

VILLAGE OF MACHESNEY PARK
Journal of Proceedings ~ Regular Meeting, October 5, 2020

The meeting was called to order at 6:00 p.m. by Mayor Steve Johnson. *He indicated that Village Hall will be closed to the public during Committee and Board Meetings to prevent unnecessary contact and possible exposure to COVID-19.*

He also reported that all Village Committee and Board meetings will be broadcast live on the Village of Machesney Park YouTube channel for citizens to watch at the scheduled meeting times. Please visit <https://machesneypark.org/meetings> for additional information on how to access the meetings or to fill out a request form to make a Public Comment. Submissions received by 4:00pm on the day of the meeting will be read during the Public Comment portion of the meeting. You may also listen to the recorded meetings at a later time by visiting the above webpage. Questions regarding this process may be emailed to clerk@machesneypark.org. Village Clerk Lori Mitchell gave the Invocation, which was followed by the Pledge of Allegiance led by Trustee Joe Seipts.

Present: Mayor Steve Johnson, Trustees Joe Seipts, Jake Schmidt, James Kidd, Aaron Wilson, Terri Bailey, and Erick Beck

Present: Village Clerk Lori Mitchell
Village Treasurer Deborah Alms
Village Attorney Tom Green
Acting Village Administrator/Comm. Dev. Dir. James Richter II
HR and Finance Manager Michelle Johannsen
Public Works Superintendent Chad Hunter
Public Safety Coordinator, Lt. Tammie Stanley

The Journal of Proceedings for the Regular Board Meeting from September 21, 2020 were approved per typewritten copy submitted by the Clerk on a motion by Trustee Bailey and seconded by Trustee Seipts. Motion approved. On roll call: 6 ayes (Trustees Seipts, Schmidt, Kidd, Wilson, Bailey and Beck), 0 nays, 0 absent

Village Treasurer Deborah Alms *presented the Treasurer's Report as of September 28, 2020*, presented the Treasurer's Report indicating the total of all funds was \$17,901,831.49. She also presented the Annual Treasurer's Report for the period ending April 30, 2020, has been completed and included in your packets, which will be published in the newspaper as required by statute. A motion was made by Trustee Wilson and seconded by Trustee Seipts to accept the Treasurer's Report and the Annual Treasurer's Report. Motion carried by voice vote.. Motion approved. On roll call: 6 ayes (Trustees Seipts, Schmidt, Kidd, Wilson, Bailey and Beck), 0 nays, 0 absent

Clerk Mitchell reported that there will be a Closed Session at our October 19, 2020 Board Meeting for the purpose of reviewing Closed Session Minutes to be considered for release. Trustees are invited to stop by Village Hall prior to October 21 to review the minutes and assess the recommendations she and Attorney Green have made related to any minutes for release.

Trustee Wilson presented the warrant in the amount of \$188,908.19 and moved for its passage; seconded by Trustee Seipts. Motion approved. On roll call: 6 ayes (Trustees Seipts, Schmidt, Kidd, Wilson, Bailey and Beck), 0 nays, 0 absent

ADMINISTRATIVE REPORTS

Mayor Johnson reported that after 43 years of serving the community as a registered pharmacist, he officially retired October 1 from CVS Pharmacy. He said that as a health care provider, it has been his pleasure to serve everyone in that capacity. He looks forward to continuing to serve the residents of Machesney Park.

Attorney Tom Green thanked everyone for the well wishes he received from his Machesney Park family for the birth of his grandchildren.

Finance and HR Manager Michelle Johannsen reported that the financial statements for the period of May 1, 2019 – April 30, 2020 have been audited by Sikich LLP. Here tonight via Zoom to present the reports that have been issued is Senior Manager, Nick Bava. After completion of his presentation, we would request that a member of the Board please make a motion to accept the reports and place them on file.

1. Minutes Approved

2. Treasurer's Report

3. Communications

4. Warrant/Approved

5. Administrative Reports

6. Mayor's Report

7. Attorney's Report

8. Finance/HR Manager

Sikich Senior Manager Nick Bava reported that on behalf of James Savio, and the Engagement Team and Sikich, he thanked Mayor Johnson and the Board for having him here tonight. He hopes that next year they will be here in person to present this report. He said that as part of the Audit process, they issue six separate reports. They are 1) The Annual Financial Report; 2) The Auditors Communication to the Board of Trustees; 3) The Management Letter which is required by the Illinois Compiled Statutes; 4) The Tax Increment Financing Report (TIF) in compliance with Public Act 85-1142; 5) The Illinois Grant Accountability and Transparency Act (also known as GATA) – Consolidated Year-End Financial Report related to GATA; and 6) Lastly, Sikich assists in the filing of the Comptroller Annual Financial Report, the electronic submission for the Illinois Comptroller.

Audit Report
Nick Bava, Sikich

He briefly highlighted items from Annual Financial Report tonight, but he will address any questions the Board might have related to any of the support documents.

- a) Independent Auditors Report - Pages 1-2-3 are primarily the responsibility of the Auditors to include in the Village's Annual Financial Report. The other pages in the report are Management's responsibility which is documented in the middle of page one. That paragraph states it is Management's responsibility for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the USA. It is the Auditor's section that states it is the Auditor's responsibility to express opinions on these financial statements based on audit procedures based on generally accepted auditing standards which are set through the American Institute of Public Accounts and they also assist in the preparation of the Annual Financial Report which has standards and framework driven through the Governmental Auditing Standards Board (also known as GASB).
- b) The top of Page 2 documents the opinion's section. This is the most important page of any financial report and based on our procedures performed, the top of the opinion paragraph documents that in our opinion the financial statements referred to tonight represent fairly in all material respects the financial position of the Village's governmental activities, each major fund and the aggregate remaining fund information of the Village of Machesney Park as of April 30, 2020. This is ultimately referred to as an unmodified opinion. It is the highest level of assurance that auditors can provide any governmental entity in the United States. We commend the Village on obtaining this opinion.
- c) Pages 4 and 5 relate to the Village's requirements that imposed last fiscal year through the Grant Accountability and Transparency Act (GATA). Most municipalities and counties starting with last fiscal year are required to undergo certain compliance procedures and testing as most of these entities are spending over a certain dollar amount of grant dollars. So, there are certain areas that need to be reviewed. So, on the bottom of Page 5 of the section labeled Compliance and Other Matters, the last sentence is the summary of the results of the testing done. This sentence states, "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*."
- d) The next section he highlighted was the Management's Discussion and Analysis. The page number is #1 and it is 12 pages long. He recommended the Village Board review as part of their review of the financial statements. It is a well put together analysis and discussion of the activity that occurred during the Village's most recent Fiscal Year End. It also highlights the underlying changes that occurred when compared to Fiscal Year 2019. It allows management to explain why certain things have changed. These 12 pages are ultimately prepared by Michelle and the Finance Department and reviewed by us the Auditors to ensure they are consistent with the financial statements and with generally accepted accounting principles.
- e) Financial Statements – He began with Pages 6-7-8 which are the beginning of the Financial Statement Presentation and they represent the Statement of Net Position and the Statement of Activities. These three pages are essentially the three long-term financial perspective statements for the Village. After Page 8, all of the statements are essentially the Fund Financial Statements. So, Pages 6-7-8 are recorded on the economic resources measurement focus otherwise known as the Full Accrual Basis of Accounting. These statements differ from the rest of the statements throughout the

Audit Report in that they include all of the Village's long-term activity such as Capital Assets, any long-term debt outstanding, the Illinois Municipal Retirement Fund net pension liability and things of that nature that are more in the long-term perspective when viewing financial statements. These are required by GASB and are an essential piece to obtaining the unmodified opinion that he mentioned earlier.

