

MINUTES

BOARD / COMMISSION: Finance Commission

DATE: June 19, 2012

MEETING: Regular

CALLED TO ORDER: 7:03 AM (without a quorum present)

QUORUM: Yes, at 8:07 AM

ADJOURNED: 8:30 AM

MEMBER ATTENDANCE:

PRESENT: Chairman Skirvin, Commissioners Geiselhart, McCloskey, Moody,

ABSENT: Faber, Nuehring, Parker

ALSO PRESENT:

Trustee Liaison Henninger; Village Manager Franz; Finance Director Wachtel; Assistant Finance Director Coyle; Recording Secretary Blake; Chris Pekarek and Jeff Vesevick from Village Links

I. CALL TO ORDER:

This Regular Meeting of the Glen Ellyn Finance Commission was called to order at 7:03 AM by Chairman Skirvin in Room 301 at the Civic Center at 535 Duane Street; Glen Ellyn, Illinois. Roll call was taken, and it was determined that a quorum was not yet present. At 8:07 AM a quorum was present.

II. PUBLIC COMMENT

None

III. VILLAGE LINKS RENOVATION PROJECTS

Manager Franz presented an outline of the Links project. It has been 18 months of effort. The clubhouse and infrastructure around it were identified in the master plan for improvements. The National Golf Foundation evaluated the plan. In January, engineers and architects were hired and cost estimates were presented in May of this year. The total cost is \$7 million with

\$4.9 million in Phase 1 and \$2.1 million in Phase 2. Manager Franz said that the bids are likely to come in lower. The Village Board has asked the Capital Improvements Commission to determine if some of the improvements can be considered to be public. Most of the project can be accomplished without the infrastructure improvements, and some aspects can have specifications changed, i.e., the material for the new roof. These potential changes will be considered when bids are received. A best/worst/likely analysis has been done, along with a scenario in which all reserves are used up. The debt service from the 2002 renovations is still being paid; therefore the next 10 years will require payment on the old debt as well as for the new renovations.

In response to questions from Chairman Skirvin, Chris Pekarek reviewed the plan in more detail. The water and sewer lines along with the parking lot and the aesthetics of the clubhouse need to be addressed, along with items needed to keep the Links competitive. Approximately 40 parking spaces will be added, and the driving range expanded. In the clubhouse, a large hospitality room that can hold 150 people, but also be divided into smaller rooms, will be added. The primary use will be for golf outings. A bar will be added in the clubhouse. Manager Franz added that the major components are infrastructure, the clubhouse and the driving range.

Chairman Skirvin noted that the food service lost money in 2011. Mr. Pekarek responded that, at this time, it is a service amenity for the golfers as opposed to a money maker. The renovation will create a true restaurant that is accessible and will be able to sell liquor.

Commissioner Moody asked how the Links compares to other municipally owned golf courses. Manager Franz said that the Links provides 40% of the storm water management for the Village, and maintains that system along with Panfish Park and Lambert Lake – all without using taxpayer dollars. Mr. Pekarek noted that out of 112 municipally owned courses in Illinois, the Links is the only one that does not lose money. Manager Franz said that there are ways to assist the Links, i.e., with infrastructure improvements, without changing the philosophy that it operates without Village taxpayer financial assistance.

There were questions from Chairman Skirvin and Commissioner McCloskey concerning the clubhouse plan. Mr. Vesevick said that the addition of alcohol service, more outings and ability to be open at night could result in doubling the current food revenues. The banquet room will allow for larger outings and charity group events. The golf outing business is saving the golf industry. The number of rounds is generally dropping, but outings have grown. Mr. Pekarek felt that the food revenue projections were conservative. It was noted that there is currently

no marketing plan for the banquet facilities; however, he feels that the business is out there based on his experience and the number of inquiries made at the Links.

Chairman Skirvin asked what would be done with any funds remaining after completion of Phase 2. Mr. Pekarek said that it would be saved. The Links has a strong cash position and they would like to keep it.

Chairman Skirvin asked that a 10 year cash flow projection be developed, with the details behind it. He wants to include 10 years of capital expenditures, and wants to see the accounting show debt service and how alcohol sales affect food service. Mr. Pekarek noted that many of the items originally in Phase 2 are now in Phase 1. Phase 2 will have to pay for itself through increased income. Chairman Skirvin said that he wanted to see a financial model to confirm feasibility. This model will provide a roadmap to Phase 2.

There was discussion concerning the storm water maintenance on the property, and the impact of funds going to the Links for something that serves the community. There was also discussion about the proposed geothermal grid. It is expected to pay for itself in 10 years, at which time most heating and cooling utility costs will be eliminated.

Director Wachtel will work with Chairman Skirvin to get additional financial information.

IV. APPROVAL OF MINUTES

There were no comments on the May 11, 2012 minutes. Commissioner Geiselhart moved, and Commissioner Moody seconded, that the minutes from the May 11, 2012 meeting be approved. The motion was passed unanimously.

V. ECONOMIC DEVELOPMENT

Manager Franz reviewed the Haggerty discussions, which have been going on for over a year. Their corporate offices are demanding upgrade. The incentive totals approximately \$850,000. A last minute disagreement has arisen about the tax base, but they have moved forward with their signage. The Village has made it clear that it will not lose money in this matter. It would be possible to give Haggerty a 16th year in the deal rather than move off the agreed upon tax base. Commissioner Moody noted that the Village is forgoing revenue rather than expending funds. Commissioner McCloskey expressed concern about putting so many resources into one

business. It was noted that Haggerty is in the top five of companies generating sales tax, along with the grocery stores. No Village funds are invested.

Manager Franz reported that there is nothing new to report on the Fresh Market. The broker and developer are confident the development will take place. The Taft Avenue matter seems to be resolved, and there will be some environmental costs associated with the gas station. Everything is moving, albeit slowly. The Mariano's in Wheaton is also moving slowly. He also reported that there may be a letter of intent on the Roosevelt Glen property, but nothing else is known.

VI. OTHER BUSINESS

The next meeting is scheduled for July 13. Depending on Commissioners' availability, it may be moved or canceled.

Chairman Skirvin said he has received input from each Commissioner concerning the succession planning. There was discussion on whether terms will be to the end of the year, or until April 30 to match the Board of Trustees. At this time, all Commissioners but Commissioner Parker have expressed willingness to continue to serve beyond the current year.

VII. ADJOURNMENT

Commissioner Geiselhart moved, seconded by Commissioner Moody, to adjourn the meeting at 8:30 AM. The motion carried unanimously.

Submitted by Karen Blake, Recording Secretary

Reviewed by Finance Director Wachtel