow.

Mr. Hanson noted that in the 1980's the County wrestled with the principle of a self-insurance approach. However, the self-insurance approach has subsequently saved the County several million dollars that would have otherwise been spent in non-recoverable premiums.

Ms. Fauci asked Mr. Anderson if he was concerned with the fund's existence or whether the pool would be inadequate for future claims. Mr. Anderson noted that he did have concerns about the fund being drained by one catastrophic claim. Mr. Rosemier then asked if there weren't an option of purchasing just a catastrophic policy to address those concerns, rather than becoming tied to full private liability coverage. Mr. Hanson reminded the Committee that the County would be the catastrophic coverage in the current situation.

Ms. Fauci noted that there were State protections against frivolous lawsuits or claims. That, coupled with a strong history of District responsibility regarding safety issues,

should minimize the potential for a truly catastrophic incident. Mr. Hanson noted that the State had indeed instituted a concept of assumption of risk for those individuals using forest preserve, park and recreational facilities.

Mr. Hanson closed his portion of the report by reminding the Committee that this year represents their last chance to raise the levy to the allowable .06 cent level and the IMRF and Tort levies.

Ms. Fauci then introduced Mr. Eddie Wood to discuss private insurance options that would be available to the District. Mr. Wood began by noting that while State implemented Tort Reform laws do protect the District against frivolous lawsuits, those protections disappear if a Court finds that the District acted with willful and wanton disregard. However, even if that is not determined by the Court, there are still the legal fees to find such claims involved. Mr. Anderson noted that purchasing coverage provides the District access to legal expertise in the liability realm.

Mr. Wood then presented his credentials to the Committee, noting that he is a staff member by contract with the Illinois Association of Park Districts. This is the body that actually created the Illinois Parks Association Risk Services (IPARKS). The organization did feasibility studies in the 1980's with the intent to assist parks and recreation facilities who seemed to be targeted excessively as a class of risk. Currently the organization has 160 members in the State. IPARKS views itself not as an insurer as much as risk managers and prevention specialists. A proposed \$20,000 annual premium would provide that expertise to the District as well as additional coverages, such as Administrators and Officers Errors and Omissions not specifically covered in a self-insured format. The organization also has a very expansive library of available manuals, forms and signage to assist and train Districts in best risk management and loss prevention practices. The coverage would provide up to \$5 million dollars in available protection. He noted that the \$5 million was a per occurrence coverage and not an aggregate. There would also be a \$1000 deductible per occurrence for a property or auto claim and \$2500 per occurrence for a civil rights or harassment claim. This coverage would provide access to the organizations legal staff with assignment based on expertise per type of suit brought. He close by noting that the policy would provide protection against all types of claims whether brought by external visitors or as hiring, firing, civil rights or harassment claims by District employees. However, he also recommended that the District consider adding some Worker's Compensation coverage to create a complete set of protections regarding in-District claims.

Mr. Fauci asked if Mr. Wood would have an idea of a premium cost for, say, a \$2 million dollar policy level. Mr. Wood then noted that it might reduce the overall cost slightly, but that the \$5 million dollar level really only represented \$8000 of the \$20,000 annual premium with various auto, errors and omissions, and property coverages making up the balance.

Mr. Anderson asked if the Committee would have a copy of the full premium presentation to study. Mr. Wood noted that he would make that available. He also noted

that there would be some additional costs above and beyond the premium cost. For example, the District would have to join the Illinois Association of Park Districts (IAPD) in order to be eligible to access the policy. Membership cost for the IAPD would be approximately \$1600 per year.

Mr. Rosemier asked if there were any other Forest Preserve Districts currently utilizing the IPARKS. Mr. Wood responded that Boone County Conservation District has a policy.

Ms. Turner asked what the “Broad Legal Defense Fund” was. Mr. Wood responded that it was to cover up to \$2500 in uninsurable expenses. He also noted that there was a “moral obligation to pay” clause that the district could invoke to require payment in an event that might otherwise be questionable in the coverage definitions.

Mr. Hanson asked what sort of time commitment they would expect of District staff in terms of managing to the IPARKS “recommended” practices. Mr. Wood replied that they did not have set time expectations nor did they require Districts to learn and adopt their recommended practices, unlike other competing organizations that would require implementation as a condition of coverage.

Mr. Fauci asked what Mr. Wood believed the District was doing correctly already given its spotless claims history. Mr. Wood replied that this is usually the result of good and careful management behavior and staff safety.

Mr. Hanson asked if Mr. Wood had any idea of the additional costs that would be involved if the Worker’s Compensation coverage was added. Mr. Wood replied that he did not have sufficient data to respond to that and that a response would need additional review.

Mr. Fauci asked if that coverage would cover, say, a County sheriff’s officer who might be injured responding to an incident in the Preserves. Mr. Hanson noted that the primary coverage would be through the individual’s position as a County employee.

Mr. Fauci thanked Mr. Wood for his presentation.

Mr. Hannan asked if the Committee needed to make a determination of both the amount of the levy and the use of the levied funds at this meeting. Mr. Hanson noted that they needed to only set the levy amounts this evening in order to meet publication requirements prior to the November public meeting on the budget.

Mr. Anderson asked Mr. Hanson what his thoughts were regarding purchasing the private coverage. Mr. Hanson replied that it would be his recommendation to stay with a self insured approach rather than commit to a non-recoverable \$25,000 annual premium obligation.

Ms. Fauci asked if the Committee could agree to the basic question of maximizing the levy amount.

Mr. Rosemier moved to increase the District levy to the maximum .06 cent corporate level and the IMRF and Tort levies as discussed, seconded by Ms. DeFauw and the motion passed unanimously,

Mr. Hanson reminded the Committee that determination of the exact use of the funds could come at a later time and did not have to be settled tonight.

Mr. Rosemier commented that there was something to be said for leaving the taxpayers money in the County rather than paying it to an outside entity, Mr. Hanson noted that administration is often a nightmare when using private insurers as reporting requirements can become increasingly burdensome.

Ms. Fauci asked if the Committee wished to take a straw pole at this point regarding their sentiments on privatizing the insurance coverage. Mr. Anderson noted that he would like more time to review and consider the proposal left by Mr. Wood. Mr Hannan mentioned having another park and forest preserve insurer, PDRMA give a presentation at the November meeting.

GENERAL DISCUSSION:

Mr. Hannan noted that he would be going to Springfield in the coming week to make the OSLAD grant presentation for the Aton Addition. He noted that there are over 85 applicants presenting who will be competing for grant funding for the year. Ms. Fauci asked if the grant was an “all or nothing” proposition. Mr. Hannan responded that the grants are ranked after the presentations and funding is provided based on the grant rankings achieved. He added that this particular proposal has the potential for high ranking on several items.

Mr. Lobbes added that the grant demonstrates good partnerships as well as meeting criteria for other items such as adjacency to an existing preserve, god volunteer base and others.

Mr. Hannan noted that the grant decision will be made in December with the decision announced after the first of the year.

Ms. Fauci thanked Mr. Hannan on behalf of the Committee for all of his efforts in preparing and presenting the grant.

COMMITTEE MEMBER COMMENTS:

Mr. Rosemier asked what impact the proposed expansion of the Target store would have on the wetland area behind and to the north of the existing structure. Mr Hannan noted that the area is technically not a wetland, but rather a retention pond. Mr. Hanson added that the original requirements for water retention have reduced as more building has

taken place in the area. Therefore they can reduce the pond area without violating their original agreements.

Mr. Hannan closed by noting that the Committee and the citizens also owed a thanks to Mr. Hanson and the County Opportunity Fund for their assistance with the recent land acquisition short-term loan.

Mr. Rosemier asked if the County would continue to allow the District to have access to the Opportunity Fund if they did pursue the reserve fund concept. Mr. Hanson noted that it was his opinion that the Fund would continue to be available despite whatever Tort Fund changes the Committee elected.

Ms. Fauci commented that they had received an email from a local bird watching group, KROW noting that over 32 species had recently been sighted in Shabbona Lakes State Park one day. She commented that this spoke very well of local conservations efforts providing a welcoming environment for migrating bird species.

EXECUTIVE SESSION:

Mr. Anderson moved the Committee to Executive Session for the purpose of discussing land acquisition, seconded by Ms. DeFauw. On a roll call vote, 6 members voted “yes” with no members voting “no” and the motion passed unanimously.

Ms. DeFauw moved to return the Committee to public session, seconded by Mr. Anderson. On a roll call vote, 6 members voted “yes” with no members voting “no” and the motion passed unanimously.

ADJOURNMENT:

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

Respectfully submitted,

Julia Fauci, Chairperson
Forest Preserve District Committee

JF:kjr