

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
MONDAY, NOVEMBER 2, 2009**

Mayor Michaelis called the Regular Session to order at 7:00pm. Councilmembers present were Rickher, Bardill, Bellm and Zobrist. Others in attendance: City Manager Mark Latham, City Attorney Harold Belsheim; Directors Gillespie, Rosen and Schoeck; Police Chief Terry, Asst. Director of Finance Kelly Korte, Supervisors Stram and Limestall, EMS Captain Crosby, Deputy City Clerk Hediger, City Clerk Bellm; HHS Boys' Cross Country Team Coach Bradley, Asst. Coach Vance and 8 team members; Scott Bowles, of Spectrum Consulting; 13 citizens and 1 member of the news media.

MINUTES

Councilwoman Bellm made a motion to approve the minutes of the October 15, 2009 Special Session as attached; seconded by Councilman Bardill. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Councilman Bardill made a motion to approve the minutes of the October 19, 2009 Regular Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

MAYORAL RECOGNITION

Mayor Michaelis recognized the achievements of the Highland High School Boys' Cross Country Team, for their 1st Place Mississippi Valley Conference Meet win and the season they had this year. Coach Doug Bradley introduced the eight team members: Jared Schmitz (junior), A.J. Albert and Dillon Gray (sophomores), and Chris Weidner, Tim Johnson, Alex McCloud, Nathan Alavere, and Landon Goldstein (seniors), along with Assistant Coach Bob Vance. Coach Bradley explained we need at least five members to field a team. We run as many as seven in competition. This year, this team placed 3rd at the Edwardsville Invitational; 2nd at Triad Invitational; and, 3rd at Jacksonville. At the Mississippi Valley Conference Meet, they had a first-place finish, and at the regional meet they placed 3rd. The last three Saturdays they have been running and finished at 10th as a team. Landon Goldstein finished 7th overall, and will represent the area at the state competition. Alex McCloud finished 8th, just missing the cut to run at the state competition. The council and those in attendance congratulated the men on their accomplishments.

PRESENTATION

Telecommunications Advisory Board Chairman George Marron, III introduced Jon Boulanger, a member of the advisory committee also present tonight. Bob Freeman is also on the committee, but had a prior commitment to attend tonight. Mr. Marron introduced Scott Bowles, of Spectrum Consulting, to do a presentation on the status of the Fiber-to-the-Premise (FTTP) project. Mr. Bowles reported the advisory committee was formed in June 2009. They were charged with studying the business plan. Upon doing so, they recommended Phase I of the project, limited to the business district, with seeking partnerships for

voice and video through wholesale provider(s). The committee has toured Crawfordsville, Indiana, which is a “Fiber to the Home Community” that offers data and IP/TV system. They also toured Auburn, Indiana, which has a voice and video type of offering.

The project status, as of today: The committee is proposing approval of RFP (Requests for Proposals) for materials, training, and construction labor. I have asked that there be an in-system warranty with the training. As part of the RFP, I have crafted a number of visits and hours into them to ensure that your people know and understand the system. What is nearly complete – but not yet complete - is the RFP on the wholesale services. That is actually a statement of qualifications request. We are ready to release the specifications when they meet your approval. We are looking at leasing properties, and have determined staff requirements, established a draft product catalog, and developed a capital cost budget. We have proposed a partnership request for qualifications with the bond counsel, as we wanted to make sure that this does not conflict with other municipal bonding. Presently, we are in the process of working with the school on a cost of services. As part of that, we are working on a lease agreement for space with them. While we are pleased with their willingness to lease space to us, we are not sure it is the appropriate place. We are also working on a response to service the new retirement community, Legacy Place.

Mr. Bowles reported our application for the Smart Grid grant was denied, which was a \$3.12M matching grant. The other community that received the grant money was two years ahead of us with development of their fiber system. There are two other grant funding opportunities that we are awaiting response on: BIP (Broadband Imitative Program) and BTOP (Broadband Technology Opportunities Program), which are both rural communications programs have been delayed 4-6 weeks. For the BIP, the (federal government) NTIA, has asked that the states make a bid for grant designation. Governor Quinn has recommended Highland to receive the grant. While the chances are good to receive BTOP grant funding, the funds may be delayed as late as February 2010.

