

**Minutes of the Waukegan Park District
Special Board Meeting
September 22, 2015**

The Board of Commissioners of the Waukegan Park District met in a special meeting on September 22, 2015 in the Rose Administrative Center, 2000 Belvidere Street, Waukegan, Illinois.

I. Call to Order

The meeting was called to order at 4:30 p.m. by President Foley who directed a call of the roll.

II. Roll Call

Present: Commissioners Kilkelly, Sarocka, Bridges, Jones, and President Foley. Absent: None. Also present was Executive Director Greg Petry and Board Attorney Charles Smith.

III. Review, Discuss, Decide

A. Settlement of Tax Objections. **Motion by Commissioner Sarocka, seconded by Commissioner Bridges, to defer any vote on the settlement of the tax objections until the October 13, 2015 meeting. Motion carried unanimously.**

B. Tax implications regarding current (new) Policy on Commissioner Privileges for Activities, Programs and Facilities. President Foley and Jay Lerner answered questions concerning the tax implications of commissioner use of the fitness center. Mr. Lerner explained that the commissioners are allowed the use of the facilities, but if they enroll in any specialized programs or utilize the services of a personal trainer, there would be charges for such use. No privileges are granted to any commissioner's children. Any person utilizing the fitness center must be accompanied by an adult and at least 14 years of age and to use the gym they must be at least 9 years of age.

C. Reconsideration, Repeal and Enact New: Policy on Commissioner Privileges for Activities, Programs and Facilities. Staff reviewed the tax implications of the new policy on commissioner privileges. Mr. Petry reviewed Gary Polega, of Chapman and Cutler, memos dated September 15, 2015 and the amended memo dated September 21, 2015. Mr. Polega's opinion stated that the Park District is obligated to issue a 1099 miscellaneous form to any individual who receives taxable fringe benefits in excess of \$600 in value, either in the way of a fringe benefit or cash, during a year.

Mr. Glogovsky reviewed the requirements of the Park District's auditor and questions that the staff must answer in order to be in compliance with the audit requirements and keep the Park District in compliance with tax regulations. Mr. Glogovsky stated that if a commissioner receives more than \$600 in the way of

privileges under the policy adopted by the board that 1099 Miscellaneous forms will be issued.

Commissioner Kilkelly asked about the \$600 threshold and Mr. Glogovsky explained that all vendors of the Park District receive a 1099 at the end of the year for money paid to them by the Park District.

Mr. Petry recommended a reconsideration and amendment of the commissioner privilege policy in light of Mr. Polega's memo and the potential tax consequences to the commissioners.

Commissioner Bridges stated that as far as he was concerned, the board is through considering this issue. He then asked if under either the former commissioner policy or the revised commissioner policy, if the Park District was still obligated to issue a 1099 for any value that a commissioner receives in excess of \$600.

Commissioner Bridges was advised that yes, a commissioner who receives privileges having a monetary value in excess of \$600 will be issued a 1099 form.

Mr. Glogovsky explained that the old policy was designed to avoid having any commissioner receive privileges that had a monetary value in excess of \$600, and that is why staff is recommending the reconsideration of the policy.

Commissioner Jones addressed the issue of displacement of revenue and how it relates to the issuance of the 1099 form.

Mr. Glogovsky explained that it was Mr. Polega's opinion that when customers are displaced by commissioners utilizing commissioner privileges, the Park District has suffered a loss of revenue and a 1099 form must be issued.

Commissioner Jones questioned whether there was any actual displacement of customers at Bonnie Brook when a commissioner utilized the commissioner privileges policy.

Mr. Glogovsky explained that the Park District should not block out tee times during prime use for commissioners because that would be considered displacing of foregone revenue.

President Foley questioned that if under the policy that was in effect prior to the amendment in September 2015 if there was any problem with the commissioner privileges policy.

Mr. Petry and Mr. Glogovsky both stated that there were no problems with customers being displaced.

Commissioner Jones then stated that he sees the key issue with the new policy is discretion as to the number of times that commissioners utilize the policy and that there be no abuse of the privileges being granted.

Commissioner Sarocka stated that many other park districts allow commissioners the use of facilities and they do not issue 1099 forms.

Mr. Glogovsky stated that he is mandated to follow IRS code and what the auditors and Mr. Polega recommend.

Commissioner Sarocka stated he would challenge any 1099 that is issued to him.

Mr. Petry stated that the commissioners are all in receipt of the opinion letter from Mr. Polega and should understand why the Park District will have to issue a 1099 if a commissioner's privileges exceed the \$600 mandated for reporting it to the IRS.

Commissioner Kilkelly questioned if when commissioners use the Field House if any customer is displaced.

Staff responded that they are not. Should a commissioner take advantage of any of the classes offered at the Field House, the commissioner pays for that class.

Mr. Glogovsky stated that the offering of a discount for certain programs does not always involve displacement of potential other users.

Following the discussion, President Foley asked if there was any motion to reconsider, repeal, or enact a new policy on commissioner privileges for activities, programs and facilities.

No motion was made to reconsider the September 8, 2015 vote.

Commissioner Jones stated again that this is a matter of discretion for each individual commissioner.

President Foley stated that she disagrees with the board's refusal to reconsider its commissioner privileges policy.

D. Board Team Building. Mr. Petry asked that each commissioner come up with three activities they would like to do in order to build team concepts.

E. Commissioner Comments

Commissioner Kilkelly reported on her experiences at the recent National Park and Recreation Conference. She also thanked those who participated in the Oakwood Cemetery Walk.

Ms. Freeman reported that attendance at the Cemetery Walk was down from the previous year for unknown reasons.

Commissioner Kilkelly expressed her appreciation to Sally Sandine for her work in organizing the travel arrangements for the conference in Las Vegas. She also commented that in her opinion the recommendations of staff concerning the commissioner privileges resolution should have been followed.

Commissioner Jones commented that he thought the annual conference was a worthwhile event and that he, as a new commissioner, appreciated for the first time to have the opportunity to attend the conference and stated that he learned a great deal from interacting with other individuals from around the country. It is great privilege to be a part of the Waukegan Park District. He felt that he is inspired by the ideas that he heard at the conference and looks forward to implementing some of them.

Commissioner Jones commented that he did not think reconsideration of the commissioner privileges resolution was necessary, but he did want to thank Mr. Glogovsky for his analysis and information.

Commissioner Sarocka stated that at the annual conference he went to several sessions on making golf more successful and he looks forward to sharing the ideas that he learned at the conference with GolfVisions.

Mr. Petry stated that this might be a good topic for a committee of the whole and that he would invite Tony from GolfVisions to attend and stated that there a lot of good ideas that need to be shared.

Commissioner Sarocka also expressed his appreciation to Sally Sandine for her work to make travel easier on the commissioners to attend the annual conference.

F. Other Business. Teddy Anderson reminded the commissioners that they are meeting later on September 22 at Bonnie Brook with the recently formed Foundation and how the Foundation might work to support the park district.

Jay Lerner reminded the commissioners that Saturday, September 25, 2015, would be the Chip, Drive and Putt competition at Bonnie Brook.

Claudia Freeman reminded the commissioners that the Bowen Park Theater is beginning a new play on September 24 that will run through October 4, 2015.

IV. Closed Session

There was no motion to move into closed session.

V. Adjournment.

Motion by Commissioner Sarocka, seconded by Commissioner Bridges to adjourn. Motion carried unanimously. Meeting adjourned at 5:35 p.m.

Respectfully submitted,

Charles W. Smith
Board Secretary