

FINANCE COMMITTEE

June 18, 2015

MEMEBERS

Chairman Budd
Alderman Vota
Alderman Jones
Mayor Brotherton

ABSENT

Alderman Burtle

ALSO PRESENT

Treasurer Nation
Alderman Heberling
Alderman Dorchinecz
Alderman Moore
Rocci Romano
Gary McNeely
John Lawrence
Jerry & Lori Cocagne

John Piemonte
Richard Suhrer
David Combs
Raj Patel
Kevin Hamell
Mike Bliler
Cindy Dey

Chairman Budd called the meeting to order at 6:00 P.M.

General Liability & Property Insurance Rates

Mr. Gary McNeely, Regional Manager of Dimond Bros Insurance LLC, (KMRM) presented to the Committee the rates for general liability and property insurance for the City of Taylorville. The property and equipment coverage is provided through Cincinnati Insurance Company with a premium of \$58,578.00, but by raising the deductible to \$2,500.00 for Building and Contents it would save the City \$2,959.00 with the premium then being \$55,619.00, and the pollution liability/storage tank environmental impairment is provided through Crum & Forster with a premium of \$5,730.00. Mr. McNeely also presented two quotes for the general liability and auto coverage. The auto premium will be reconciled to recent changes that were received and the insurance company hasn't had a chance to rate. Travelers Insurance Company currently provides the general liability and auto coverage and One Beacon Insurance Company provided a separate quote.

There will be an approximate increase of \$4,900.00 in September to the Travelers premium when we endorse replacement coverage on the 2013 Pierce Fire Truck that was on a separate Travelers policy. Mr. McNeely suggested that the Industrial Appraisal Company re-check the appraisal limit of the new water tower.

Motion by Alderman Vota and seconded by Alderman Jones to recommend to the City Council to accept the property and equipment insurance through Cincinnati Ins. Co. for \$55,619.00 (by increasing the deductible to \$2,500.00 for building and contents), the general liability and auto coverage through Travelers Insurance Company, and the pollution liability/storage tank environmental impairment insurance through Crum & Forster Insurance Company for \$5,730.00, all provided through Dimond Bros. Insurance LLC. Motion carried 3-0.

Funding of the 30" Northeast Sewer Line

Chairman Budd introduced Mr. John Piemonte from Robert W. Baird & Company regarding funding for the 30" Northeast Sewer Line. He presented several scenarios for estimated debt service in existing debt for the 2009 and 2011 Bonds. He illustrated a Level Debt Service Capacity Scenario based upon \$2,465,000.00, a Wraparound Debt Service Scenario based upon \$3,285,000.00, and a Level and Wraparound Debt Service Scenario based upon \$3,285,000.00.

Mr. Piemonte stated that the assumed costs of issuance of \$25.00 per \$1,000.00 of bonds issued which is estimated based on comparable sized Illinois deals brought to market and includes underwriting, bond counsel, rating, etc.

Disconnect Property from City

Mr. Richard Suhrer addressed the Committee regarding his request to disconnect or de-annex his property from the City. Mr. Suhrer recently purchased the Christian County Generation (Tenaska) property north of the City. He stated that his sole intent is to farm the property and due to the higher taxes he is currently forced to pay due to his property being within the City limits puts him at a competitive disadvantage to his neighbors next to him. He also stated that the additional taxes currently amounted to over \$4,000.00 per year.

Mayor Brotherton stated that while he felt bad for Mr. Suhrer he felt that if the City allowed the disconnection it would open the door for others asking for the same thing. He reminded Mr. Suhrer that the property was in the Enterprise Zone and because of that it would be more marketable to other potential businesses than other farm land in the area. The Mayor also mentioned that the requested disconnection would mean that the township would be required to take over the road maintenance in that area and that they had voiced their reluctance to do so.

Other Committee Members shared their concerns with the majority stating that they felt it would set a bad precedence. Alderman Dorchinecz stated that if the City would allow Mr. Suhrer to disconnect just to save money that he felt many others would want to do the same thing for the same reason.

First National Bank Request for Lot Exchange

Mr. David Combs addressed the Committee on behalf of First National Bank of Taylorville. The Bank would like the City to consider trading property the Bank controls for the City-owned property located at the intersection of Webster and West Main Cross Street formerly known as Harrison's Parking Lot. The Bank is interested in building an addition on their current building and the feasible way they could do it is to add to the east side of their building. Based on the plans they have had prepared the addition would extend almost to their property line on the east side of the building which would mean requesting a variance or purchasing a portion of the City-owned parking lot. The Bank would like to acquire all of the lot and landscape what was left of the lot after the building addition so that it could continue to be used for parking.

Following several minutes of discussion it became apparent that the majority of the Aldermen were against a property trade that would involve the property owned by the Bank's holding company located on the northeast corner of West Market and South Webster Street. That property had an identified EPA violation that concerned the Aldermen even though the EPA has issued a "No Further Remediation" letter. Attorney Romano asked Mr. Combs if the holding company (West Main Street Realty Corp.) would be willing to sign a Hold Harmless Agreement if the property were to be traded.

Alderman Vota asked Mr. Combs if the Bank would be interested in purchasing the City's Parking Lot or even a portion of the parking lot without a trade. Mr. Combs responded that the Bank probably would. Alderman Dorchinecz stated that he felt that it would be a mistake to sell the property. He feels that citizens currently use that parking lot and that its location makes it very desirable and worth keeping. The majority of the Committee members felt that they would be willing to entertain the idea of selling the property or portion of the lot. Mayor Brotherton stated that he would like to see the Bank's expansion ideas come to fruition and that it has been decades since any new building or expansion has taken place near the downtown area.

Refund Liquor License Renewal

Mr. Raj Patel has paid his Liquor License renewal of 6 months until the sale of the business has been finalized. The sale was completely finalized 12 days after the renewal date.

Motion by Alderman Jones and seconded by Alderman Vote to recommend to the City Council to refund \$625.00 to Mr. Raj Patel of Ved Shri Corp. d/b/a 1st Class Liquor. Motion carried 3-0.

American Tower Lease Agreement/Bishop Cove Area/Lake Taylorville

The Committee discussed continuing leasing vs. selling the property. Mayor Brotherton informed the Committee the last offer forwarded to the City via the proposed lease agreement from GTP Acquisition Partners II, LLC, stated that they would pay a one-time payment in the amount of \$20,000.00 to the City, increased the rent to \$8,400.00 per year (\$700.00 per month), increase the rent amount by 3% each year beginning October 1, 2018, and pay the City twenty percent (20%) of any rents actually received by Tenant under and pursuant to the terms and provisions of any new sublease, license or other collocation agreement for the use of any portion of the leased premises.

Mayor Brotherton also advised the Committee that the City had been operating based on its understanding that the monthly lease amount was supposed to be increased by \$700.00 per month. This was to be in addition to the current rental amount of \$333.33 which would bring the monthly lease amount to \$1,033.33 per month (\$12,399.96 per year).

Mr. Bobby Lester, the lease consultant that has been the liaison for the tower company has stated that he is sorry for the misunderstanding but what has been presented in the proposed lease agreement is the company's final offer. He did indicate that the company might still be open to purchasing the property for an amount not to exceed \$140,000.00.

Alderman Moore requested that American Tower clean up all the brush that was bulldozed down on the property where the tower is located.

Motion by Alderman Jones and seconded by Alderman Vota to recommend to the City Council to allow the Mayor and City Attorney to continue negotiating the American Tower Lease Agreement for Council consideration. Motion carried 3-0.

Treasurer's Report

Treasurer Nation presented the FY 2015/2016 Library Budget.

The March 2015 Sales Tax (received in June 2015) was \$221,226.03 compared to \$248,507.42 in March 2014 and year-to-date is \$15,606.97 more than March 2014.

The March 2015 Non Home Rule Sales Tax (received in June 2015) was \$86,005.82 compared to \$86,719.78 in March 2014 and year-to-date is \$11,060.96 more than March 2014.

The interest earned on the Sewer Project Fund Account to date is \$189,011.84 and the current balance is \$196,351.73. The balance in the Non Home Rule Sales Tax Overage Account as of June 16, 2015 is \$422,605.46.

Motion by Alderman Jones and seconded by Alderman Vota to recommend to the City Council to accept the Treasurer's Report as presented. Motion carried 3-0.

Any Other Matters

Chairman Budd informed the Committee that he felt that the funding for oil and chipping and rocking the shoulder of 1400 East & 1700 North Roads needs to be addressed, as he feels the funds shouldn't come from Ward I monies. This will be addressed at the Street and Sewer Committee Meeting.

It was brought to the Committee's attention that a house was purchased to be rented for a short period of time as a vacation home and if this is a business, should they be paying Hotel/Motel Tax.

Mr. Jerry Cocagne advised the Committee that in regard to their decision to choose Travelers Insurance Company over One Beacon Insurance Company he would suggest that the City go with the company offering the lowest premium. He stated that each company was mandated by law to provide whatever coverage is listed in the contract and he felt that there was really very little additional risk to the City.

Motion by Alderman Jones and seconded by Alderman Vota to adjourn. Motion carried 3-0.

Meeting adjourned at 9:23 P.M.

Larry Budd, Chairman
Finance Committee