- f) Page 10 – It is the second half of the Governmental Funds Balance Sheet for the Village. This statement amongst all other statements throughout the rest of the report differ from Pages 6-7-8 in that they are recorded on the current resources measurement focus otherwise known as the Modified Accrual Basis of Accounting. These statements give the reader and the user a more current outlook for each respective fund of the Village. They show the cash position, they show the amounts that are payable within one year, and accounts receivable within one year. Further, he referenced the bottom of Page 10 under Fund Balances, in the bottom left corner the unassigned figure of \$6,452,720. This is essentially the unrestricted, unassigned fund balance for the general fund otherwise available to spend at the discretion of the Management and the Board. He noted that one thing he likes to do year after year with the government is to review that number in relation to the expenditures that were paid during the current year and compare what reserve is in the general fund compared to what was spent during the current year. When we look at this reserve compared to the expenditures in the current year of about \$6,600,000, the Village has done a fantastic job of building a reserve and is currently at about 98% of current year expenditures. This is a very strong reserve and it is a very good indication of fiscal responsibility by Michelle in the Finance Department and James as Village Administrator. He stated that during these uncertain times, we all need to evaluate these reserves as the uncertainty of revenue streams that we are all so used to having are changing constantly.
- g) Lastly, Pages 46 and 47 – These two pages relate to the Village's participation in the Illinois Municipal Retirement Fund. As the Board knows, the Village has one pension plan that it participates in and that is the Illinois Municipal Retirement Fund (IMRF). Page 46 documents the last five years of what has been required to be disclosed for IMRF as compared to what is required to be paid year after year by the Village to properly fund the plan. When reviewing from 2016 through 2020, the Village has continued to contribute exactly what the actuary has determined as appropriate year over year. As you can see, the Village has had to contribute more which is indicative of the overall plan, the number of Village employees, the Census data, continuing to grow which is a great sign for the Village. Overall, the percentage of the covered payroll have really remained steady at around 10.5 to 11.25%. Overall, the Village has continued to contribute what the actuary has required along with what comes out of each individual employee's pay check, but as we know, this contributes to why IMRF is such a well-funded plan. Page 47 is the schedule that shows the changes in the Village's net pension liability year over year dating back to 2015. The most recent valuation measurement is from 2019 for IMRF. About half way down the page, you will note that the Village's net pension liability is just above \$400,000 in the current year, which is a decrease of about \$450,000. This is a positive change as far as the Village's liability is concerned. That is a 91% funded status ratio which is a very healthy funded status in comparison with other municipalities here in Illinois. He commended the Village for participating in such a well-funded plan.
- h) He extended his thanks to Michelle Johannsen. She appreciates all the help she gave us throughout this year. This was a unique circumstance this year for the audit, but we were effectively able to complete the audit while the testing and procedures were done remotely. That was a testament to Michelle as a hard worker and he thanked her for her efforts. He stated that he hopes that next year we will be able to do the audit in person. He thanked the Board for having him here via Zoom tonight and he entertained questions at this time. There were no questions.

Mayor Johnson called for a motion to accept the Audit and place it on file. Motion by Trustee Wilson and second by Trustee Beck to accept the FY2019-2020 Audit Report and place on file. Motion approved. On roll call: 6 ayes (Trustees Seipts, Schmidt, Wilson, Bailey and Beck and Mayor Johnson), 0 nays, 0 absent, 1 present (Trustee Kidd)

Acting Village Administrator/Community Development Director James Richter II had no report this evening.

Public Works Superintendent Chad Hunter had no report this evening.

Village Engineer Chris Dopkins left no report this evening.

Public Safety Supervisor, Lt. Tammie Stanley gave the August Police Report as follows: There were 33 arrests, 5 warrants served, 210 traffic citations, 11 DUI's (which was quite a large amount) and 426 citizen contacts.

COMMITTEE AND TRUSTEE REPORTS

District #1 Trustee Seipts, Public Improvements and Safety Chair had no report this evening.

District #2 Trustee Schmidt, Administration and Finance Vice-Chair had no report this evening.

