

**MINUTES OF REGULAR SESSION  
HIGHLAND CITY COUNCIL  
TUESDAY, SEPTEMBER 7, 2010**

Mayor Michaelis called the Regular Session to order at 7:00pm. Councilmembers present were Schwarz, Bardill and Zobrist. Councilwoman Bellm was absent. Others in attendance: City Manager Mark Latham, City Attorney Harold Belsheim, Directors Gillespie, Rosen, Rusteberg and Schoeck, Police Chief Bell, Asst. Director of Finance Korte, Supervisors Limestall and Stram, Deputy City Clerk Hediger, City Clerk Bellm, 12 citizens and 1 member of the news media.

**MINUTES**

Councilman Bardill made a motion to approve the minutes of the August 16, 2010 Regular Session as attached; seconded by Councilwoman Zobrist. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Councilman Bardill made a motion to approve the minutes of the August 25, 2010 Special Session as attached; seconded by Councilwoman Zobrist. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

**PUBLIC FORUM**

Citizens' Requests and Comments:

*Augusta Drive Neighborhood Party Request – Bambi Bethel* – Bambi Bethel, resident of Augusta Estates neighborhood, stated this is an annual event that we have. With more children (approximately 25) in the subdivision, we are requesting use of barriers to block the roadway. It would not impede any traffic, as we have a circle drive, allowing access to the other homes in the neighborhood. Mayor Michaelis asked Ms. Bethel if she would anticipate any objections by the neighbors. Ms. Bethel responded we have had close to full participation by the residents in the neighborhood. Councilman Bardill made a motion to approve street closure of Augusta Drive, at #90 and #100 Augusta Drive, on October 16, 2010, 6:30pm – 1:00am for a neighborhood party as requested; seconded Councilwoman Zobrist. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

*Arrowleaf Street Block Party Request* - Tonya Kapp, 100 Arrowleaf Street, and Sarah Hapack, 65 Arrowleaf Street, were present to request the road be blocked off to protect the children during a neighborhood block party. Ms. Hapack stated we would like to have it blocked off from 4:00pm – 1:00am to allow people to cross freely and we are thinking about having a bouncy house. Councilman Bardill made a motion to approve the request for closure of a portion of Arrowleaf Street, from 80 Arrowleaf to 110 Arrowleaf Street, on October 2, 2010 for a neighborhood block party as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Highland High School Homecoming Parade Request – Jody Becker – Jody Becker, with Kerri Reilson representing the homecoming committee, requested permission for the Highland High School Homecoming Parade to be held Wednesday, September 29, 2010 at 6:30pm. The parade will begin at the Lindenthal Campus and proceed to Washington Street, ending at the Square where a short pep assembly will be held after the parade until about 9pm. Councilman Bardill made a motion to approve the Highland High School Homecoming Parade to be held on Wednesday, September 29, 2010 at 6:30pm as requested; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Highland Lady Basketball Association 5K/2K Run Request – Matt Elledge, coach of Girls Basketball at HHS, requested permission for the use of city streets on Sunday, October 23, 2010 for the Highland Lady Basketball Association 5K/2K Run, 8:30am – 10:30am, from the Lindenthal Campus. He stated parents in the association would assist with covering the intersections. Councilman Schwarz inquired what streets will be used. Coach Elledge reported there are two routes. The 5K Run takes Lindenthal towards the VFW, crosses Poplar, heads towards the nursing homes, takes some streets along Willow Creek over to Washington Street and then back down Lindenthal to the school campus. The 2K heads down Lindenthal to Olive Street, to 13<sup>th</sup> Street, then back down Lemon Street, crossing over Poplar to Paris Street and around Four Diamonds. Councilman Schwarz made a motion to approve use of city streets for the Highland Lady Basketball Association 5K/2K Run on Sunday, October 23, 2010, from 8:30am – 10:30am as requested; seconded by Councilman Bardill. Councilwoman Zobrist inquired if Chief Bell had any concerns about coverage of the intersections. Chief Bell responded he has not seen a map of the routes to plan what assistance we can provide. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Requests of Council:

None.

