Present: Mayor Mike Thoms, Alderman Mark Poulos, Alderman Randy Hurt, Alderman James Spurgetis, and Alderwoman Jenni Swanson

Alderman Dylan Parker arrived at 5:33 p.m. Alderman Dave Geenen arrived at 5:53 p.m.

Absent: Alderman Ivory D. Clark

Staff: City Manager Randy Tweet, City Attorney Dave Morrison, City Clerk Judith Gilbert, and other City staff

7/22/2019 - Minutes

LABOR DAY PARADE ADVISORY COMMITTEE

Mary Chappell presented a history and background information on the Labor Day Parade. Art Milton reviewed the behind the scenes action on parade days. Grace Shirk invited Council members to participate in the parade and asked that they let her know what size golf cart they will need. She also explained the changes in the parade awards. She thanked Council for their support. Mayor Thoms thanked the three members of the committee and Linda Mohr who provides staff support for all of their work they do on the parade and their enthusiasm. Ms. Shirk said it was a labor of love. Alderman Geenen thanked them for their leadership.

HUMAN RESOURCES: WORKPLACE / SEXUAL HARASSMENT POLICY

Mr. Tweet said the City's labor attorney Matt Pappas has reviewed the City's harassment/bullying policy. Mr. Pappas said he reviewed the policy to see if bullying should be a part of it. He said it is part of the current harassment policy and it is a very robust and good policy. Mr. Pappas said the City is leading the pack with their policy. He said his concern would be if you went to a stand alone policy, you would overwhelm the system and be duplicative of what you already have.

Alderwoman Swanson stated she was bullied and harassed in the workplace in a prior position. She said her supervisor acted responsibly and quickly in handling the situation which she appreciates. Alderwoman Swanson said she believes there is workplace harassment and bullying going on currently in the City. She asked if they could find businesses in the area who do have a bullying policy so Council could review them and see if there is anything additional to add to the City's workplace harassment policy to make it stronger and to also have action items in it.

Mr. Pappas responded they could do that, but said his advice is not to duplicate. He said you are taking your eye away from harassment based on protected status and you would be losing those protected statuses. He said it takes away the emphasis on harassment and
discrimination for protected classes that you want to protect. He also said it's a management issue; how they handle harassment within the policy. He said it's about how supervisors handle it and they are able to defuse it and address it. He said it's in the policy now. Mr. Pappas said he would advise 90% of his clients not to do a duplication policy on bullying. He said Rock Island is the leader in this area. He said they could put the word "bullying" in if Council wants to, but he does not recommend a stand alone policy.

Alderman Geenen asked when the policy was written and adopted. Mr. Pappas was not sure. Alderman Geenen said a lot has changed in the past five years and the understanding of the concept of toxic stress and what it involves in terms of a work environment. He said he has heard of bullying going on with current staff; perhaps the City needs to tighten up its policy and have zero tolerance for bullying and more accountability with managers. Mr. Pappas said the policy was revised in October 2018.

Alderman Parker said he doesn't know what the City's policy is, but he is requesting that they postpone the conversation to a study session when they can have a lot more time to discuss it. He said a number of aldermen have raised this issue with Mr. Tweet and staff. Alderman Parker said he would like to have time to be educated on what the City's policy is, what are some other alternatives, what other municipalities have undertaken, and have more time to discuss it.

Alderman Geenen and Alderwoman Swanson agreed with Alderman Parker. Mr. Pappas said bullying and harassment are interchangeable; he said the City could add bullying to its policy. He said it would be repetitive, but sometimes you have to repeat. Alderman Geenen stated sometimes it has to be repeated for it to work. Mr. Pappas said he would be happy to add it.

Alderwoman Swanson said she wants actionable steps to be followed and not left up to the supervisor's discretion. Mr. Pappas said there has to be an investigation. Alderman Geenen said they all want a good safe work environment for their dedicated employees so he is in agreement with Alderman Parker to devote more time to the discussion.

Mr. Tweet apologized for the lack of time; he was told the first presentation was going to take ten minutes. If he had known they were going to take thirty minutes, he would have started the study session sooner because of the other two important topics.

Mr. Pappas said he has a ten-page review. Alderman Geenen asked him to send it to Council; Alderwoman Swanson agreed.

FINANCE: DEBT UPDATE / GAMING FUNDED DEBT / 2019 BOND ISSUE PLANS

Finance Director Stephanie Masson said they will present on three topics this evening: debt update, gaming funded debt, and the plans for a 2019 bond issue. She introduced Anthony Miceli from Speer Financial; Speer Financial is the City's investment adviser especially with regards to bond compliance.

Ms. Masson reviewed the City's bond rating. She said last November, Moody's downgraded the rating from A1 to A2, but also removed the negative outlook which had been put on the year before. Ms. Masson noted the factors in the handout that lead to an upgrade or a downgrade. A slide was presented showing where A2 falls in the ratings. City bonds are still investment grade.

Ms. Masson presented a chart of the City's total outstanding debt which is also included in the back of the audit document in the statistical section. She explained there are two types of debt: governmental and business-type activities. Governmental activities debt is paid by property taxes; business-type debt is paid by user fees. Business-type debt would also include any IEPA loans. At the end of 2018, the City had $124.9 million in total debt which is principal only. Ms.
Ms. Masson presented information on gaming funded debt with a chart showing how the debt is structured now with principal and interest of $4.1 million being paid from gaming revenues. She also presented a summary of the last seven years of bond issuances including the total amount of the issuance and what the projects were for each issuance. Ms. Masson noted that in 2014-2015, the $15.9 million bond issuance for the Watchtower project was to be paid with TIF increment and sales tax from the project which never came to fruition.

Ms. Masson stated they are looking at issuing bonds in 2019; there are some opportunities for refundings as a result of some new laws that were passed. They are always looking at bonds well in advance because there is a cost to issue bonds. They are recommending restructuring the Watchtower debt; it was last done in 2016 for three years for restructuring principal. She explained that they also need to fund the City's portion of the two street resurfacing projects and engineering costs. They will also present a model of what restructuring the gaming debt will look like.

Mr. Miceli reviewed the 2019 four series of bonds; two are refinancing for savings; one is the restructuring of the Watchtower bond debt; and one is new money for reimbursing the City’s portion of IDOT street work.

Mr. Miceli explained they are doing a refunding of the Series 2010A Build America bonds which had a 35% interest rate subsidy. He explained at the time, that was the lowest cost way to get money. They are refinancing them as tax-exempt bonds and not extending the term length. This will result in $170,000 gross savings to the City. It will be a $4.2 million bond issuance with conservative estimated costs and rates until they go to market. Ms. Masson added these bonds are paid for with water and wastewater funds. Mr. Miceli presented the new debt service schedule with an estimated net interest cost of 2.7%.

Ms. Masson reviewed the refinancing of the Series 2009C taxable bonds. He said they would take them out with taxable general obligation bonds. He said the savings look very good as the old bonds had interest costs of 5.1%-6%; the new bonds will have much lower interest rate costs. Mr. Miceli explained the refinancing of $1.3 million in bonds will save the City approximately $140,000. Ms. Masson said the Series 2009C bonds are paid from the Columbia Park TIF. She explained the interest rate was very high because they were sold right when the TIF was created and they weren’t sure of the tax increment at that time. Payments were delayed until later when they thought there would be funds to make the payments. Ms. Masson added the holder of the bonds is the City’s own pension fund, but it is the right thing to do.

Mr. Miceli explained the restructuring of the Series 2014B bonds with a taxable issue of Series 2019C general obligation bonds for the Watchtower TIF debt. It is for three years of principal only. The payments will come later at a cost. The City doesn’t have the funds to make the payments so the restructuring provides the necessary relief. Ms. Masson noted that the time structure of these bonds is keeping within the life span of the TIF to eventually pay the bonds. Mr. Miceli said it is a $2.2 million issuance. He said the cost is very conservative. He explained they are refinancing the first three payments and putting them at the end of the debt service schedule. He said they have a second option of restructuring five years of the debt rather than three years at a $3 million cost. Mr. Miceli said if there is no movement on that site in three years, they may have to do another restructuring in three years. He said there is no right answer whether to go three years or five years. He explained there is much lower debt service upfront and they are hoping for development for the much larger debt service later in the schedule.

Mr. Miceli presented a review of the proposed Series 2019D general obligation bond issuance of approximately $2 million for street work. They have structured it to begin maturing in 2025. He said there would be no principal paid for the first several years. He explained they are trying to
ease the reliance on gaming revenue for debt service. They are looking at future ways to do that.

Mr. Miceli presented the timetable for the issuance of bonds. At the August 12 Council meeting, there will be the first reading of the bond ordinance; at the August 26 Council meeting, the bond ordinance will have its second reading and be adopted. In between the two meetings, they will have their rating call with the bond agency. They are hoping to have the bond sale in early September and the closing by the third week of September.

Alderman Spurgetis asked about the per capita debt of $3,201; he would like to know how the per capita debt will change if all of these restructurings occur. Ms. Masson replied the per capita debt will increase; it will be a little higher because they are continuing to borrow with IEPA loans. Mr. Miceli noted that the only new debt is the $2 million bond issuance for street work.

Alderman Parker thanked Mr. Miceli for his help in explaining everything. Alderman Parker wanted to know if what they are proposing will cause a further decline in their Moody's rating. Ms. Masson said her sense is that it will not be a negative influence. She explained the City has a really good sales team (City Manager Randy Tweet, Community and Economic Development Director Chandler Poole, and Mr. Miceli sitting in on the ratings call) highlighting all of the good things going on in the community and the economic development stories. They will have to see and will know soon enough. Mr. Miceli said he would be more concerned if the rating had a negative outlook. He explained if you are looking at pure metrics, not much is changing in terms of total debt.

Alderman Parker asked about the restructuring of the Watchtower debt with either three or five years, but he added there is also the option of just paying the current amount. He asked if that would result in a bigger deficit with the budget. He said it was a trade-off of more short-term pain paying what we owe now or having relief now and having more debt later. Alderman Parker said he would support an increase in property taxes rather than restructuring the debt for total higher debt.

Alderman Swanson asked if the restructuring would be at a lower interest rate. Mr. Miceli explained they are restructuring the bonds that are due in three years and placing those bonds twenty years out so there will likely be no interest cost savings. Alderman Parker stated that overall the City will be paying more debt; Mr. Miceli confirmed that.

Alderman Parker asked with the new bonds for the street work, have they considered different taxes or adding a fee to generate the $2 million. He said the taxpayers are still paying the costs whether with bonds or taxes and fees. He said the City could bite the bullet and not bond. Alderman Poulos cautioned against a wheel tax. Alderman Parker said they should find an additional source of revenue to pay for it now instead of paying for it later.

Mr. Miceli reviewed the amount of debt service being paid for by gaming revenue. He explained the goal of the refundings and restructuring is to lower the reliance on gaming revenue to pay for debt service and free up gaming revenue to pay for other things. He said the decision doesn't need to be made today, but there are other opportunities down the road for refinancing bonds to restructure the debt paid for with gaming revenue.

The study session concluded at 6:40 p.m.