District #3 Trustee Kidd, Public Improvements and Safety Vice-Chair reported that while visiting with citizens over the last week, a couple asked when they could begin attending Board Meetings in person again. He asked when the population testing positive for COVID gets below 5%, when will the Village open back up for citizens to attend.

District #4 Trustee Wilson, Administration and Finance Chair, reported the A&F Committee met this evening and reviewed Resolution 52-R-20 that will go to the tonight's Board Meeting with a positive recommendation.

District #5 Trustee Bailey, Planning and Economic Development Chair, had no report this evening.

District #6 Trustee Beck, Planning and Economic Development Vice-Chair, had no report this evening.

CONSENT AGENDA - Mayor Johnson noted that the next item is the Consent Agenda. He asked Staff to introduce all items to be considered under the Consent Agenda.

Acting Village Administrator James Richter II, presented the items under Item X. Consent Agenda as follows:

- A. Ordinance 37-20, Authorizing a Variance for Accessory Building Height at 623 Otto Road, **Final Reading**
- B. Resolution 50-R-20, Approving a Driveway Variance for 10871 Banyan Drive
- C. Resolution 51-R-20, Approving the Engineering Services Agreement with McMahan & Associates for the Alpine Road Improvements

Mayor Johnson presented the following item:

X-D. Resolution 52-R-20, Appointing Village Administrator and Approving the Employment Agreement with James Richter II

Mayor Johnson asked if there were any items to be removed from the Consent Agenda to be considered separately. Trustee Kidd asked that Item X-D be removed from the Consent Agenda and considered separately. There were no other changes. The Consent Agenda was accepted as amended.

- File Audit Report/Pass
- 9. Acting Village Adm.
- 10. Public Works Supt.
- 11. Village Engineer
- 12. Pub Safety Supervisor
- 13. Committee Reports
- 14. District #1 Report
- 15. District #2 Report
- 16. District #3 Report
- 17. District #4 Report
- 18. District #5 Report
- 19. District #6 Report
- 20. Consent Agenda
- Ord 37-20/Fin/Pass
- Res 50-R-20/Pass
- Res 51-R-20/Pass
- Res 52-R-20/Pass

Mayor Johnson called for a motion to approve the remaining items under the Consent Agenda. The motion was made by Trustee Wilson and seconded by Trustee Beck. The motion was approved by roll call vote: 7 ayes (Trustees Seipts, Schmidt, Kidd, Wilson, Bailey, Beck and Mayor Johnson), 0 nays, 0 absent

UNFINISHED BUSINESS: Mayor Johnson called for a motion to approve Resolution 52-R-20, Appointing Village Administrator and Approving the Employment Agreement with James Richter II. The motion was made by Trustee Wilson and seconded by Trustee Beck

21. Unfinished Business

Staff Report: Mayor Johnson reported that in 2016 the Village was fortunate to hire James Richter II as its Community Development Director. After a 16-year career with the City of Crystal Lake, where he started as a Planner and was promoted to two other positions, he was willing to bring his vast experience, knowledge, and skills to serve the Village. Over the past four years with the Village, James has tackled projects big and small. He has been at the forefront serving the business community and ensuring residents and businesses have a positive experience working with the Village. James assumed the Acting Village Administrator role five months ago, and in the midst of a global pandemic, James' charismatic leadership, dedication, and great communication skills have been vital to the continued operations of the Village. With a Master's Degree in Public Administration, he has the appropriate education, training, and abilities to succeed as only the second Village Administrator in the history of the Village. Therefore, I am very pleased to recommend James Richter II to serve as the Village Administrator of the Village of Machesney Park and to enter into the Employment Agreement as attached to the resolution.

Res 52-R-20/Pass

Discussion: Trustee Kidd commented that Section 14, Paragraph 3 talks about a severance package during injury, time of illness or if something catastrophic happens. It says that after four months, the individual would be terminated. He noted that he is against severance packages 100%, but if it is going to be in there, why are we going to punish someone if he/she gets in a car accident or becomes ill, gets cancer, etc. He said he thinks it is important that though the IMRF and other tools are in there to help the person through tough economic times if something were to happen if a person become sick not on their own will, this is when a severance package should be given. He gave this as food for thought to possibly amend this in the future if others think this is a good idea.