Staff Reports:

Scheffel & Co. - Combined Annual Financial Report – Mark Korte, principle with Scheffel & Company's Highland office, introduced the audit team including Andy Abendroth, Sr. CPA and Joel Bradley, who were present. Mr. Korte explained the financial statements prepared in accordance with GASBY 34 standards. Once again, we are able to give an unqualified opinion, which is the highest opinion we can give. The report is divided into a couple of sections. The Management Discussion & Analysis section, put together by Director of Finance Sharon Rusteberg and Assistant Director Kelly Korte, gives snapshots of the city's status. Basic Financial Statements are followed by Notes to Financial Statements, which provide all the required statements. The reporting method is designed to provide intergovernmental statements similar to private business. The accrual basis method of accounting is used, reflecting revenue as it is earned, expenses as they are incurred; capital assets are depreciated; and, long-term debt as it is incurred. Exhibit 1, in the Basic Financial Statements, is a Statement of Net Assets; Exhibit 2, Statement of Activities. Business Activities are the water, sewer, electric and solid waste funds. These funds are intended to be self sufficient and operated based on revenues derived from user fees.

Looking at the assets and liabilities of the city, in Exhibit 1 (Page 14), the total assets for FYE 2010 are \$95,997,312 as compared to \$87,852,995 for 2009. This is an increase of approximately \$8,144,000. Total liabilities increased by ~\$7,057,000 to a total of \$32,163,679. Net equity of the city has increased by ~\$1,087,000 over the last year. Exhibit 2 reports the expenses of the various governmental activities in the first column and revenue generated in the second column. It also reports expenses and revenue for the business-type activities. Revenues from taxes and miscellaneous non-operating revenues, such as interest income are reported at the bottom of Exhibit 2. These revenues are used to pay for the governmental expenses listed at the top of Page 15. For fiscal year ending April 30, 2010, governmental activities had an increase in net assets of \$1,026,621. This is total city revenues less total expenses – including depreciation on fixed assets and infrastructure. Business-type activities

had an increase in net assets of \$60,748. In total, the city realized a combined increase of \$1,087,369 in net assets. Mr. Korte pointed out that additional details on the business-type activities can be found in Exhibits 7 – 9. These statements help to determine appropriate rates to provide the different services and allow for future investments in the systems.

Mr. Korte pointed out in Exhibit 8 (Page 25), you will see that water, sewer and solid waste funds reported losses of \$92,884, \$102,464 and \$9,939, respectively. The electric fund reported positive net growth of \$266,035. Primary reasons for these losses appear to be a reduction in the number of water gallons sold and treated, and a decrease in connection fee revenue due to the economic slowdown. Finally, a cooler than normal summer, last summer, reduced the amount of water usage and electric sold. The electric fund reported net income of \$266,035, which was down from a net income in 2009 of \$551,565. This can be attributed to the cost of purchased power increasing, cooler weather last year, and the economic downturn.

In the Statistical Section, you will find a history of 10-year statistical data on assessed valuation, tax levy extensions, and construction permits. Table 1 on Page 62 demonstrates the positive growth of revenue from general property taxes, which increased by approximately \$118,755 from the year before. Table 2 shows that several other general governmental revenue sources, such as sales tax, state income tax, and motor fuel tax revenues decreased in this same fiscal year, reflecting the effects of the economy. Assessed valuation of property within the city limits has increased every year over the past ten years and is at an all-time high of \$188,904,824. This modest increase is a positive, as property values, both at nationally and locally, have declined as a result of the economy. Sound management of the city, infrastructure, quality school systems and other factors attribute to that. Despite an increase in property tax rate of 3.71% over the prior year, the city's tax rate remains lower than it was ten years ago.

Mr. Korte noted the city has no General Obligation Debt. Based upon the city's assessed valuation, coupled with the continued elimination of General Obligation Debt, the legal debt margin has increased to \$16.3M, which is the maximum amount the city is allowed to incur. Doesn't mean the city needs to go out and incur debt, but it means they have the ability to do so, if needed. Mayor Michaelis thanked Mr. Korte and Scheffel & Co. for the services provided. He added we all realize that we are in tough economic times. He extended his thanks to Mark, Sharon and the rest of the staff for their hard work and diligence in keeping us in good financial order.

Director of Finance Sharon Rusteberg reported, the end of August we completed an interview and review with Moody's. Based upon this information, Moody's Investors Service is assigning a rate of Aa3 on the bonds. This saves us about \$300,000 on this next issuance.

City Manager Latham informed the council we received a letter from ISO regarding our rating. Our last rating was in 1994 and we have been in a Class 4, which is in the top 10% in Illinois; and, based upon the most recent review, we still are at a Class 4. He will begin to work with each department next month on what we can do to improve to a Class 3, which would rare for a city our size.

Fire, police and other city staff members recently completed a training session in conjunction with TransCanada. In 30 minutes or less, we assembled the boom, launched and placed it.

## **NEW BUSINESS**

Approve Combined Annual Financial Report – Councilman Bardill made a motion to approve the Combined Annual Financial Report for Fiscal Year Ending April 30, 2010 as attached; seconded by Councilwoman Zobrist. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Approve Balancing Change Order for PW-07-10 for the Walnut and Main St. Resurfacing Project - Councilman Schwarz made a motion to approve Balancing Change Order for PW-07-10 for the Walnut and Main Street Resurfacing Project in the amount of a deduction of \$10,675.81 as attached; Councilman Bardill. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Bill #10-97/RESOLUTION Allocating Motor Fuel Tax Funds to Plaza Revitalization Project – Councilman Bardill made a motion to approve Bill #10-97/Resolution #10-09-1912 allocating \$52,494 of Motor Fuel Tax Funds to the Plaza Revitalization Project as attached; seconded by Councilwoman Zobrist. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Bill #10-98/RESOLUTION Requesting Road Closure for Homecoming Parade – Councilman Schwarz made a motion to approve Bill #10-98/Resolution #10-09-1913 requesting road closure for Homecoming Parade, on September 29, 2010, as attached; seconded by Councilman Bardill. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Bill #10-99/ORDINANCE Approving Business District Development Agreement with The Corner Keg for 1300 Main Street – Councilman Bardill made a motion to approve Bill #10-99/Ordinance #2433 approving Business District Development Agreement with The Corner Keg for 1300 Main Street as attached; seconded by Councilwoman Zobrist. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

## **REPORTS**

Approve Warrants #816 & #817 – Councilman Schwarz made a motion to approve Warrant #816 in its entirety and Warrant #817 with the exception of payment to Mettler Development LLC, Inc., in the amount of \$22,585.34 as attached; seconded by Councilman Bardill. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried.

Councilman Bardill made a motion to temporarily adjourn to conduct an Executive Session pursuant to the Illinois Open Meetings Act under Section 2(c)(21) for discussion of executive session minutes and 2(c)(2) to discuss collective negotiating matters; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Bardill and Zobrist voted aye, none nay. Motion carried. Meeting adjourned at 7:37pm.

Mayor Michaelis reconvened the Regular Session at 8:26pm. Council members Schwarz, Bardill and Zobrist were present. Councilwoman Bellm was absent. Others in attendance were City Manager Mark Latham, City Attorney Belsheim, Chief Bell, Director Schoeck, Deputy City Clerk Hediger and City Clerk Bellm.

Mayor Michaelis stated no items discussed in Executive Session would be acted upon tonight.

Councilman Bardill motioned to adjourn; seconded by Councilwoman Zobrist. All council members voted aye, none nay. Motion carried. Meeting adjourned at 8:26pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk