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MINUTES

SANGAMON COUNTY BOARD SPECIAL MEETING

JULY 17, 2013

The Sangamon County Board met in Special Session on July 17, 2013 in the County Board Chambers. Chairman Van Meter called the meeting to order at 7:00 p.m. Mr. Bunch gave the Invocation and Mrs. Fulgenzi led the Board in the Pledge of Allegiance.

ROLL CALL

Chairman Van Meter asked the County Clerk to call the roll. There were 25 Present – 4 Absent. Mr. Good, Mr. Preckwinkle, Mrs. Ruzic and Mr. Smith were excused.

WAIVER OF TEN-DAY FILING PERIOD

A motion was made by Mr. Montalbano, seconded by Mr. Bunch, to waive the ten-day filing period. A voice vote was unanimous.

MOTION CARRIED
TEN-DAY FILING PERIOD WAIVED

RESOLUTION 1

1. Resolution approving the Taxable Limited Tax General Obligation Bonds, Series 2013.

A motion was made by Mr. Goleman, seconded by Mr. Bunch and Mr. Montalbano, to place Resolution 1 on the floor.

Brian McFadden, County Administrator, gave a brief presentation regarding the bonds. He explained that several decades ago the County issued bonds to seed a self insurance fund to cover claims, judgments and lawyers fees involving claims and judgments against the County. Those bonds, coupled with an annual property tax levy, generate revenue of about \$1.4 million per year, and have kept this fund going for some time. However, over the past four or five years the fund balance has started to deteriorate to where they now have a negative fund balance in Fund 014. This is a situation where they cannot let it go on for much longer, and must replenish it. They are asking tonight for approval of the bond resolution to authorize the sale of Taxable Limited Tax General Obligations Bonds.

The County is authorized, under the Local Government and Governmental Employees Tort Immunity Act, to issue tort bonds or judgment bonds specifically to create a reserve to be used for these purposes. As part of that process, the County is required to bring in an actuarial firm to give them an estimate of their outstanding liabilities. That process has occurred, and the Finance Committee signed off on the contract for that actuarial firm. The firm has come in and the County has received the final report. They have a certified report that will be part of the bond proceeds. It shows, at a 95% confidence level which is required by state law. They have about \$8.8 million in outstanding liabilities stretching back over a 10-year period. The law allows them to borrow up to 125% of that amount, which is about \$11.4 million. They are proposing an \$8 million bond issue. They feel this approximates what the actuarial study says they need to have. But, when looking at the annual budget for Fund 014, they feel the \$8 million will carry them through the life of the bonds based upon what their past claims have been and what they expect in the future. They have a 10-year bond issuance on this as well.

The resolution tonight does three major things. It authorizes the sale; it delegates, to certain county officials, the ability to finalize the purchase contract for the sale of the bonds; and it also sets out parameters of which the bond sale can occur within. Essentially, what they are doing with this resolution is saying "here are the parameters we are comfortable with both the interest rate and term of bonds". The cost and amount of the bonds are all set in the resolution. There is a parameter on those. You are saying you are comfortable with those parameters and are authorizing the county officials, primarily the County Board Chairman, Vice Chairman, Treasurer and County Administrator to finalize the sale of those bonds. Overall, under state law, they are capped at the amount of debt they can carry, which he thinks is 2.78% of their EAV. That number roughly approximates \$108 million of debt they can carry. Right now they have just a little bit over \$12 million. This \$8 million really won't even get them close to what they are allowed to statutorily carry compared to other counties who have a very low debt ratio. This is one of the things helping them with the sale of these bonds.

Mr. Hall asked if they are going to try to encourage local banks and how this would happen. Mr. McFadden stated an RFP has already been sent out to a list of about 15 or 16 local financial institutions. That list was generated from those financial institutions that have bid in the past for their tax warrants they issue every year and who also have bid to provide the financing for their fleet replacement program, primarily the squad cars for the Sheriff's office.

Those 16 financial institutions have been sent an RFP expressing the Counties desire to use local financial institutions if possible, and they have asked the financial institutions to respond to this. He believes they have two or three that have expressed interest at this point. Dan Forbes, who is their financial advisor and is present tonight, is handling that. Mr. McFadden stated that he did see the letter that went out with Dan's signature. Mr. Forbes is going to make calls to the rest to see what they can get. Mr. Forbes did say it is highly unlikely they would do all \$8 million of the bonds. The County would want to business with them for whatever portion they can pick up if the terms and rates are competitive.

Chairman Van Meter asked the Clerk to call the roll. Upon the roll call vote, there were 24 Yeas – 0 Nays.

MOTIONS CARRIED
RESOLUTION ADOPTED

OLD BUSINESS

There was no old business.

NEW BUSINESS

A. Appointments

The one nomination for appointment in August was submitted.

RECESS

A motion was made by Mr. Montalbano, seconded by Mr. Bunch, to recess the meeting and change the regularly scheduled August 13, 2013 meeting to August 6, 2013 and the regularly scheduled September 10, 2013 meeting to September 3, 2013. A voice vote was unanimous.

MOTION CARRIED
MEETING RECESSED

Joe Aiello
Sangamon County Clerk