The motion was approved by roll call vote: 7 ayes (Trustees Seipts, Schmidt, Kidd, Wilson, Bailey, Beck and Mayor Johnson), 0 nays, 0 absent

NEW BUSINESS:

Mayor Johnson called for a motion to approve Resolution 42-R-20, Authorizing Lease Agreement with TLC IL LLC for 8702 N. 2nd Street, Unit E (Garage). The motion was made by Trustee Bailey and seconded by Trustee Seipts. Staff Report: Village Administrator James Richter reported that the Public Works Department has moved out of this facility into their new Public Works Building; and the garage is the last available space for lease in this building. The Village has initiated five-year leases with four other tenants in the building. These are non-internet sensitive tenants that have been good additions. They are Maximum Performance, PCI Pharma Services, Menta Academy and TLC IL. The Village has agreed to lease terms with Rod Gustafson, one of the owners of the TLC Assisted Living facility for the garage space. Mr. Gustafson has indicated that it will be used to store vehicles and personal items of residents of TLC and some of his own personal items. Mr. Gustafson has agreed to make \$35,000 in improvements to the bathrooms and rooftop mechanical units. The base rent contains annual escalators consistent with the rent schedule that Mr. Gustafson is paying for his office space. These rates are at or higher than the rates the other tenants are paying in the building. Staff recommends approval of the lease and he was open for questions. Discussion: Trustee Kidd asked when the Village intends to sell the JC Penney Building. VA Richter reported that with the completion of this lease, the building is at one of its most valuable points going forward being fully occupied. The building has been marketed and placed on several internet commercial listing sites and we will be stepping that up in the coming months. The motion was approved by roll call vote: 6 ayes (Trustees Seipts, Schmidt, Kidd, Wilson, Bailey, and Beck), 0 nays, 1 abstention (Mayor Johnson)

22. New Business:

Res 42-R-20/Pass

PUBLIC COMMENT

Jodell Gabriel – Baldwin Drive addressed the Board via Zoom regarding enforcement of COVID regulations by the Winnebago County Sheriff. She emphasized her concern that the Sheriff refuses to enforce the regulations. She indicated that she is aware of the economic impact. She stated that if the only impact on this situation is based on money, we have to consider the final impact across the board. She talked about the health impact and expressed her disappointment in the sheriff for breaking his oath to defend the safety of our community and not upholding it. She asked the council to stand with and for the citizens of Machesney Park by considering all aspects of the equation and finding solutions for the greater good.

There were no other call-ins for public comment and there was no one in the waiting room.

CLOSED SESSION: None

Trustee Wilson moved to adjourn; seconded by Trustee Bailey. The motion was approved by roll call vote: 6 ayes (Trustees Seipts, Schmidt, Kidd, Wilson, Bailey, and Beck), 0 nays, 0 absent - Meeting adjourned at 6:36 p.m.

APPROVED:

Lori J. Mitchell, MMC
Village Clerk

BOARD MEETING – FIRST AND THIRD MONDAY AT 6:00 PM EXCEPT WHEN A HOLIDAY FALLS ON A BOARD MEETING MONDAY, THE MEETING IS RESCHEDULED FOR THE TUESDAY AFTER THAT HOLIDAY.

Administration and Finance Committee – First and Third Monday @ 5:45 PM prior to a regularly scheduled Board Meeting.

Planning and Economic Development Comm.- First Monday of each month at 5:30 PM

Public Improvements and Safety Comm. - Third Monday of each month at 5:30 PM

Planning and Zoning Commission – Fourth Monday of each month at 6:00 PM

These minutes are not official unless signed and sealed by the Village Clerk.

23. Public Comment

24. Closed Session

25. Adjourn