

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
MONDAY, OCTOBER 2, 2017**

Mayor Michaelis called the Regular Session to order at 7:00pm. Council members Schwarz, Frey, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, Asst. City Manager Peck, City Attorney McGinley; Directors Cook, Gillespie, Imming, Korte, Schoeck and Rosen, Police Lt. Conrad, EMS Chief Wilson, Fire Chief Bloemker, Deputy City Clerk Hediger, and City Clerk Bellm, Library Director Kim, 6 Representatives of Scheffel & Boyle, 1 Representative of Cornerstone, 3 citizens and one member of the news media.

MINUTES

Councilman Schwarz made a motion to approve the minutes of the September 18, 2017 Regular Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

PROCLAMATIONS

Mayor Michaelis read a document proclaiming October 6, 2017 as Manufacturing Day in Highland.

PUBLIC FORUM

Citizens' Requests and Comments:

Highland Arts Council Art in the Park Signage Request –Don Carnley, on behalf of the Highland Arts Council and Art in the Park Committee, requested permission of the location of signage for the Art in The Park event per the map sent to the council. Signs would be placed on Friday, October 13 and removed by the following Tuesday after the event. Councilman Schwarz made a motion to approve the request of the Highland Arts Council to post signs as per the map provided; seconded by Councilman Frey. Roll Call Vote: Schwarz, Frey and Nicolaides voted aye, none nay. Councilwoman Bellm abstained. Motion carried.

2017 Trick-or-Treat Trail Request – Highland News Leader – Megan Braa, Representative requested approval for the Highland News Leader to host the Trick-or-Treat Trail per the written request submitted and as it was in years past. They are requesting a police presence and use of the restrooms for the event. Councilwoman Bellm made a motion to approve the request of the Highland News Leader to hold the Trick-or-Treat Trail on Friday, October 27, 2017, 2:00–6:00pm, with a rain date of October 28, 2017, 10:00am – 2:00pm, as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm, and Nicolaides voted aye, none nay. Motion carried.

Requests of Council:

No comments or requests.

Staff Reports:

Scheffel Boyle – Presentation of Combined Annual Financial Report – Mark Korte, Principle of Highland Office, along with Heather Clugston, Sarah Kincade, Amber Rhode, and Howard Held were present for the presentation of the Combined Annual Financial Report for the fiscal year ending April 30, 2017. Mr. Korte stated we have assisted the city in making the financial statements more useful with trends and analysis. This is the second year for accounting under the GASB Statement 34 model. Determining the actuarial valuation of the pension liability has an impact on balance statement and net position. Those assumptions impact the city's financial duties in the future years. Management's Discussion & Analysis focuses on current events, projects and a snapshot of where the city is at, going issues, and the challenges ahead. The audit opinion is an unmodified, clean opinion, which is the highest opinion that an auditing firm can provide. GASB provides reporting information of the public sector similar to the private sector financial statements. Statement of Activities shows revenue and expenses of governmental activities and business-type activities and is prepared on an accrual-basis, which is the most accurate way. The police pension fund is a fiduciary fund. The city cannot make decisions regarding those funds.

Mr. Korte reported that on Page 14, you will find Exhibits 1 & 2, The Statement of Net Position, is similar to a Balance Sheet for private businesses; and, The Statement of Activities is similar to private businesses' income statement. They are comprehensive views of how the city is doing. As you can see the city's net position increased from \$110,672,885, as of April 30, 2015, to \$110,775,866, as of April 30, 2016, for an increase of about \$100,000. Revenue from taxes, intergovernmental funds, and interest income is reported at the bottom of Exhibit 2. Governmental activities had a net increase of a little over \$1,099,566, with a total net increase for the city of \$780,287, representing positive growth. Additional details of these activities are found in Exhibits 7-9. It is important to look at these details, in order to determine rates and any needed increases.

Exhibit 1, on Page 14, shows current assets and current and accrued liabilities, along with deferred outflows related to the IMRF and police Pensions, for a decrease of about \$1.5M Total liabilities were \$40,698,789, a decrease of almost \$3.3M, for a total net position increase of \$283,000. Exhibit 2 shows revenues from taxes, intergovernmental funds and interest income. Reconciliation of the financial statement follows. Exhibit 8, on Page 25, details the business-activity funds – Light and Power, Water, Sewer, and Solid Waste. The electric rates increase first went into place in January, so we anticipate seeing the effects of that in the next report. For the first time in eight years, Water had a profit of \$244,834. So, the increase in rates, last year, are having the desired effect. Fiber to The Premise, while still in construction, showed a profit, as well. Following that, you will find schedules in revenues and expenditures, detailing required contributions and funding of benefits. There is a lot of opportunities to see some changes in this section as we continue to gather data. The Statistical Section provides a look at over past ten years for things such as property taxes, intergovernmental funds, governmental funds and sales tax. On Page 78, Table 1, property tax shows an increase to \$3,702,813. Table 2 shows sales tax had a slight increase to \$2,687,754. Table 4, Page 81, shows a 4.1% AEV, along with increased insurance and pension costs. The city's general obligation debt has been paid off, giving a legal debt margin of \$15.6M. This is the maximum amount that the city is allowed to incur.

