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SPECIAL MEETING MINUTES

APRIL 5, 2016

The Special Meeting of the Board of Park Commissioners of the Collinsville Area Recreation District was called to order by President Patrick Collins at 7:00 PM, April 5, 2016 at the district office, 10 Gateway Drive, Collinsville, Illinois.

Following the Pledge of Allegiance the role was called with the following commissioners answering present: Mark Achenbach, Patrick Collins, Jeanne Lomax, Brad Sewell and David Tanzyus.

Staff present included: Doug Erhart, Kimberli DeRossett, Iva Briggs and Tim Childers. Attorney Andrew Carruthers and Bond Consultant Tim King and Bond Counsel Sean Flynn were present as well.

SPEAKERS FROM THE FLOOR

Collins opened the floor for public speakers from the floor.

First to speak was Ron Jedda. He commented that Collins broke promises regarding not borrowing more money and Tanzyus has lied in text messages he hopes his employer never sees. He went on to state that Sewell has no clue of what's going on and that everyone is laughing at him. He went on to discuss CARD's scheme's to screw the people and borrow more money. He questioned why an Assistant Treasurer is being appointed and continued by noting it was sexist not to appoint Jeanne Lomax.

Second to speak was Joe Ashmann. He discussed old board meetings and noted that Elliot Davis needs to come here. He went on to commend the current director and personnel. He pointed out that the board needs to settle litigation before dealing with bond issues and that snake oil salesmen need to be eliminated. He went on to note that politics need to be put on a back burner. He trusts Erhart implicitly and thinks he needs to be more in control of day to day business. He concluded by commending Achenbach on his knowledge of money and of CARD.

Third to speak was James Sparks. He started by noting he does not understand the agenda and the terms used in it. He went on to rehash previous years and questioned why the board wants to do the same thing as in the Mark Badasch years. He feels the district needs to go back to the tax payers.

Fourth to speak was Rob Dorman. He noted he is meeting with Elliot Davis the following day for lunch and he will be discussing TIF's. He went on to discuss Extreme Baseball and their potential plans. He concluded noting he wants the board to vote no tonight and not raise taxes.

Bill Dorman signed up for public comment, but decided to not speak at this point.

NEW BUSINESS



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Collins opened discussion with potential action regarding Ordinance #16-2, an ordinance authorizing the issuance of General Obligation Park Bonds, Series 2016, not to exceed \$1,431,600, of the Collinsville Area Recreation District, Madison and St. Clair Counties, Illinois, for the payment of certain outstanding alternate revenue bonds of said Park District.

Tanzys made a motion, seconded by Collins to accept Ordinance #16-2.

- Sewell opened the discussion by questioning when it will be paid off. He went on to discuss Achenbach's proposal at previous meetings. He went on to note he received numerous calls with people asking him to not go with Achenbach's proposal, which he voted not to do.
- Carruthers and Achenbach further explained the bonds. Carruthers pointed out that instead of doing the rollover bond in November, it is being done now. Achenbach added that we are borrowing the money for 21 months instead of 12 months. He also noted that we are on the path of the most expensive option.
- Sewell wants the minimal annual impact. He wants a discussion on how to not pay all bonds in the same year, yet get off the wheel of debt. He wants to know what the alternate option is and if we go with this plan, he questioned if we would be on it forever.
- King explained what has been done already and what will be done in the future.
- Achenbach noted the longer it takes, the higher the annual debt payment goes.
- Collins went on to explain that his main objective is to save the taxpayer's money by refunding long term bonds at lower interest rates. He went on to note we are trying to figure out how to get out of the revolving debt.
- Sewell went on to discuss people stating we should sell assets. He pointed out we have no assets to sell. We have to keep assets like Arlington Greens Golf Course and Splash City Waterpark and keep them in an income generating state. If we close places, we still have to maintain them.
- Lomax questioned why he discussed shutting everything down. Sewell noted we levy to pay a debt. Lomax went on to present numbers and stated the numbers are distressing to her being a fiscal conservative. She stated she is here to protect tax payers from what has happened in the past. She went on to question if we are paying \$200,000 to borrow \$600,000.
- Achenbach went on to discuss what could happen in the future as we will need to borrow more each year.
- Lomax questioned why the bonds are not refundable when you have abated. Collins noted we were not going to be seen as favorable and we were trying to get in compliance.
- Achenbach stated he does not recall this rollover bond ordinance being brought up before. Collins noted it was done in January, and it was voted down, which led us to where we are now. Achenbach and Collins debated this issue.
- Collins noted his objective is to get to the 2004 and 2007 bond refunding with favorable rates so we can save \$1.5 million.
- Lomax questioned what a naked abatement was. Collins stated it is when we don't have the money in the accounts to abate; which is what we are trying to cure tonight. Lomax went on to question if this cost us money. Achenbach stated it puts us in non-compliance with the bond which means we are ineligible to get a Standard & Poors rating.
- Achenbach noted he thought King had presented a good idea previously with refunding bonds. He went on that unfortunately, the board voted to abate the taxes before we had the money in the accounts which then put us into the naked abatement which puts us in non-compliance



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- King noted we cannot get a rating because of litigation not because of the abatement.
- Collins added that the January plan was to get the money in January and have it before we did a vote in February on the abatement issue. It would have solved the issue. It would have put us in compliance with the bond covenant and it was voted down. That is why the naked abatement in February and why we are here tonight with Ordinance 16-2 trying to fix or remedy that so we can get money in the accounts and redo the abatement.
- Tanzyus does not see the harm in doing this for one more year if there is the chance of significant savings over the long haul.
- Lomax went on to read from Carruthers opinion just prior to the abatement vote. It started with him stating the following:
- "CARD may be in breach of it's bond covenant by failing to abate the levies. There is express language in the bond ordinance that does not permit abatement of the levies unless CARD has sufficient revenues in it's bond and interest accounts. However, it has been suggested that CARD has an obligation to issue rollover bonds rather than extend the levies. Unlike the provision that expressly prohibits naked abatement, there does not appear to be an equally clear provision requiring CARD to issue rollover bond debt or that rollover bond debt be the exclusive method of payment for annual debt service. Neither the statute nor the ordinance states that these are the exclusive method of payment. In fact, both the statutes and the ordinances clearly provide for the extension of the tax levies if there are insufficient pledged revenues which appears to the case with CARD at this time."
- Erhart asked for King and Flynn's opinion. Collins redirected that to Carruthers. Carruthers went on to explain his opinion.
- Carruthers addressed the issue of abating and not abating. He still believes that we do not have an express obligation to do rollovers. He knows the current bond counsel, last bond counsel and bond consultant did not agree with him. The intention of the statute is that we use pledged revenues. However, while reviewing the bond covenants he noted one is a clear violation, one is more of a gray area.
- Lomax went on the question the additional costs of \$45,639.80 for fees alone on the last rollover bond.
- Collins pointed out there were numerous reasons that led to why those fees were so high. He noted the pulling out of two banks because of the press conference held in front of CARD last October. Achenbach stated the documentation from the bank does not back that up. Tanzyus added that Achenbach was with him when the banks said they had lender's fatigue. Achenbach went on to state that in an email received from the Bank of Edwardsville, said denied buying our bond because of our qualified audit. He went on to ask if we should just ignore the fact that we had an audit and the first time they balanced our books we were almost \$2 million off. Should we neglect the fact that of all of our operating funds, they couldn't get a single one to balance. Collins added that was the Bank of Edwardsville, but the other bank pulled out and the reason they gave was the dissolution. Achenbach argued that per Doug's wife, the other bank stated they did not have time.
- Lomax noted she was aware Sewell does not want people to pay two debt payments in one year. She went on to present numbers of what taxing twice in one year would be and it would not be doubling the taxes, it would be adding \$0.21. She stated the county has such high taxes that most people will not notice the small increase one time.
- Sewell questioned what it would cost us long term to go with tonight's plan. Achenbach stated about \$2.5 million and taxpayers get nothing in return. The question was brought up of if we wanted to continue with the ability to borrow.



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- Sewell went on to note most people live paycheck to paycheck and are not going to want even \$76 yanked out of their pockets. Audience member Ashmann stated “are you kidding me.” Sewell stated, no and noted Ashmann was not getting the calls from the people that he was getting. He is trying to come up the best plan for the long term for everybody, not short term for a small group.
- Achenbach noted he wants to refund the bonds too. Tanzyus noted Achenbach’s plan was the riskier route.
- Collins noted the benefits of refunding this year with favorable ratings. He noted not abating could bring lawsuits for double taxation.
- Achenbach questioned the capital plan and noted he does not understand where the idea of shutting stuff down has come from. Collins noted it had been discussed to shut certain things down because of operating costs.
- Achenbach noted the method of paying debt does not change the money in the operating budget.
- Achenbach questioned Carruthers on how he had \$3,300 in fees in the bond cost of issuance. Bond Counsel Flynn said he had reviewed the fees and was okay with it.
- Former Financial Coordinator, Iva Briggs, who is filling in for our current Financial Coordinator while she is out on medical leave, explained to the board why CARD received a bad audit. She noted the appointment of Executive Directors with no finance background and the changing of the bookkeeping system. Achenbach pointed out that no one was pointing fingers.
- Erhart noted the bond issue needs to be addressed sooner than later because of a lawsuit. Achenbach said they have nothing to do with each other. Erhart asked for Carruthers opinion. Carruthers noted if it is dealt with by a certain date, the lawsuit will be settled. If it is not dealt with, there will be a lawsuit that will lead to a hearing.
- Audience member Ashmann questioned if the place will shut down if the vote is not done. Collins noted it would cost more in the end because of a legal hearing. Ashmann went on to question if the bond money could go directly to Erhart to manage. Erhart indicated the money goes into escrow with the Bank of New York Mellon.
- Collins questioned Carruthers on Code 16-4. Carruthers stated there is no referendum required.
- Sewell went on to question if the Rollover Bond is passed tonight, what is the chance of getting off that path. He noted that the judge was informed we were going to go this route. Sewell noted that by discussing it, we will find a way. He went on to ask Achenbach what his second choice is. Achenbach noted we extend the levies to get off the debt wheel.
- Collins went on to note people did not sign the petition to dissolve CARD because they did not know what would happen with the district. He noted we need to have a comprehensive plan for the district if we abate or not.

Roll was called with the following voting AYE: Collins, Sewell and Tanzyus. The following voted NAY: Achenbach and Lomax. Motion passed.

Achenbach began questioning wording in the proposed Ordinance. He questioned Bond Counsel on what all the laws were. Achenbach noted he is not going to sign the ordinance because Bond Counsel cannot list what is included in “All Conditions, Acts and Things Required by Law.” After much discussion an amendment was made to Attachment A of the ordinance. Board members went on to sign Ordinance #16-2.



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Collins opened discussion with potential action regarding the appointment of Park Board Commissioner Brad Sewell as Assistant Treasurer for the Collinsville Area Recreation District. Following discussion, it was decided to postpone the appointment of an Assistant Treasurer. It was noted by Carruthers it should not be a board member, it should be someone like the Executive Director. Lomax questioned why it was necessary to assign an Assistant Treasurer. Collins noted it was to get someone to sign necessary documents, plus it would be a good idea to have a backup. Lomax noted she does not think it is right. Collins went on to commend Achenbach on his professionalism for signing the ordinance even though he did not agree with it.

Collins opened discussion with potential action regarding Resolution #16-4, a resolution authorizing the implementation of a Tax and Disclosure Compliance Procedure. Bond Counsel explained Resolution #16-4 and its benefits. He recommended Erhart. Achenbach went on to question having an outside party in this position and roll it in conjunction with the annual audit.

Sewell made a motion, seconded by Tanzyus, to accept Resolution #16-4.

Rolle was called with the following voting AYE: Achenbach, Collins, Lomax, Sewell and Tanzyus. None voted NAY. Motion passed.

Collins opened discussion and potential action regarding Ordinance #16-3, an ordinance repealing Ordinance #16-1 and abating the tax levied for 2015 to pay principal and interest on Series 2004, Series 2007, Series 2010A, and Series 2013 Obligation Bonds.

Collins questioned Carruthers if this would help satisfy the judge. Carruthers stated yes.

Tanzyus made a motion, seconded by Collins to accept Ordinance #16-3.

Tanzyus made a motion, seconded by Sewell, to amend Ordinance #16-3 to strike Section 4 which stated “this ordinance shall be in full force and effect forthwith upon its adoption.”

Roll was called with the following voting AYE: Collins, Sewell and Tanzyus. The following voting NAY: Achenbach and Lomax. Motion passed.

OTHER BUSINESS

A motion was made by Sewell, seconded by Tanzyus, to go into Closed Session for the purpose of discussing the employment, compensation, or dismissal of specific employees, purchase or sale of real property, and litigation. (5 ILCS 120/2© 1, 5, 6, 11). Those voting AYE were Achenbach, Collins, Lomax, Sewell and Tanzyus. None voted NAY. Motion passed.

The Board adjourned to CLOSED SESSION at 9:18 PM.

The Special Meeting of the Board of Park Commissioners of the Collinsville Area Recreation District was called to order in OPEN SESSION by Collins, April 5, 2016 at 10:07 PM at the district office, 10 Gateway



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Drive, Collinsville, Illinois. Commissioners present were Achenbach, Collins, Lomax and Sewell. Staff present included Executive Director Doug Erhart. Attorney Andy Carruthers was present as well.

No further business coming before the commissioners, a motion was made by Lomax, seconded by Achenbach, the meeting be adjourned. Those voting AYE were Achenbach, Collins, Lomax and Sewell. None voted NAY. Motion passed.

The meeting stood adjourned at 10:08 PM.

Respectfully Submitted,

Kimberli DeRossett, Recording Secretary

Date