



# City of Naperville

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Naperville, IL 60540  
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## File Summary

File Number	Title	Current Status
25-0504	<b>Resolution</b>  Adopt the resolution approving an agreement between the City and the Naperville Heritage Society regarding Naper Settlement (Item 1 of 2) <b>Introduced:</b> 4/7/2025 <b>Meeting Date:</b> 4/15/2025 <b>Department:</b> Legal Department <b>Drafter:</b> DiSantoM@naperville.il.us	<b>Passed</b>  <b>Controlling Body:</b> City Council

## **CITY COUNCIL AGENDA ITEM**

### **ACTION REQUESTED:**

Adopt the resolution approving an agreement between the City and the Naperville Heritage Society regarding Naper Settlement (Item 1 of 2)

**DEPARTMENT:** Legal Department

**SUBMITTED BY:** Michael DiSanto, City Attorney

### **BOARD/COMMISSION REVIEW:**

N/A

### **BACKGROUND:**

Naper Settlement, a nationally accredited outdoor history museum, was established in 1969 on land donated by Caroline Martin Mitchell in 1936. This 13-acre site features over 30 historical buildings and structures, reflecting Naperville's history from its founding in 1831 through the early 20th century. Naper Settlement serves as a cultural and educational hub, hosting educational programs, exhibits, and special events, attracting significant community engagement.

The Naperville Heritage Society (“NHS”), formed in 1969, plays a pivotal role in preserving Naperville history primarily through its long-term management of Naper Settlement. Since 1979, the City of Naperville and NHS have been formally partnered under an agreement that tasked NHS with managing, maintaining, developing, operating, and helping finance Naper Settlement. This agreement, amended in 1983 and 1987, has been the foundation for over four decades of collaboration.

Over time, both parties recognized the need to update this agreement to address modern operational needs, financial responsibilities, and governance structures. The proposed

agreement aims to clarify roles, ensure sustainable funding, and enhance transparency, aligning with the City's authority under Illinois law to promote public welfare and support cultural assets.

## **DISCUSSION:**

### **Need for Updating the Agreement**

The existing 1979 agreement, while effective, requires modernization to reflect changes in community expectations and operational demands. The City and NHS have determined that updating the agreement is in the best interest of the public and both parties. This update addresses identified gaps in the previous agreement, such as unclear roles, financial management issues, and governance oversight, which have led, at times, to frustrations in current practices. The update process involved teams from both entities working together for several years to draft a new agreement, focusing on three key areas: governance and oversight, financial management and transparency, and clarity around roles and responsibilities.

### **Summary of the Proposed Agreement**

The proposed agreement provides a comprehensive framework for the partnership between the City and NHS regarding Naper Settlement, with the following key components:

#### **Governance and Oversight**

The agreement establishes a collaborative governance structure with the Naper Settlement Museum Board (NSMB) serving as an advisory body to the Naperville City Council. The NSMB is composed of seven members: the Mayor (Chair), one Council Liaison chosen by the Mayor, the NHS Board Chair, the NHS Treasurer, and three community members appointed by the Mayor and NHS, subject to City Council approval. The board meets at least quarterly to review topics such as public safety, event calendars, staff performance, facilities planning, budgets, and grants, ensuring oversight and alignment with the City's interests.

This structure maintains City control over Naper Settlement, with the NSMB tasked with oversight responsibility for NHS's management, addressing previous gaps in governance clarity.

### Financial Management and Transparency

Financial management is a critical component, with the City holding ultimate responsibility for the operation and maintenance of Naper Settlement. The annual budget is prepared by Naper Settlement employees, reviewed by the NSMB and City staff, and approved by the Naperville City Council. The City maintains the Naper Settlement Fund to track financial data, with revenues from NHS operations (e.g., admissions, rentals) deposited into this fund, except for revenues from NHS fundraising, special events, and liquor sales, which NHS retains for Naper Settlement improvements.

NHS is responsible for soliciting donations and grants to enhance programs and facilities, but not primarily to offset City funding obligations, ensuring transparency and sustainable financial practices. This approach balances public funding with private contributions, enhancing the museum's financial stability.

### Roles and Responsibilities

The agreement clearly delineates roles and responsibilities to avoid overlap and ensure efficiency. This clarity ensures both parties understand their obligations, reducing potential conflicts and enhancing operational effectiveness.

- **City Responsibilities:** The City is responsible for maintaining and insuring Naper Settlement's real property, funding operations through the annual budget, providing office space and storage, and supporting technology infrastructure. It also manages payroll, and procurement for public funds, ensuring compliance with legal requirements.

- **NHS Responsibilities:** NHS operates Naper Settlement, develops educational programs, hosts events, maintains liquor licenses, and pursues private funding and grants. NHS must comply with legal obligations, including the Illinois Prevailing Wage Act and non-

discrimination laws, and is limited from encumbering property or entering contracts without City approval

### Employee Management

A significant aspect of the agreement is the management of Naper Settlement employees, who are treated as joint employees of both the City and NHS, with NHS providing direct supervision. The City manages compensation, benefits (aligned with other City employees), and payroll. The Naper Settlement President and CEO, appointed by the NHS Board, oversees operations, fundraising, and staff management, with performance evaluations involving input from the City Manager and NSMB.

To mitigate risks, NHS indemnifies and holds harmless the City from all liabilities concerning Naper Settlement employees and their management, with said assumption of risk insured by an appropriate NHS-procured insurance policy, including for workers' compensation. This arrangement ensures employee welfare while protecting the City from potential legal and financial risks.

### Role of the Naper Settlement Museum Board (NSMB)

The NSMB acts as the City's agent to oversee compliance with the agreement and manage the City's interests in Naper Settlement. It reviews and recommends budgets, event calendars, capital improvements, and grant activities, and provides input on strategic planning, maintenance, and safety. The board ensures transparency and alignment with Naper Settlement's primary purpose of preserving and educating the public about Naperville's history, as well as its secondary purposes of hosting cultural and private events.

This role reinforces City oversight and ensures that NHS's management aligns with public interest and community needs.

### **Conclusion**

The proposed agreement represents a mutually beneficial update to the long-standing partnership between the City of Naperville and the Naperville Heritage Society, addressing

identified gaps and enhancing the management of Naper Settlement. It ensures continued growth and vibrancy as a culturally significant asset, with clear governance, financial transparency, and defined roles.

Like the existing 1979 agreement, the proposed agreement is terminable by either party upon 90 days notice.

The proposed agreement was recently approved by the NHS board and the attached proposed agreement has been signed on behalf of the NHS.

The City Council is requested to adopt a resolution approving the agreement (item 1 of 2) and also waive the first reading and pass an ordinance amending the Naperville Municipal Code pertaining to the NSMB to reflect the revised composition of the board as detailed in the proposed agreement (item 2 of 2).

**FISCAL IMPACT:**

N/A