

**MINUTES OF REGULAR SESSION
HIGHLAND CITY COUNCIL
MONDAY, DECEMBER 5, 2022**

Mayor Hemann called the Regular Session to order at 7:00pm. Council members Sloan, Bellm, and Hipskind were present. Councilman Frey was absent. Others in attendance were City Attorney Michael McGinley, Directors Cook, Gillespie, Heimbürger, Ohren, Presson, and Rosen, Coordinator Hubbard, EMS Chief Wilson, Fire Chief Straub, Treasurer Nicholaides, Deputy City Clerks Hediger and VonHatten, City Clerk Bellm, 4 Representatives of Scheffel & Boyle, 23 citizens, and 1 member of the news media.

MINUTES

Councilwoman Bellm made a motion to approve the minutes of the November 21, 2022 Regular Session as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

PROCLAMATIONS

Mayor Hemann stated prior to this meeting, tonight, I was attending the Optimist Youth Appreciation Banquet, where the Optimist recognize area high school student leadership. Mayor Hemann read a document proclaiming the week of December 5 through 9, 2022 as Youth Appreciation Week.

RECOGNITION

Mayor Hemann recognized Judy Kuhn on her retirement of twenty-four years of service as a member on the Madison County Board, representing Highland in her district. In her time on the board, she served on numerous committees and earned a representation of advocating for what she believed was right. She earned the affectionate name as the “Highland Bulldog.” Mrs. Kuhn thanked her family for being here and for their support. She thanked the Highland City Council for their support, as well. Mrs. Kuhn stated, I grew up in Alhambra, attended Highland High School, and really came to love Highland. What is happening with the downtown Square is amazing. You do not need to go across the river, because things are happening right here.

PUBLIC FORUM

Citizens’ Requests and Comments:

Highland Optimists’ Club – 2023 Shootout – Special Event Application – Matt Powers, co-chairman of the event, along with Mayor Hemann and Rick Ringwald, was present to speak for the group. Mr. Powers stated am here requesting sponsorship in the amount of \$4,000. This is \$500 more than previous years. The reason for that is increased costs with travel expense, insurance, and advertising. This year’s event will feature teams from Kansas City, Philadelphia, three teams from the Chicago area, as well as some local teams. This event brings in a ton of visitors. Several who travel four to six hours to watch the games. There are nine games stacked, starting at 8am and the last game starting at 8pm. We could not do this without sponsorships. Mr. Powers noted, in addition to the sponsorship, our event

application includes a request for police presence at the event. Councilwoman Bellm made a motion to approve the Highland Optimists' Club's SEA for their annual Shootout on Saturday, January 7, 2023, as requested. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Jerome "Blackie" Kuhl stated, I understand that one of the one-percent is leaving. Councilman Hipskind responded I have a few more months yet. Mr. Kuhl stated I thought each of the city buildings have a flag in front of them. Some people got them. The groups put them up around town for the holidays, and they do good work. You got two buildings together, but only have one flag. Then there are all these businesses in Highland asking for stuff from the city, but they don't want to show their love for country with the flag.

Jennifer Ostrander, 60 Barrucuda, and owner and operator of The Olde Wicks Factory, stated she heard they were the topic of conversation at the last meeting, and felt it was best to come explain what happened. We were the venue, not the host of the event. The event started in Edwardsville, last year. The organizer initially took the event from forty vendors to seventy. With the third hall completed and available, she decided to increase the number from seventy vendors to 120 vendors. We are not sure of exact number in attendance. It was posted several places, in addition to Facebook. Some people were just curious about the building and decided to come for the event just to see the facilities, more than to shop. If we were to do this again, we know we do not want that many vendors and we would charge an admission fee, which would be purchased online before the event. This would limit "Lucy Lookers." Mrs. Ostrander noted she looked at the square footage of the St. Charles Convention Center, recently and realized we are the same size. So, technically, we have a convention center. We would like to get some ideas, offline, to look at how to host these events without creating the issues. Mrs. Ostrander provided an update on upcoming events: The Highland Arts Council has been looking to partner with us to hold something similar to the St. Charles Oktoberfest, which is an art show and vendor event held along the riverfront. We are thinking outside the box to make events like that possible. We held our first Oktoberfest this year, and had 800 in attendance. We just partnered with Hard Road Theatre Productions for a musical production of Margaretville for two days, coming up in a few months. We had Scott Air Force contact us about hosting an event, and the U.S. Barley Association is looking at hosting their Midwest conference here. She handed out their calendar for 2023, stated she wanted to clear the air about what happened the other weekend. Councilwoman Bellm expressed, as we all said, the other week – this is a good thing. When you have a lot of people coming in, so much so that they cannot find enough places to park, that is a good problem to have. Mrs. Ostrander added Illinois Tourism South has also contacted us about potentially hosting their annual meeting here. I just want to keep the conversation going and keep things staying positive.

Johnny Kapp noted the power went out last Sunday while I was in church. He asked what caused that outage. Councilwoman Sloan reported it was a whole grid thing that took the power out back towards Edwardsville.

Requests of Council:

Councilwoman Sloan thanked the Masons for inviting us to participate at their breakfast yesterday. Councilwoman Bellm stated I have been there for many years, and there is always new faces.

Staff Report:

Scheffel Boyle – Presentation of Combined Annual Financial Report –Mark Korte, Principal of Scheffel Boyle's Highland Office, presented the Combined Annual Financial Report and Financial Statements for Fiscal Year ending April 30, 2022. He thanked the City of Highland for allowing us to be the chosen auditing firm and introduced the auditing team of Taylor Jarvis, Jason Dempsey, and Andy Kampwerth; and, he thanked Rheanna for her persistence and a great job at getting the information to

them when needed. Mr. Korte reported in addition to the financial statements, we have assisted the city by providing some comparison information and statistical information, and these reports include information on the liability for city pensions, which depending on how the actuarial predictions go, that data may change. Next year, the city will be required to implement GASB Statement 87, which is accounting for leases. Last year, we implemented Statement 88, which is nothing substantive to the statements, but it made changes to the footnotes in the back.

The first section of the report is Management's Discussion & Analysis, which was put together by the city manager and Rheanna, and it is an overview and narrative on current events and projects. I highly encourage everyone to read these pages. Next is the Independent Auditor's Report, in which we provide our opinions. In the second paragraph, it reads, 'In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining information of the City of Highland, IL, as of April 30, 2022' is a "clean opinion". It is the best that we can provide and a good opinion. The city has received this position as long as I can remember. Next are the Basic Financial Statements.

Exhibit 1 (Page 15), "Statement of Net Position" and Exhibit 2, "Statement of Activities". These are similar to a business' balance sheet and income statements, respectively. Reporting is done on an accrual basis method. Expenses and revenues are reported as they are incurred. It includes all funds except police pension fund, which is a fiduciary fund. Since the city is only an agent and cannot make any decisions on those funds. More information on this can be found in Exhibits 10 & 11. Exhibit 1 shows an increase in total assets of \$143,404,386, from \$139,569,832 for an increase of \$2.8M; and, liabilities decreased by \$2.8M, for a total net position increase of \$5.6M. Exhibit 2 shows revenues for taxes. These are reported at the bottom and are used to pay for expense at the top. Governmental Activities had a net increase of \$4,320,670 and Business-Type Activities increased by \$1,309,932 for a total net position increase of \$5,630,602. So, a very solid year.

Exhibits 3 & 4 breakdown the governmental funds further for the city. Exhibit 8, on Pages 26-27, shows expense and revenue of the city's business-type activities. All showed a profit, before operating transfers, as of April 30, 2022, except for Solid Waste, which had a small loss of \$7,687. Light & Power, \$604,562; Water, \$260,241; and, Sewer, \$530,816. Included in Light & Power is HCS / Fiber-to-The Premise, which had a positive year. Revenue was up \$242,000, with expenses increasing about \$90,000.

The last section is the Statistical Section includes historical data. Mr. Korte highlighted Table 1 (Page 82) and Table 2 (Page 83) which gives a snapshot of governmental revenues by source, such as property tax, license and permits, interest income, Non-Home Rule (NHR) sales tax, business district tax, sales tax, and motor fuel tax (MFT), etc. He pointed out that almost every one increased for last year. A very healthy rebound following COVID. Mayor Hemann noted the State of Illinois started requiring and charging of sales tax on internet sales, such as Amazon. Is that included in here? Mr. Korte replied some. He highlighted statistical data found on Page 85 – Assessed Valuation and Estimated Actual Value of Taxable Property, which shows assessed evaluations continue to increase and the tax rates went down, which, is a great combination. Based on the 2021 assessed valuation, and current debt of \$9.2M, the city has a remaining legal debt margin of \$9,135,983.

Mayor Hemann expressed it is a lot to look at. We have some difficult things to deal with due to inflation. On the positive side, most departments are able to put funds aside into reserves. Councilwoman Bellm stated we need to recognize the directors. We were concerned about the effects of COVID and we asked them to put some things off due to that. Mr. Korte responded I would agree with that. Mayor Hemann thanked Scheffel Boyle, Rheanna, and staff for all their work.

City Attorney Mike McGinley noted City Manager Chris Conrad has been out of the office and could not be here tonight due to illness; however, he did prepared a statement regarding the financial statements, which he has asked me to read them into record. 'In addition to our formal analysis provided in the audit, I want to caution everyone on the appearance of positive trends. Yes, we were able to put some cash back this year, but that was due to projects being delayed or put off due to cost increases exceeding our estimates; and, necessary equipment purchases, which were delayed either by our choice or due to supply chain issues. For instance, the dump trucks, which were authorized last year and have yet to be delivered so those funds, were put back into reserves. Phase II of the streetscapes has been put on hold while we apply for grants; and, the capacitor project and transformer purchases for the electric department were delayed due to price increases and postponed until we could build up the funds. So, in terms of both budgeting and understanding the audit, I want to point out the high likelihood that until the current economic situation returns to some semblance of normal and supply chains are back to pre-pandemic expectations, we should be prepared for some whipsawing of funds going into and being pulled out of the reserves from one year to the next. In spite of our best efforts during budgeting, some of the swings in material and equipment prices and delivery dates are and have been very difficult to predict.'

'Many of the projects and purchases that have been postponed or delayed, will have to be made or undertaken in the future, these are necessary items and initiatives, so at some point we will be pulling those funds back from reserves once we have built up the resources to make them happen. If you look at page 70, it describes funds where expenses exceeded budget. Several of these items are general tax levy line items that are at or close to the maximum allowed, or are estimated based on prior year expenses, so there can be slight deviations in amounts. The goal is to keep these as low as possible so any overages are inconsequential in the grand scheme of our budget management. ARPA is to be expected as some of the projects are flowing from one budget year to the next. We are closely monitoring the expenses on the ARPA projects to not exceed the total dollar amount overall, and all funds have been received at this point, with Highland receiving the second batch of payments earlier in the current budget year. Solid Waste: The loss was due to unexpected second purchases of dumpsters that became necessary due to corrosion and the market price of dumpsters increasing significantly. We are in the final year of the contract with Sanders, which Republic must honor. I would expect both a change in price and operation next year, after we go out for request for proposal on this service.'

'I want to clarify the numbers on the ambulance services. The \$15,000 is how much the budgeted amount for expenses was over what we estimated. A primary culprit was an increase in GMET payments that Highland has to pay back to the State of Illinois once we receive the payments from the Feds. These are supplemental payments from the Feds that once received, we split with the State. Therefore, the more Medicare and Medicaid calls we take, the more of these payments we receive and thus more money we have to pay back to Illinois. So, this is one the expense side, and is something we don't have a lot of control over. The actual cash position of EMS, we ended up transferring \$97,000 from reserves into their operating at the end of the year to make up for revenue shortfalls. This is the result of the difference between what we bill versus what we are able to actually collect. This also varies based upon the breakdown of type of our calls. I verified this number with both the auditors and Finance Director Ohren.'

'While we did not lose money in electric, we did see another year of a slight decline in total KWHs sold. This means less revenue at a time of increasing prices. We anticipate this trend to continue as more solar comes online and people replace old appliances and fixtures with newer more efficient products. This will necessitate an adjustment in power cost adjustment portion of our bills to maintain the current system. We will continue to monitor it closely and bring recommendations to the council when appropriate.'

‘As always, we are grateful to Mark, Taylor and their staff for their efforts and professionalism during the audit process. With a new finance director, this year was a learning year for both Rheanna and I, and we really appreciated the patience they have shown us. We, as staff, see the audit process not only as an exercise in transparency for the public, but also as a valuable tool that we can use to make better decisions and recommendations in operations and policy going forward.’

Councilwoman Bellm summarized we are in solid shape, but we worked to get there. We cannot throw a party yet. Mayor Hemann stated the challenge is still ahead of us.

NEW BUSINESS

Accept Combined Annual Financial Report - Councilwoman Sloan made a motion to approve the Combined Annual Financial Report as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-184/ORDINANCE Abating Taxes Levied for the General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source) Series 2021 Bond and Interest for the 2022 Taxes Payable in 2023 – Councilwoman Bellm made a motion to approve Bill #22-184/Ordinance #3244 abating taxes levied for the General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source) Series 2021 Bond and Interest for the 2022 Taxes payable in 2023 as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-185/ORDINANCE Abating Taxes Levied for the General Obligation Refunding Bonds (Alternate Revenue Source) Series 2020 Bond and Interest for the 2022 Taxes Payable in 2023 - Councilwoman Sloan made a motion to approve Bill #22-185/Ordinance #3245 abating taxes levied for the General Obligation Refunding Bonds (Alternate Revenue Source) Series 2020 Bond and Interest for the 2022 Taxes payable in 2023 as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-186/ORDINANCE Abating Taxes Levied for the 2010 General Obligation Street Bond Alternate Revenue Bond and Interest for the 2022 Taxes Payable in 2023 - Councilwoman Bellm made a motion to approve Bill #22-186/Ordinance #3246 abating taxes levied for the 2010 General Obligation Street Bond Alternate Revenue Bond and Interest for the 2022 Taxes payable in 2023 as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-187/RESOLUTION Approving the Estimated Tax Levy - Councilwoman Sloan made a motion to approve Bill #22-187/Resolution #22-12-2991 approving the estimated tax levy as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-188/ORDINANCE Approving the Illinois Municipal League Risk Management Association Minimum/Maximum Contribution Agreement for the Period of January 1, 2023 to January 1, 2024, and the Associated 2023 IMLRMA Contribution Payment Agreement – Councilwoman Bellm made a motion to approve Bill #22-188/Ordinance #3247 approving the Illinois Municipal League Risk Management Association Minimum/Maximum Contribution Agreement for the period of January 1, 2023 to January 1, 2024, and the associated 2023 IMLRMA Contribution Payment Agreement as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Approve Schedule of 2023 Meeting Dates for Council, Boards, and Commissions – Councilwoman Sloan made a motion to approve Schedule of 2023 Meeting Dates for Council, Boards, and Commissions as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-189/RESOLUTION Approving and Authorizing Allocation of Hotel/Motel Tax Funding for the 2023 Highland Optimists' Club Shootout – Councilwoman Bellm made a motion to Bill #22-189/Resolution #22-12-2992 approving and authorizing allocation of \$4,000 hotel/motel tax funding for the 2023 Highland Optimists' Club Shootout as attached. Motion seconded by Councilwoman Sloan. Councilwoman Bellm asked Rheanna how we are doing with hotel/motel tax funds. Finance Director Rheanna Ohren responded we can cover it. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-190/RESOLUTION Authorizing Lewis Brisbois Bisgaard & Smith, LLP to Intervene on Behalf of the City in All Tax Year Appeals Before the Illinois Property Tax Appeal Board – Councilwoman Sloan made a motion to approve Bill #22-190/Resolution #22-12-2993 authorizing Lewis Brisbois Bisgaard & Smith, LLP to intervene on behalf of the city in all tax year appeals before the Illinois Property Tax Appeal Board as attached. Motion seconded by Councilwoman Bellm. Mayor Hemann inquired this is just a formality, I presume. City Attorney Mike McGinley explained this covers the next two items on the agenda. This allows us to provide this documentation with any information presented with property tax appeals. Then we will not have to bring these before the council, when filing documentation. This prevents any issues should there be a timing issue with handling these with the court. Both the city and school split the fee to appeal these. The city and school each pay half. Mayor Hemann noted these appeals on tax adjustments are to protect our tax base. Attorney McGinley reported this is becoming a very frequent occurrence, and we need to push back to prevent the tax base to provide city services. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-191/RESOLUTION Authorizing Lewis Brisbois Bisgaard & Smith, LLP to Intervene on Behalf of the City in All Tax Year Appeals Before the Illinois Property Tax Appeal Board, Including, But Not Limited to, Parcel Number 02-2-18-28-13-301-013, Docket Number 22-000234 – Councilwoman Bellm made a motion to approve Bill #22-191/Resolution #22-12-2994 authorizing Lewis Brisbois Bisgaard & Smith, LLP to intervene on behalf of the city in all tax year appeals before the Illinois Property Tax Appeal Board, including, but not limited to, Parcel Number 02-2-18-28-13-301-013, Docket Number 22-000234 as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-192/RESOLUTION Authorizing Lewis Brisbois Bisgaard & Smith, LLP to Intervene on Behalf of the City in All Tax Year Appeals Before the Illinois Property Tax Appeal Board, Including Parcel Number 01-2-24-08-08-201-004, Docket Number 22-00066 – Councilwoman Sloan made a motion to approve Bill #22-192/Resolution #22-12-2995 authorizing Lewis Brisbois Bisgaard & Smith, LLP to intervene on behalf of the city in all tax year appeals before the Illinois Property Tax Appeal Board, including Parcel Number 01-2-24-08-08-201-004, Docket Number 22-00066 as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-193/RESOLUTION Allowing the Expenditure of Illinois Rebuild Funds, through Motor Fuel Tax Funds for the Matter Drive Reconstruction Project - Councilwoman Bellm made a motion to approve Bill #22-193/Resolution #22-12-2996 allowing the expenditure of Illinois Rebuild Funds, through Motor Fuel Tax Funds for the Matter Drive Reconstruction Project as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-194/RESOLUTION Approving a Construction Engineering Agreement with Oates Associates for the Matter Drive Reconstruction project - Councilwoman Sloan made a motion to approve Bill #22-194/Resolution #22-12-2997 approving a construction engineering agreement with Oates Associates for the Matter Drive Reconstruction project as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-195/RESOLUTION Approving a Preliminary Engineering Services Agreement with Oates Associates, Inc. for the Development of Plans and Specifications for the VHP Pavement Restoration Project (Broadway to Michael Rd) - Councilwoman Bellm made a motion to approve Bill #22-195/Resolution #22-12-2998 approving a preliminary engineering services agreement with Oates Associates, Inc. for the development of plans and specifications for the Veterans' Honor Parkway (VHP) Pavement Restoration Project (Broadway to Michael Rd) as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Bill #22-196/ORDINANCE Amending Code, Chapter 2-Administration, Article IV-Department of Public Safety, Division 2 -Fire Department Division, to Amend the Eligibility Requirements for Highland Fire Department – Councilwoman Sloan made a motion to approve Bill #22-196/ Ordinance #3248 amending Code, Chapter 2-Administration, Article IV-Department of Public Safety, Division 2-Fire Department Division, to amend the eligibility requirements for Highland Fire Department as attached. Motion seconded by Councilwoman Bellm. Councilwoman Sloan made a motion to postpone until such time that all parties involved have come to agreement on amendment text. Councilwoman Bellm seconded the motion. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried. Item postponed.

Approve a Notice of Municipal Letting, #PD-11-22, for the Purchase of Two New Ford Police Interceptor SUV's – Councilwoman Bellm made a motion to approve a Notice of Municipal Letting, #PD-11-22, for the purchase of two new Ford Police Interceptor SUV's as attached. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

REPORT

Accepting Expenditures Report #1231 for November 19, 2022 through December 2, 2022 – Councilwoman Sloan made a motion to accept Expenditures Report #1231 for November 19, 2022 through December 2, 2022 as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried.

Councilwoman Bellm made a motion to temporarily adjourn this regular session to enter into executive session under the Illinois Open Meetings Act under 5 ILCS 120/2(c)(21) to discuss the approval of executive session minutes. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried. Meeting temporarily adjourned at 8:12pm.

Mayor Hemann reconvened the Regular Session at 8:18pm. Council members Hipskind, Bellm, and Sloan were present. Councilman Frey was absent. Others in attendance were City Attorney Michael McGinley, Deputy City Clerks Hediger and VonHatten, and City Clerk Bellm.

Mayor Hemann stated nothing discussed in executive session will be acted upon tonight in this session.

Councilwoman Bellm made a motion to adjourn. Motion seconded by Councilwoman Sloan. Roll Call Vote: Councilmembers Sloan, Bellm and Hipskind voted aye, none nay. Motion carried. Meeting adjourned at 8:19pm.

Kevin B. Hemann, Mayor

Barbara Bellm, City Clerk