Councilman Schwarz noted the city dropped \$4.1M in liability. Is that from the Korte Rec Center bonds? Mr. Korte referred to Page 46, which discusses the long-term obligations of the city and the various bonds, reporting there are several other bond payments that dropped also, to just under \$24.3M.

Councilman Schwarz questioned if that is related to the decrease in assets. Mr. Korte explained it is the depreciation of all fixed assets. When you do not add equipment or capital, assets drops with depreciation. We did not have a lot in capital projects, as in the two years before. Mr. Korte summarized the city is in sound financial position. The council reviews the budget and makes decisions in line with the budget. City staff does a tremendous job at planning and following the budgets.

City Manager Latham reminded everyone there would be a special meeting on Monday, October 30, starting at 6:00pm to have a discussion regarding the Business Districts and budget items.

City Manager Latham reported that each year, our Streets & Alley drivers enter the state snowplow rodeo. This year, the team of Lonnie Poettker and Bill Argerter took third place, overall; Jim Bugger and Bob Daiber took first place.

We received IDOT approval permitting us to put the signalized intersection at intersection of Hemlock & Illinois Route 40. We will be going out for engineering.

NEW BUSINESS

Approve Mayor's Appointments to the Tree Commission – Councilwoman Bellm made a motion to approve the mayor's appointments of Heather Warren to replace Jason Stroehlein, for a term to expire July 2018, and Steven Thomas Mifflin to replace Darrell Newman, with a term to expire July 2019 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve Mayor's Assignment of Chairman for the Tree Commission – Councilman Schwarz made a motion to approve the mayor's assignment of Larry Brammer to Chairman of the Tree Commission as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve Health Insurance Renewal for November 1, 2017 through October 31, 2018 - Councilwoman Bellm made a motion to approve health insurance renewal for November 1, 2017 through October 31, 2018 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Accept Combined Annual Financial Report – Councilman Schwarz made a motion to accept the Combined Annual Financial Report, for fiscal year ending April 31, 2017 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve 2017 Treasurer's Report – Councilwoman Bellm made a motion to approve the 2017 Treasurer's Report as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-96/ORDINANCE Abating Taxes Levied for 2013 General Obligation Sewerage System Bonds – Councilman Schwarz made a motion to approve Bill #17-96/Ordinance #2808 abating taxes levied for 2013 General Obligation Sewerage System Bonds as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-97/ORDINANCE Abating Taxes Levied for 2012 General Obligation TIF Bond – Councilwoman Bellm made a motion to approve Bill #17-97/Ordinance #2809 abating taxes levied for 2012 General Obligation TIF Bond as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-98/ORDINANCE Abating Taxes Levied for 2014A Korte Recreation Center Bonds – Councilman Schwarz made a motion to approve Bill #17-98/Ordinance #2810 abating taxes levied for 2014A Korte Recreation Center Bonds as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-99/ORDINANCE Abating Taxes Levied for 2014B Street Bonds – Councilwoman Bellm made a motion to approve Bill #17-99/Ordinance #2811 Abating Taxes Levied for 2014B Street Bonds as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-100/RESOLUTION Accepting Platted Improvements in Autumn Crest 2nd Addition – Councilman Schwarz made a motion to approve Bill #17-100/Resolution #17-10-2475 accepting platted improvements in Autumn Crest 2nd Addition as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-101/ORDINANCE Amending Chapter 30, Health and Sanitation, Article II, Nuisances, of the Code of Ordinances – Councilwoman Bellm made a motion to approve Bill #17-101/Ordinance #2812 amending Chapter 30, Health and Sanitation, Article II, Nuisances, of the Code of Ordinances as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-102/ORDINANCE Creating a New Chapter in the Code of Ordinances, Entitled Chapter 25, Nuisances – Councilman Schwarz made a motion to approve Bill #17-102/Ordinance #2813 creating a new chapter in the Code of Ordinances, entitled Chapter 25, Nuisances as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #17-103/RESOLUTION Waiving Normal and Customary Bidding Procedures and Authorizing Award of Construction Contract to Corrective Asphalt Materials, LLC as Sole Source Provider of Reclamite and CRF Restorative Seal for City Streets – Councilwoman Bellm made a motion to approve Bill #17-103/Resolution #17-10-2476 waiving normal and customary bidding procedures and authorizing award of construction contract to Corrective Asphalt Materials, LLC, in the amount of \$126,405 as sole source provider of Reclamite and CRF Restorative Seal for city streets as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve a Notice of Municipal Letting, Bid #E-15-17, for Purchase of Replacement Batteries for the Southeast Nordberg Room and the Westside Substation – Councilman Schwarz made a motion to approve Notice of Municipal Letting, Bid #E-15-17, for purchase of replacement batteries for the Southeast Nordberg Room and the Westside Substation as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

REPORTS

Approve Warrants #1071 & 1072 –Councilwoman Bellm made a motion to approve Warrants #1071 & #1072 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Councilman Schwarz made a motion to adjourn; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried. All council members voted aye, none nay. Motion carried and meeting adjourned at 7:35pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk