

CITY OF TUSCOLA
COUNTY OF DOUGLAS
STATE OF ILLINOIS
November 26, 2012
Tuscola City Hall

Mayor Kleiss called a public hearing to order at 7:05 P.M. The purpose of the hearing was to gather input from the public about the Government electricity aggregation opt-out program and plan of operations and governance. Administrator Hoel explained the referendum to allow for municipal aggregation passed on November 6, 2012. The bid date is December 11, 2012. The bid process is market driven, Hoel stated, and we will receive bids the morning of the 11th and they will expire at the close of business on the same day. Once the bids come in, the rate customers in Tuscola will pay for their electric supply is determined. The electric bill and distribution will still come from Ameren. Ameren will purchase electricity from the low bidder. Hoel went on to say every resident and small business in Tuscola is eligible for this program, as long as they have not already enrolled with an alternate supplier. If not already enrolled with an alternate supplier, Tuscola customers will automatically be switched, unless they choose to opt out of the program. Hoel pointed out some options in the governance agreement:

- 1 - there will be no administration fee applied to the program
- 2 - a level of renewable energy can be dictated in the bid; however, we have not done this as yet
- 3 - the term is the final option and Hoel feels there will be an apparent best scenario – either 18; 24; or 36 months.

Hoel went on to say when the city bid its' own electric supply we saved about 30%. Also, the aggregate group that bid in April saved about 30%. Hoey asked for clarification that the 30% is per household. Hoel answered it is. Henderson pointed out this is on the cost of electricity only. Hoel asked for questions from council or the audience and pointed out a copy of the plan of operation for the aggregation is on file at City Hall. Mayor Kleiss mentioned companies are going around town trying to get people to sign up in an energy program. These companies are not affiliated with the program the city will be going with. Hoel stated the public utilities in Illinois purchase futures in order to blend some of the volatility out of the utility market. Illinois has the worst futures contract so the opportunity for savings is the highest. One audience member asked if transmission rates went up on the electric bills because of all the aggregation. Hoel stated he did not know; however, they are regulated like any public utility. Rate increases would have to be approved by the ICC. The transmission rates would be independent of the aggregate pricing. Hoel added all residents will receive a letter explaining the program. At the bottom of the letter is an opt out section that can be filled out and returned to the supplier if customers do not wish to be part of the program. Truitt added she likes that the city has already done this and realized a 30% savings. This is a good talking point with neighbors and families.

There being no other comments or questions, Mayor Kleiss declared the hearing closed at 7:15 P.M.

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

Consent Agenda

Mayor Kleiss went over the items on the consent agenda:

- Minutes of the November 13, 2012 meeting
- Financial reports for October 2012
- Payment of bills totaling \$121,819.60
- Community Building lease with alcohol for the Tuscola Home Center on January 12, 2013

Hoey moved to approve the items on the consent agenda. Maxey seconded. VOTE YEA* Cleland, Henderson Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt. Henderson moved to approve the consent agenda for November 26, 2012. Truitt seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Mayor

Kleiss announced he appreciates the efforts of the city staff getting notices out about the water line break earlier in the day. Administrator Hoel added the water tower painting crew is finished painting for the year. The tower will be filled with water this week and the crews will be back in the spring to finish painting.

City Clerk - Nothing

City Treasurer

Treasurer Long reported PMG Tuscola is delinquent on their TIF loan.

City Attorney - Nothing

City Administrator - Nothing

Resolutions

Administrator Hoel discussed the proposed resolution for the execution of a service agreement for the supply of electricity. The agreement authorizes Hoel to act on the City's behalf in order to guarantee the best rate. Maxey moved to approve resolution 2012-R-6, a resolution authorizing execution of a service agreement with the lowest responsible bidder for the supply of electricity for residential and small commercial retail customers who do not opt out of such a program. Shoemaker seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt. The second part of the municipal aggregate is the plan of operations and governance, which explains how the program works and lays out municipal and aggregate responsibilities. Truitt moved to approve the Plan of Operation and Governance for Municipal Opt-Out Electricity Aggregation for the City of Tuscola. Seip seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Contracts and Agreements

Administrator Hoel discussed termination of a proposal for the Barker/Prairie TIF subdivision layout. Zamco, Inc., of Urbana, was given a job order in August to do some engineering and surveying services in relation to the subdivision plat. The work has not progressed at all and Hoel has not been able to contact the supplier. Hoel added he sent the supplier a letter asking them to not do any more work on this project. Hoey moved to terminate the proposal for engineering and surveying of the Barker/Prairie Street TIF subdivision with Zamco, Inc., Urbana, Illinois. Cleland seconded. VOTE YEA* Cleland, Henderson, Hoey, Maxey, Seip, Shoemaker, Slaughter, Truitt.

Other

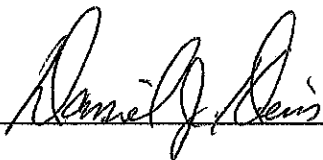
Mayor Kleiss reminded council the 2013 property tax levy ordinance will be placed on the agenda for action at the December 10 council meeting. Treasurer Long added a copy is on file at City Hall.

Requests for TIF Assistance

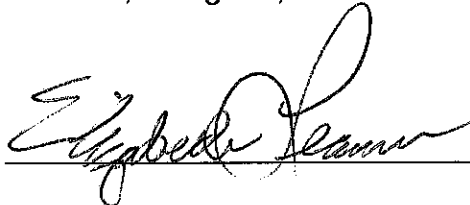
Mayor Kleiss opened discussion on the TIF assistance request from Jeremy and Lana Tengwell who have been working on plans for 117-123 West Sale. The Tengwell's, along with their contractor and architect, were present for the discussion. TEDI Director Moody introduced Steve and Tony Romano, contractors, and Elayna Sadorus, architect with BWC. Moody brought council up to date on the purchase of the buildings; their condition; and structural shortcomings. Moody stated the Tengwell's have done pretty much all they can at this point; they are now ready for a decision on how to proceed with the project. Moody went on to say, the Tengwell's are eager to move forward. Also, they have made some additional investments in inventory. Jeremy Tengwell spoke to council about he and Lana's desire to raise a family in a good community. He also spoke about a business plan he's had in the back of his mind for quite some time. About one year ago, these two things led them to Tuscola and the old Sav-Mor building, Tengwell stated. Their plans for the Sav-Mor building, and also the Herring property next door, include a retail home décor business and a restaurant with a coffee and wine bar. Shoemaker stated he is excited about the project; however, with the high costs associated with renovating, he wonders if demolition and re-building should be considered. Also, Shoemaker asked if the project could be done in phases. Tengwell answered he did not think they would be able to do the demo and re-build without TIF assistance. As far as doing the project in phases, Tengwell stated that was their original plan. The smaller scale would not have a great enough impact to draw people, according to Tengwell. Mayor Kleiss agreed the businesses compliment each other; when shoppers come in you want them to visit all the shops. Hoey asked Tengwell if it would be possible for them to get some bank financing the City could subsidize. Tengwell answered he would be open to the idea; however, he is not sure how willing a bank would be to loan to a 35 year old. Administrator Hoel pointed out collateral is typically what is missing on the downtown projects. Banks are reluctant to loan on old buildings. Hoel thinks a project of this size with such a valuable end product should be able to get some bank financing. Maxey asked Tengwell how he sees the layout of his businesses in the four buildings. The café/coffee shop/wine bar will be located in the Herring Building and overlap a bit into the retail side to include a meeting room. Shoemaker asked how confident Tengwell is that everything has been covered on these buildings. Our experience has shown us there are a lot of landmines when doing a project in a downtown building, Shoemaker stated. Tengwell explained how he and the structural engineer from BWC checked the foundations quite

thoroughly. Tengwell stated he would like to be at or below \$ one million on the project. The contractors are giving them flexibility to purchase some of their own supplies for the project. This should represent quite a savings, Tengwell stated. Tony Romano addressed council and stated he made a number of trips to Tuscola to look at the project; he feels comfortable with the estimate provided. Christy-Foltz is serving as the sub-contractor for the structural part of the project, and Romano is comfortable with their numbers. Administrator Hoel pointed out we have always advised potential TIF recipients to get structural evaluations on their buildings in the past. No one likes to pay architects up front before they know if they have a project or not, but it is necessary. All the issues and project costs are not known without this, Hoel added. Also, we have never been as thorough as we have on this particular project. TEDI Director Moody pointed out the Tengwell's have seen the recent streetscape plans and plan to re-do the backs of their buildings so they will fit in with this plan. The project cost for the approximately 13,000 total square feet figures out to be \$100 per square foot. Cost per square foot for a new building is approximate \$130 per square foot. Mayor Kleiss would like the Tengwell's, Moody, and Administrator Hoel to look at the financing and get something down on paper for the next council meeting. Council needs to know if the city would have a first on the property. Kleiss stated he does not want to get into another Dotson building situation. He feels better knowing the Tengwell's have a stake in the project. Only the city had a stake in the Dotson building, Kleiss stated.

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



Mayor



City Clerk