Mr. Bowles stated, in the budget I developed, which plans for the most in costs, FTTP Phase 1, to create the fiber ring, is estimated to cost \$1,477,000. That will enable service to all of the municipal structures, schools, hospital, and businesses. The capital cost estimate for everything, with the construction of Phase I, has a “pessimistic” projected cost of \$3,398,948. The \$1.47M is the fiber labor, materials, and OSP construction (splicing, splitters, construction labor and materials). In the overall \$3,398,948, I have also included costs for office furniture, office equipment, a bucket truck, and other equipment that may not need to be purchased. Mr. Bowles explained I have increased the data equipment costs to accommodate larger switches. In meeting with clients that have gone through this, they expressed that they wished they would have gone with larger switches from the beginning versus switching out later. The switches are “soft costs”, which could be taken down. Most of the costs are outplant construction costs. This plan would allow the capability to provide internet with GPON 2.5G down, 1.2G up, shared between 30,000 users. I am meeting with a bulk provider for the internet service tomorrow. It may be that one of the other service providers can be partnered with for other offerings. It is my recommendation, since more people are using cell phones and the number of land lines are declining, to contract to share space on switches with a provider rather than purchase your own switches and systems.

We feel that FTTP Phase I will meet the objectives set, in that it will provide service to most of the businesses. This should differentiate Highland for economic development. The electric department will benefit from the automated meter reading capabilities that it will provide. Additionally, the department will be able to monitor approximately 60% of electric in a way to explained commercial customers and their trends. The city’s buildings will benefit from fiber upgrades with enhanced connectivity. We have laid this out in a way so that there is no rework going forward. As far as competition, the sale of Verizon to Frontier is incomplete at this point. Frontier has been unable to come up with the capital required in the structure of the sale. This should work to our favor, because people are complaining loudly in Washington, DC. Charter Communications’ bankruptcy is incomplete. The

broadband grant delays mean very competitive pricing, because material providers are looking to make a sale right now.

Councilman Rickher asked what our chances of getting any grant money are. Mr. Bowles responded I do not know. However, the chances are better now than they were a month ago. After going through the grants applications, and reviewing the ones that received the funds, we feel that if the application truly meets the intent of the grant requirements, they stand a good chance. Highland is meeting the requirements of the open grants. Councilman Rickher expressed concern about covering the costs and getting businesses to Highland first. Mr. Bowles stated if you serve businesses only, then it will take 30+ years to get your money back. You have to look at it for the infrastructure. It is for economic development. Look at it from a synergy standpoint. If you do not get at least a 38% take rate on the first phase, than you should not move to the next phase. Councilman Rickher pointed out we are taking the funds out of electric revenue bonds to pay for this. We have to make interest payments on the bond. What if the electric department and this does not make enough to cover those bonds and the interest? There is no guaranteed revenue stream to cover the cost of the bonds. We formed the committee to assist the council in making decisions in this process. However, a lot of the decisions were already made before they come to the council. I hear all these horror stories of other communities who have tried this. Mr. Marron responded the key is to get the personnel in early. These other communities had different perspectives on the technology. One town did not look at it as an economic development tool. Crawfordsville did not use it as an economic development tool and was not promoting it. Another community, we did not visit, but have information on is in Tennessee. In talking to that town, they did everything at one time. We are doing this in phases. Another thing is the marketing of this to the community. We, as a committee, feel the marketing and IT personnel are the most important personnel you are going to bring on board for this project. Councilman Rickher expressed I feel we are buying an Indy race car to go to the grocery store. Mr. Marron acknowledged we have to be competitive and recognize what markets we need to be in and where we want to compete. The use of land lines is decreasing, so that is not our focus right now. Internet is the key. Next is our ability to be competitive with Charter Communications. Even if we can match Charter's rates, I think people will subscribe, because of issues people have had with Charter. Councilman Rickher asked Mr. Marron would you buy shares in to this company if it were your money, as one of your investments. Mr. Marron stated I don't know yet. With any enterprise there are risks. There are risks here. However, we are trying to mitigate the risks. We are still gathering information. We are not ready for a final report yet. However, timing is critical. Councilman Rickher stated you are asking us to continue to spend money, yet we don't know how this is going to pay out yet.

PUBLIC FORUM

Citizens' Requests and Comments:

Boy Scouts of America Troop 1040 – Silver Lake Park Outing Request – Scott Schuepbach, Asst. Scout Master for Troop 1040 requested permission for the group to camp and hike at Silver Lake Park this next weekend. A certificate of insurance and signed indemnification agreement was presented. Councilman Bardill made a motion to approve Boy Scouts of America Troop 1040 request for use of Silver Lake Park on November 6, 7 & 8, 2009 for a campout and hike as attached; seconded by Councilwoman Bellm. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Requests of Council:

None.

Staff Reports:

Notification to Council of the Public Hearing on the Proposed Bike Trail Plan – City Manager Latham reported the parks advisory board made a presentation to council several months ago. Based upon a community survey, a master bike and walking trail is one of the things most desired by the community. Several weeks ago, I proposed an agreement with Oates Associates for development of a

multi-use trail. Letters were sent out, this past week, to several landowners. There will be a public hearing held November 12, 2009 on this plan.

Councilman Rickher reported he had received some phone calls from people about this. From what he was told, the city is asking for a thirty-foot wide easement. From what I understand, the trail follows along a creek. He expressed concern about kids riding bikes or walking along it, and trying to get a better look at something into the creek. Then we have an issue where one falls in, like what happened in Missouri last week. People are upset about a path going through their backyard. One of the statements made was, 'Are you going to allow people to rob our houses faster?' People do not want a bike trail going through their back yard. They want to sit in their backyard in privacy and have a cup of coffee. People could be riding their bikes, take a tumble and impale themselves on a tomato stake or something in someone's yard. I would think this is more appropriate in public areas versus going through people's private property. Councilwoman Bellm stated we need to get these people to come to the public hearing. That is what public hearings are for. She clarified the hearing will be held here, at City Hall, on November 12, 2009, 4-6pm. Councilman Rickher expressed I would have liked to have received some information on this before the letters went out.

UNFINISHED BUSINESS

Bill #09-130/RESOLUTION Authorizing Execution of Water Standpipe Lease Agreement – Councilwoman Bellm made a motion to approve Bill #09-130/Resolution #09-11-1832 authorizing the mayor execution of a water standpipe lease agreement with Southwestern Illinois Health Facilities, Inc. d/b/a Anderson Hospital as attached; seconded by Councilman Bardill. Councilwoman Bellm inquired this is a one-year contract. City Manager Latham replied yes. It is only a one-year contract, because we do not have a good policy in place on what to charge. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

NEW BUSINESS

Bill #09-136/ORDINANCE Abating Taxes Levied for Korte Recreation Center Bonds – Councilman Bardill made a motion to award Bill #09-136/Ordinance #2386 abating taxes levied for the Korte Recreation Center Bond and interest for the 2009 taxes payable in 2010 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Bill #09-137/ORDINANCE Abating Taxes Levied for Water Bonds – Councilwoman Bellm made a motion to award Bill #09-137/Ordinance #2387 abating taxes levied for the 1996 Water Alternate Revenue Bond and interest for the 2009 taxes payable in 2010 as attached; seconded by Councilman Bardill. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Bill #09-138/ORDINANCE Abating Taxes Levied for Electric Bonds – Councilman Bardill made a motion to award Bill #09-138/Ordinance #2388 abating taxes levied for the 2006 Electric System Alternate Revenue Bond and interest for the 2009 taxes payable in 2010 as attached; seconded Councilwoman Bellm. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Bill #09-139/ORDINANCE Abating Taxes Levied for Street Bonds – Councilwoman Bellm made a motion to award Bill #09-139/Ordinance #2389 abating taxes levied for the 2007 Street Alternate Revenue Bond and interest for the 2009 taxes payable in 2010 as attached; seconded by Councilman Bardill. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Bill #09-140/Ordinance Declaring Electric Transformers as Surplus Property – Councilman Bardill made a motion to approve Bill #09-140/Ordinance #2390 declaring (82) electric transformers as surplus property as attached; seconded by Councilwoman Bellm. Councilman Rickher inquired, assuming we pass

this ordinance, what is the next step. Interim Power Director George Stram explained the units get PCB contamination tested. Assuming no PCB contamination, we would put them out for disposal. Councilman Rickher inquired through this we could find out how much life is left in them, for possible resale, for some recycle value. Supervisor Stram stated, typically, we get a flat fee for the whole lot. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Bill #09-141/RESOLUTION Approving Ambulance Services Contract – St. Rose SSA #5 – Councilwoman Bellm made a motion to approve Bill #09-141/Resolution #09-11-1833 approving ambulance services contract with St. Rose Special Service Area #5 and authorizing the mayor to execute the contract on behalf of the City of Highland as attached; seconded by Councilman Bardill. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Bill #09-142/ORDINANCE Authorizing Execution of Redevelopment Agreement with M5 Management Group, Inc. for Project in Highland Business District No. 1 – Councilman Bardill made a motion to approve Bill #09-142/Ordinance #2391 authorizing execution of Redevelopment Agreement with M5 Management Group, Inc. for project in Highland Business District No. 1 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Award Bid #PR-09-09 Highland Silver Lake Shoreline Stabilization Project to CHAT Ltd. of Good Hope, Illinois – Councilwoman Bellm made a motion to award Bid #PR-09-09 Highland Silver Lake Shoreline Stabilization Project to CHAT Ltd., of Good Hope, IL, in the amount of \$240,685.25 as attached; seconded by Councilman Bardill. Councilman Rickher asked why there is only one bidder. Was it published in the paper? Director Rosen stated it was posted in the paper. This is rather specialized work using barges set into the water. Councilman Rickher stated how did you find this business. My company did not see the request for bid on this project. Director Rosen reported the engineering firm we are working with has worked with them before. They did a job down at Carlyle Lake recently. Councilman Rickher noted, in researching this company, it appears they also do drywall and construction. Director Rosen concurred. Councilman Rickher stated people in Highland pay all these taxes, yet I see these jobs and the money going to contractors outside of Highland. I don't feel like we are treating the businesses in Highland right. Roll Call Vote: Bardill, Bellm and Zobrist voted aye, Rickher voted nay. Motion carried.

Approve Request for Proposals for Purchase of Materials and Training – Phase I – FTTP Project - Councilman Bardill made a motion to approve the Request for Proposals for the purchase of materials and training as related to Phase I of the Fiber-to-the-Premises Project as attached; seconded by Councilwoman Bellm. Roll Call Vote: Bardill, Bellm and Zobrist voted aye, Rickher voted nay. Motion carried.

Approve Request for Proposals for Construction Services – Phase I – FTTP Project - Councilwoman Bellm made a motion to approve the Request for Proposals for construction services as related to Phase I of the Fiber-to-the-Premises Project as attached; seconded by Councilman Bardill. Roll Call Vote: Bardill, Bellm and Zobrist voted aye, Rickher voted nay. Motion carried.

Approve Request for Proposals for Banking Depository Services - Councilman Bardill made a motion to approve the Request for Proposals for banking depository services for the City of Highland as attached; seconded by Councilwoman Bellm. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Approve Change Order #2 for Hemlock Street Extension Project – Councilwoman Bellm made a motion to approve Change Order #2 for the Hemlock Street Extension Project in a deduct amount of \$22,908.82 with Baxmeyer Construction as attached; seconded by Councilman Bardill. Councilwoman Zobrist clarified this project is actually costing us \$22,000 less than awarded. Director Gillespie acknowledged that is correct. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

REPORTS

Approve Warrant #786 – Councilman Bardill made a motion to approve Warrant #786 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried.

Councilwoman Bellm made a motion to temporarily adjourn the Regular Session to enter into Executive Session under the Illinois Open Meetings Act, Section 2(c)(21) for discussion of executive session minutes, 2(c)(5) to discuss acquisition of property, and 2(c)(1) to discuss employment matters; seconded by Councilman Bardill. Roll Call Vote: Rickher, Bardill, Bellm and Zobrist voted aye, none nay. Motion carried. 7:56pm.

Mayor Michaelis reconvened the Regular Session at 8:40pm. Council members Rickher, Bardill, Bellm and Zobrist were present. Others in attendance were City Manager Latham, City Attorney Belsheim, Deputy City Clerk Hediger and City Clerk Bellm.

Mayor Michaelis announced that no action would be taken this evening on anything discussed in tonight's Executive Session.

Councilwoman Zobrist made a motion to adjourn; seconded by Councilwoman Bellm. All council members voted aye, none nay. Motion carried. Meeting adjourned at 8:40pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk