

MINUTES OF A SPECIAL MEETING OF THE ZION CITY COUNCIL HELD ON MONDAY, JANUARY 23, 2012, AT 6:30 P.M. IN THE CITY COUNCIL CHAMBERS, CITY HALL, ZION, ILLINOIS

.....

Mayor Harrison called the meeting to order.

On call of the roll the following answered present: Commissioners Flammini, DeTienne, Shantal Taylor, Jim Taylor and Mayor Harrison.

TAX ANTICIPATION WARRANTS/ALTERNATE REVENUE BONDS

Commissioner Jim Taylor stated that in late February or early March the City of Zion will be out of funds. Drastic budget cuts were made but a shortfall still exists. The purpose of this meeting is to introduce and place on file with the City Clerk two ordinances:

- 1) An ordinance of the City of Zion, Lake County, Illinois authorizing the issuance of not to exceed \$2,500,000 2011 Tax Anticipation Warrants in anticipation of the collection of taxes for the tax levy year 2011 for various municipal purposes and the execution and delivery of a Tax Escrow/Agreement in connection therewith
- 2) An ordinance of the City of Zion, Lake County, Illinois authorizing the issuance of Taxable General Obligation Bonds (Alternate Revenue Source) in the aggregate amount of not to exceed \$2,500,000 for funding various expenditures incurred for ordinary and necessary municipal purposes of the City

The City Council will take no action on these proposed ordinances at this meeting.

Commissioner Jim Taylor stated that the tax anticipation warrants are a short-term solution to the financial problems and should carry the City through the remainder of the fiscal year. With approval of the ordinance, funds should be received within 30 to 45 days. The long-term solution is the issuance of Alternate Revenue Bonds with the proceeds paying off the tax anticipation warrants. It is anticipated that the pay off on the bonds would be 5 to 7 years.

Commissioner Shantal Taylor asked Commissioner Jim Taylor to confirm the City's annual operating budget. Commissioner Jim Taylor stated that the budget is not finalized as it was being held due to the proposed bond issue for the stadium. The budget will be finalized when the tax anticipation warrant funds and bond funds are available. He stated that the Council was not here to debate the budget.

Commissioner Jim Taylor asked Attorney Randall to comment on the legal status of this meeting with regard to posting. Attorney Randall stated that the meeting was properly posted and met all requirements of the Open Meetings Act. She stated that the act only requires a public body to post meeting notices on its website if the full-time staff of the public body maintains the website. Full time City staff does not maintain the City's website. Attorney Randall also noted that the Open Meetings Act states that the failure of a public body to post on its website notice of any meeting or the agenda of any meeting shall not invalidate any meeting or any actions taken at a meeting. She stated that the purpose of this meeting is to provide information to the public and that no action will be taken.

Commissioner Shantal Taylor stated she wants to be clear regarding the tax anticipation warrant and bond solution and wants all facts in order. She asked if this solution would provide sufficient funds to repay the Water Fund. Commissioner Jim Taylor stated that legally the Water Fund does not have to be repaid.

Barbara Chevalier, Speer Financial, stated that four different funds included in the tax levy would be used to issue tax anticipation warrants for repayment. Tax anticipation warrants cannot be issued for more than

85% of the tax levy. The funds were identified as the Corporate (General) Fund in the amount of \$1,575,000, the Fire Protection Fund in the amount of \$751,684, the Ambulance Fund in the amount of 625,294, and the Street and Bridge Fund in the amount of \$209,540. The warrants must be repaid by October 1, 2012. With regard to the bond issue, Ms. Chevalier stated that the bonds are permanent financing with a 10-year payback. Funds generated will establish a working cash fund. With alternate revenue bonds, the sources of revenue must be identified which are income taxes and sales taxes. Once adopted, the ordinance in its entirety must be published in the local newspaper. Then the City must wait for 30 days to see if a petition is filed with the City Clerk. If no petition is filed, then the City is authorized to sell the bonds.

Commissioner Jim Taylor asked if the Tax Anticipation Warrants or the bond issue has any effect on residents' tax rate. Ms. Chevalier stated that the taxes have already been levied and neither the warrants or the bond issue will have any effect whatsoever on the residents' taxes. After the bond issuance, the bonds will have a levy schedule and annually the City must take action to abate the tax levy so there will continue to be no effect on residents' taxes in subsequent years. Ms. Chevalier stated that no action was needed by the City Council at this meeting.

Mayor Harrison stated that the City Council took steps to reduce the City's budget considerably that included the lay off of nine employees from various departments. Departmental expenses were pared down where possible. He emphasized that the City Council took drastic measures to save the City money over the past two and a half years. The budget the City Council was working with for the current year was balanced with a \$27,000 surplus. Then the stadium costs filtered into the budget which created a severe shortfall. He stated twice that all City Council members voted in favor of the stadium project. Mayor Harrison stated that the City has authorized tax anticipation warrants before and it is being done all over Lake County. He stated that such action is not unique to the City of Zion.

Commissioner Shantal Taylor asked, if the Council approves the tax anticipation warrant and bond ordinances, does the Council resume budget talks and will there be enough money to maintain services.

Commissioner Jim Taylor stated that, according to the Zion Tax Assessor, it is estimated that the EAV in Zion will drop another 15% next year which will make the future uncertain. He stated the City can finish the current year budget with the new funds and then work on next year. He stated that there is no guarantee that there will be no personnel cuts next year.

Commissioner Shantal Taylor stated that the City needs a case-by-case analysis of each department even if the tax anticipation warrant and bond ordinances are approved at the next meeting.

PROPOSED ORDINANCES PLACED ON FILE

Mayor Harrison presented two ordinances to the City Clerk to be placed on file in the City Clerk's Office for public inspection for seven days, identified as follows:

- 1) An ordinance of the City of Zion, Lake County, Illinois authorizing the issuance of not to exceed \$2,500,000 2011 Tax Anticipation Warrants in anticipation of the collection of taxes for the tax levy year 2011 for various municipal purposes and the execution and delivery of a Tax Escrow/Agreement in connection therewith
- 2) An ordinance of the City of Zion, Lake County, Illinois authorizing the issuance of Taxable General Obligation Bonds (Alternate Revenue Source) in the aggregate amount of not to exceed \$2,500,000 for funding various expenditures incurred for ordinary and necessary municipal purposes of the City

SPECIAL MEETING CALLED

Mayor Harrison called for a special meeting of the Zion City Council to be held on Monday, January 30, 2012 at 6:30 p.m. in the Council Chambers, Zion City Hall, 2828 Sheridan Road, Zion, Illinois to consider approval of the tax anticipation warrant and bond issue ordinances as introduced and placed on file with the City Clerk.

ADJOURN

There being no further business to come before the Council at this time, it was moved by Commissioner Jim Taylor, seconded by Commissioner DeTienne and unanimously approved the meeting be adjourned at 6:55 p.m. Motion carried.

City Clerk

Approved February 7, 2012