

CITY OF TUSCOLA
COUNTY OF DOUGLAS
STATE OF ILLINOIS
July 23, 2012
Tuscola City Hall

The regular meeting of the City Council was called to order with Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt and Mayor Kleiss present. The Mayor led the Pledge of Allegiance.

Consent Agenda

Administrator Hoel went over the items on the consent agenda:

- Minutes of the July 9, 2012 meeting
- Financial report for June 2012
- Payment of bills totaling \$129,164.68

Hoey moved to approve the items on the consent agenda. Henderson seconded. VOTE YEA* Cleland, Henderson Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt. Maxey moved to approve the consent agenda for July 23, 2012. Seip seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Requested Time on the Agenda

Amber Seip and Ali Ray, Alpha and Omega Power Training, thanked Mayor Kleiss and the council for the City's TIF assistance with their new business. Also, the girls presented a check to Mayor Kleiss to go towards the City Parks. Amber and Ali have a practice of 'giving back' to the community after they have completed one of their camps and wanted to show their appreciation for our community and parks.

Mayor

Mayor Kleiss mentioned the summer baseball and softball teams are finishing their season. All teams have done well this summer. Kleiss announced Jumpin' Jimmy's has sold and the new owners are requesting a liquor license that will allow for the sale of package liquor as well as beer and wine. He plans to meet with the liquor commission before making a recommendation. Seip noted this has been brought up in the past and council denied the license for package liquor sales @ Jumpin' Jimmy's.

City Clerk - Nothing

City Treasurer

Treasurer Long reported PMG Tuscola LLC, Jeff and Kristin Winans, and Darrel and Susan Latch are delinquent on their TIF loans. Mayor Kleiss asked about the former Truck Stop property. TEDI Director Moody reported the IEPA has until August 15 to issue the no further remediation letter on the property. Administrator Hoel is hopeful this will be resolved after the EPA project person returns from vacation the first week in August.

City Attorney - Nothing

City Administrator - Nothing

Contracts and Agreements

The first three items in the section were deferred to the end of the meeting.

Mayor Kleiss discussed an increase in the annual audit fee with Bray, Drake, Liles and Richardson. The increase will cover the cost of a detailed audit of TEDI's financial statements, which will then be included with the City's audit as a component unit. Treasurer Long stated a local citizen suggested to her that the city should take a hard look at how TEDI is related to the city. Long stated she questioned our auditors about the City's relationship with TEDI and was advised it would be in the citizen's best interest to disclose TEDI's financial information on the City's financials. Long went on to say, the city's contribution to TEDI is over 75% of TEDI's income and the city has hiring and firing authority over the TEDI Director. Long reported our auditor suggests we look at ways to either bring TEDI closer into the fold so the policies, procedures, and practices we have for city money carries over to the money we give to TEDI, or to make more separation between the city and TEDI. These issues will have to be discussed by the TEDI board and council. Administrator Hoel added there is no cause for alarm; the TEDI books are prepared by an accountant, but going forward, we need to know how to structure things. Maxey asked about TEDI's budget. Hoel stated TEDI does provide us with a budget; however, our auditor does not review the budget. Hoel went on to say, he is on the TEDI board as the city's representative and he reviews their financial reports. Treasurer Long added this is not prompted by thinking anything is wrong; it's only prompted by the close relationship between TEDI and the City. Henderson moved to approve the audit fee increase of \$700, with Bray, Drake, Liles, and Richardson. Maxey seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Administrator Hoel discussed the city's financial arrangement with Beckett & Webber, P.C. Usually; the attorney fee is based on normal and customary deeds and services in a typical year, adding this past year has been anything but typical. Attorney Bequette has spent an unusual amount of time on litigation; therefore, an adjustment to the attorney fees is necessary. Maxey moved to approve the supplemental city attorney fees of \$12,000, to Beckett & Webber, P.C. Seip seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Other

1. Hoel reported he heard from the pool contractor today. The contractor said they would be here this fall to try and diagnose the water loss. Hoel added he hopes the contractor means as soon as the pool closes, as he's requested. The contractor has made a suggestion to Hoel for testing the hydrostatic relief valve.
2. Hoel reported he has spent time with Illinois American trying to figure out why we experienced pressure fluctuations when the water tower was down. At IL American's suggestion, we have installed a variable frequency drive on the primary booster pump so the pump can be more responsive and avoid the fluctuations. IL American will make some changes to maximize water flow to the Sadorus pump station. Also, we discovered some problems with our telemetry system sensors and they will be corrected, Hoel stated. Hoel explained a graph showing water pressure fluctuation tests being run since last Friday (7/20), with the water tower valved out of the system. Hoel pointed out there is very little variance - about 5 psi either way. This is telling us

- the variable frequency drive is doing what was intended, Hoel stated. Hoel plans to discuss this again tomorrow, but if there is no change, he believes we can drain the tower and proceed with the painting project. The contractor has begun moving equipment in and is finishing another project; he is ready to get started, Hoel stated.
3. Administrator Hoel called council's attention to a handout of a power point presentation about municipal electric aggregation. Hoel stated we have been contacted by several different brokers about a program similar to the one the city recently did for the city electrical. This program would group residential and small commercial customers in an area, county, or counties and form an opt-out aggregation in order to obtain lower electricity rates for all involved. Dave Titus, representing a brokering company in Southern Illinois, was present to speak to council about his company. Hoel added Coles County Regional Planning Commission is putting together a consortium and have reached out to us to join. In order to get a referendum approving an aggregation on the November ballot, we would have to pass an ordinance by the next meeting. If this is something we are interested in, the brokers will market the proposal. Maxey asked what the upside of participating is and Hoel stated it is the savings – approximately \$200/year for the average resident. If the referendum passes, every residence in town would automatically be signed up with an opportunity to opt out. Cleland asked if someone did not opt out but the price increased after one year, would they be able to opt out then. Dave Titus stated residents are locked into their rate for a two year period. Also, if the utility company's price goes lower than the bid, the broker will go to the supplier and ask them to lower their price. If the supplier agrees, the price will be lowered. If not, residents enrolled in the aggregate will automatically go back to Ameren. This is in the terms of the negotiations, Titus added. Maxey asked why Ameren would not leave the middle man out and deal with customers themselves. Titus answered Ameren has a deregulated part of their company – they are not allowed to make money or lose money. Ameren makes their profit on customer charges, meter charges, and distribution charges, according to Titus. Ameren would still be the local utility company, no matter where the electricity comes from. Administrator Hoel asked council if they would like more information before the next council meeting so a decision on a referendum could be made. Seip stated all we would be voting on would be whether or not to put the question on the ballot; we would not have to make the broker decision by next meeting. Hoel answered we would need to decide the broker issue because the broker will be promoting the referendum. Titus reported the lowest price being paid by any group in Illinois is 3.9 cents. This group has 10,600 households. A group that had 250,000 households was at .0408. Depending on broker fees and the market, a small group can still get in on the lower price, Titus stated. Administrator Hoel will go ahead and gather more information for council to consider. Mike Damler asked if the residential aggregate program being discussed was the same as Direct Energy proposes in their mailings. Titus stated it is; he signed up with Direct Energy and requested a contract he could cancel at anytime. Damler pointed out citizens could be signing up with Direct Energy on their own and wonders how that would affect the program being presented. Titus answered Ameren supplies a list of people not currently with a supplier. Anyone not with a supplier can be involved in aggregation. If someone is currently with a supplier; cancels and goes back to Ameren, they have to stay with Ameren. They will miss out on the aggregation opportunity.

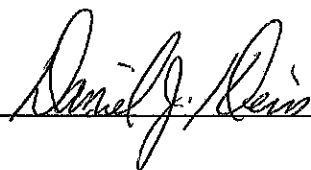
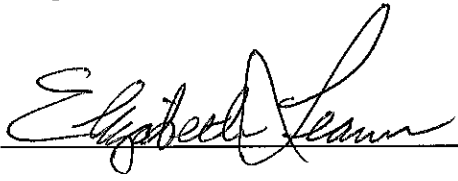
July 23, 2012

Maxey moved council go into executive session to discuss possible or pending litigation and land acquisition. The time was 8:20 P.M. Cleland seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt. The meeting was called back to order at 9:31 P.M. with Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt, and Mayor Kleiss present.

Truitt moved to exercise the option with First Mid-Illinois Bank and Trust and purchase the property at 100 North Main Street. Shoemaker seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Truitt. VOTE NAY* Slaughter. Motion carried.

Henderson moved to accept the settlement agreement and mutual release with Central Subsurface Contracting of Illinois, Inc., for water main improvements. Cleland seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

The motion to adjourn was made by Truitt and seconded by Slaughter. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

 _____ Mayor  _____ City Clerk