

I. CALL TO ORDER:

President Keller called the Committee of the Whole to order at 7:30 pm.

II. ROLL CALL:

Present were President Keller, Trustees Voss, Gillam, Price, Osth, and Yuscka. Also present were Village Manager Cavallaro, Village Attorney Brechin, Finance Director Danielson and two (2) persons in the audience. Trustee Hanley was absent.

III. PLEDGE OF ALLEGIENCE:

Trustee Yuscka, in commemoration of Flag Day, led the Board and the audience in the Pledge of Allegiance.

IV. APPROVAL OF AGENDA:

MOTION: Moved by Trustee Yuscka and seconded by Trustee Voss to approve the agenda as presented. Upon roll call, motion was approved.

V. VILLAGE PRESIDENTS REPORT:

President Keller told the Board that the annual blood drive will be conducted by the Heartland Blood Bank on Wednesday, July 21st at Spring Hill Mall from 3:00 to 7:00 pm.

VI. REPORTS AND QUESTIONS FROM TRUSTEES:

Trustee Gillam announced the next downtown garden service opportunity on Saturday, June 26th from 9:00 am-noon at the Riverwalk Plaza.

VII. VILLAGE STAFF REPORTS:

Manager Cavallaro announced the River Valley Memorial Gardens Blessing Ceremony on Saturday, June 19th, 2010 at 1:00 pm.

Manager Cavallaro said he sent a letter regarding the article in the June 7th Wall Street Journal entitled "Rival Chains Secretly Fund Opposition to Wal-Mart" to Ms. Ann Zimmerman (Wall Street Journal) and to Jewel-Osco Public Government Affairs representative.

VIII. ITEMS FOR DISCUSSION:

A. Capital Projects Financing Option

Manager Cavallaro introduced this item for discussion, in which he called the Board's attention to his memo of June 10, 2010, to serve as a basis of discussion for future capital needs of the Village as well as options to fund these needs. He pointed out that the Village has maintained an aggressive and pro-active capital improvements program and has prided itself in being able to address the current and future needs of our residents, and at the same time, maintain a modest debt amount.

Manager Cavallaro spoke to several items including that in July, 2008, the Village entered into an agreement with First American Bank to borrow funds to finance a portion of the Village's obligation for Spring Hill Gateway TIF, as well as to finance the acquisition of property within the downtown area. He said that the principal amount borrowed was \$3,000,000 with an interest rate of 3.73% amortized over a 20 year period. He pointed out that the note will be due in five (5) years and if it is the desire of the Village not to pay this Note in full, the interest rate and terms of the Note will be renegotiated. He said it is the same formula the Village had with SSA Bonds last month.

Manager Cavallaro said the Board has to look at options, i.e. refinance or let interest rate be reset.

The next item he spoke to was an Intergovernmental Agreement with the Village of East Dundee for upgrades to a wastewater treatment facility. He said total construction costs for this project which was funded through a loan issued by the Illinois Environmental Protection Agency (IEPA), were \$6,800,000 and that the interest rate for this loan is 2.5% over a 20 year period. He said that the annual debt service is approximately \$469,000 and that the principal and interest payments for this obligation are being expended through the Village Debt Service Fund (Fund 3) with an annual reimbursement transfer being made from the Capital Projects Fund (Fund 4) in this amount.

Manager Cavallaro explained that the Village has entered into agreement with the Fox River Water Reclamation District (FRWRD) to fund portions of improvements/upgrades to their facilities. He said one of the agreements has an interest rate of 3.7%, matures July 15, 2012 and has a current principal balance of \$85,000. He said the second agreement has an interest rate of 3.6%, matures in 2014 and the current principal balance is \$394,000. This agreement was for capacity expansion projects. He said the annual debt service owed to FRWRD is approximately \$150,000 and these obligations are being paid through the Water and Sewer Revenue Fund. He emphasized that not one of these Notes or Agreements is repaid through property taxes.

Finance Director Danielson addressed the 2002 Bond Issue in which the Village issued bonds in the amount of \$10,000,000. He said this was a 20 year issue (due in 2022) and had a net interest rate of 4.5%. He said the proceeds from this issue were used to finance all or a portion of the following projects: Northwest Water Tower-\$1,100,000; Kittridge Booster Station-\$1,100,000; Inter-connecting Water Main-\$1,500,000; Deep Well #3-\$1,000,000; Sewer Capacity Upgrades-\$6,550,000; Force Main-\$345,000; South End Park-\$1,200,000; Riverfront Plaza-\$1,300,000; and Public Safety Center #2-\$5,100,000.

Director Danielson said in 2007, due to a decline in the interest rates, the 2002 issue was refunded which allowed the Village to borrow an additional \$1,000,000 and decrease the net interest rate for the entire issue from 4.5% to 3.9%. He said the annual debt service obligation for the refunded issue is approximately \$829,000 and that the Village has abated the property tax levy that is in place to fund this requirement and is using the proceeds from home rule sales taxes to pay this obligation.

Trustee Osth asked when these bonds are callable. Director Danielson said they are not callable. In answer to Trustee Osth's question regarding bond rating and said that Moody's has revamped the rate and the Village has a double A2 rating.

In answer to questions about the note with First American Bank, Director Danielson feels rates will be higher in three years and it would behoove the Village to look into locking in a rate. He said we have the ability to pay it off at any time. He further pointed out that as a Home Rule

Community we are not statutorily bound by a debt limit. He said the other item that has not been touched upon in this discussion is capital purchase needs.

Manager Cavallaro pointed out that with the slow economy, the Village can benefit from a very favorable environment in terms of construction costs. He said construction costs have been in the range of 20-30% lower than the engineer's estimate. He said as the economy recovers to pre-recession conditions the favorable bidding climate will most likely revert back.

He said due to a decline in the Capital Projects Fund (Fund 4) available cash balance, the Board agreed to curtail the commencement of any new capital projects until the Village's balances are in a stronger position. He listed projects that have been identified by Staff which the Board may consider undertaking in the next few years and he included a cost estimate for each project.

The first item on the list is downtown sidewalks, for which proposals are being currently solicited to remove the bluestone material in and around the downtown area and replacing it with concrete and brick pavers. The cost estimate is around \$200,000 and formal proposals will be submitted within this month for known costs.

The second item is in the water and sewer department, which includes the repainting and repairs to the Spring Hill Tower, which has not been repainted in 13 years, at a cost of \$420,000; Well #1 Service which is the source of 1/3 of the water for the community and is located at South End Park; the Randall Road Water Treatment Plant Ozone to improve water quality and odor issues and finally the Carpentersville water interconnection.

Under streets and infrastructure, Manager Cavallaro pointed out that the Village has undertaken an annual street and infrastructure maintenance program in order to maintain the Village's streets and utility infrastructure to the high standards the Village has. He said the Village has spent nearly \$1 million every year toward this goal, but for the last three years we have not undertaken a street and infrastructure program in order to assist in building up cash reserves within our fund balances, particularly our Capital Projects Fund (Fund 4). He also said that the Village undertook a pavement management evaluation back in 2007, which identified and prioritized the streets based on their existing condition at that time and prioritized and projected out the program for the next ten years. Manager Cavallaro pointed out that at this time the Village may elect to swap in and out some streets based on higher priorities or needs based on current conditions.

Manager Cavallaro addressed the tree replacement program and said that due to the financial conditions, the Village has not replaced trees for the last two seasons. He said currently there are 74 locations on the waiting list for tree replacements due to damage and disease. In response to a question about the Emerald Ash Borer problem, he said that 40% of the trees in Grant Pointe are ash trees and if the ash trees are affected, the Village will have to come up with a plan.

The next area for future projects is the widening of Huntley Road. Manager Cavallaro said this project and its scope continue to be a very big financial obligation. He said the current estimate for the entire project is projected at \$20 million. He said one of the ways to consider effectively dealing with this is to break it down into smaller segments. He identified the area that is the obligation of Carpentersville (Rt. 31 to Tartans) and said the remaining segment from Tartans Drive to Sleepy Hollow remains the Village of West Dundee's responsibility. He said Kane County has jurisdiction of Huntley Road west of Sleepy Hollow.

In summary, Manager Cavallaro said there may be other items that the Board may want to consider, but were not mentioned for funding, such as washroom facilities at Huffman Park or anything from the 2008 Strategic Plan.

Discussion and comments from the Trustees included the importance of keeping up the street and infrastructure, the repainting of the water tower, not to count on sales tax revenue, spot patching on streets, concerns on taking on debt for annual maintenance issues, paying down the loan, demolition of the Ace Hardware building, the old pump house, lean-to behind the pump house, the interconnect with Carpentersville, concerns about maintenance on Well #1, being conservative on the replacement of vehicles as well as keeping up their maintenance, look at ways to take care of the trees including cost sharing with residents for replacement of trees, concerns about the condition of Huntley Road especially at the curve and maintaining overall safety.

President Keller said he agrees with the Trustees' concerns and if we spend money on any of these priorities, he would like a proviso to explain to employees that some things need to be taken care of now, it is a one time cost and is not being done at the expense of raises.

Manager Cavallaro said anything that is done must be justifiable to the community and reflect quality of life issues. He said that staff would get more data on the Board's suggestions, look at costs, prioritize needs within 60 days and come back to the Board for direction. He also said he would like the Board to consider tree replacement. He said he would do more research on the bond issue

IX. EXECUTIVE SESSION: There was none.

X. MISCELLANEOUS:

Trustee Voss introduced Margery Dehmlow, 601 South. 1st Street. She addressed the Board regarding feral cats on her property. She outlined her problems and some of the things she tried to solve the problem and asked if there is anything else the Village can suggest or do to help her with this.

Manager Cavallaro told her he would set up a meeting with Mrs. Dehmlow and Community Service Officer Burke to look at options in solving her problem.

President Keller told the Board he gave them a letter regarding Clean Air Counts which provides a basic framework for communities to improve air quality locally in quantifiable ways.

XI. ADJOURNMENT:

MOTION: Moved by Trustee Osth and seconded by Trustee Yuscka to adjourn the Committee of the Whole Meeting. Upon roll call, motion was unanimous.

The Committee of the Whole Meeting adjourned at 9:10 pm.

ATTEST:

Barbara Traver
Village Clerk

Larry Keller
Village President