

March 1, 2021

SPECIAL CITY COUNCIL MEETING

The Winchester City Council held a special meeting March 1, 2021 at City Hall.

Mayor McIntire called the special meeting to order at 6 p.m. with the following council in attendance: Lawrence Coultas Bill Jacquot, Sandy Long, Jeff Pittman, City Clerk Brenda Robinson.

Also, in attendance were Wanda Cody, City Treasurer; John Paul Coonrod, City Attorney; Ben Cox, WLDS; Robert Harmon; Chris Renner, Carol Wade, Susan "Susi" Hoots, Barb & Steve Hoots and Mark Ford.

Mayor McIntire said we are here to help solve the problems with the gas prices. We will be going into closed session later to discuss some options on the table and see what we can do to try to make this as painless as possible for our citizens. In talking to our gas suppliers today the estimated cost per therm for the entire month of February is going to be a little over \$28. We will not know the actual rate until tomorrow. January's rate was \$4.55. So that is a substantial increase. I was told they think there is going to be some payback. By payback, the gas companies will have to reimburse us for a lot of the costs. They are not sure how much it is going through legal action right now. And I am not sure if the government's going to intercede or not. They are saying the legal action is going to work to a point. So, it is not going to be a total loss. And what will happen is whatever our citizens pay on their bill that is overcharged over the regular amount, and whatever we get back, obviously, you will receive a credit. Just like last Monday, I want to make it just make it clear that we are doing the best we can with the mess we have got.

Robert Harmon asked why there was such a jump in price. He was told it was just price gouging from the oil companies. Panhandle Eastern pipeline is one of the culprits. And they are claiming that some of their gas wells in Texas froze up. There was no shortage unless you wanted to pay \$200 per therm. That is why the legal action is going to work.

McIntire said there have been these polar vortexes coming down there before and they have had problems before back in 11. The first time this has happened here. And to be honest with you, I think the people that oversee gouging this unreasonable raise, should be prosecuted, and put in jail.

McIntire said our gas supplier was USDI and Utility Gas Management are the companies we deal with along with Panhandle Eastern Pipeline, which has a substation north of Alsey. Is the increase because we used more gas than they planned for? No, just that one week when it was cold down in Texas. And they raised the price because they could.

McIntire was asked "when we get our bills how are we to proceed to paying this bill?" He was told there would be a letter enclosed with the bill explaining how to proceed. You are not going to be charged the entire amount, you are going to be shown what the entire amount is. If you have the money to pay it, and you want to pay it, go ahead, and pay it. And if we get reimbursed,

which they say we will, you will be reimbursed with a credit or reimbursement. If you are not able to pay the whole amount, we will work out a payment plan.

Ben Cox, WLDS said there is 1% interest loans from the Illinois Department of Insurance, Governor Pritzker signed the bill for \$15 million of help for municipalities like Winchester, Pittsfield Morton, that are going to try and get this loan to pay off this bill. Pittsfield was at 1.4 years was a little bit a little less than a half a million dollars. And they got three years to pay back the loan. Rodney Davis and Darin LaHood sent a letter today to the government for quick appropriations for emergency purposes for this. Normally, that relief for disasters comes through FEMA. But FEMA does not control money for utilities, per se in an emergency. So, it takes an act of Congress or appropriations for some funding help that gets done in the next few days with the COVID package that they are voting on remains to be seen. So, 90% of natural gas in the United States is made in a basin between Mexico and Texas. And with the shutdown of wind power down there. Panhandle Eastern gets their natural gas from all over. What happened was there was a high increase in demand all over for natural gas and Panhandle Eastern are speculating the prices. It is just supply and demand. And that's why Winchester and Pittsfield are stuck with the large bills.

John Paul Coonrod said “it has been a topic for discussion in the past, I mean, long in the past whether to consider selling out to Ameren instead of operating our own. And the decision was always if you give that up to Ameren, and you will get some money in the short term for them buying your system, but in the long run, they will immediately slap on a usage fee, and then you lose all control over your rates. In the long run, everybody ends up paying more. And so, the town always chose to keep it locally controlled so we could set our own rates.”

Some council members are going to come in and help the girls in the office to prepare the bills. It is going to be a time-consuming process. Most of the work will have to be done by hand.

MOTION: Lawrence Coultas moved, and Bill Jacquot seconded to go into closed session to discuss the gas rates. Roll call resulted in all yeas. Motion carried.

MOTION: Bill Jacquot moved, and Jeff Pittman seconded to come out of closed session. Roll call resulted all yeas. Motion carried. Came out of closed session at 7:50 p.m.

John Paul Coonrod gave update on the proposed ordinance; this ordinance is approving participation in a local government energy loan program. The Illinois Finance Authority has \$15 million that they buy resolution have set aside for 1% loans to businesses, so that they can take the money and pay off their debts to their gas supplier. And over the coming three years, these towns to get these loans could pay back the Illinois finance authority at a 1% interest rate. The steps to be eligible for that money, at least currently set are as of basically a few hours ago, they released the application for those funds. When you send in that application, as I currently understand them, you are not bound by anything, they are just sending the application out to gauge how many towns want the money. And whether they asked for more money for them for their funds to loan out. I do not know after that, but after they get applications in which they want them and as soon as possible. They said by midweek, they would send out a model resolution authorizing participation in the program, as well as a debt instrument that would qualify. A debt instrument would obligate the city to pay a certain amount, say our arrearage


total rewards to the gas company at a 1% interest rate, same thing as your promissory note that goes along with your home mortgage works. But they would word it in a way specifically to satisfy the restraints upon their own action as a state agency to us they would wear it in a way that would allow them to give you the money basically, this is a loan to purchase personal property, personal property being the gas that is sold already, but that is how they've said so they've worked it out. And lawyers say they can do it. I take them at their word at this point. They said midweek. I also heard Wednesday at one point, and I have been in talks with them. But we do not know when exactly that would be. So, two things. One, we have this ordinance here, which I will go over in a bit. But at the most basic level, this would authorize us to send in the application. But before I go any further on the second issue, which after we are done talking about the ordinance, I think we ought to discuss, which is whether we want to keep calling or hosting special meetings for Thursday and Friday and call off those meetings if we do not need them to submit this as soon as possible. If we get the documents on Wednesday, we will have to have a meeting to approve them, I think. But before I go any further on that, let me refer to the ordinance.

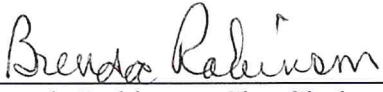
So, the City Winchester is a municipal corporation when we have a gas problem you tell me also, whereas recent extreme winter in this state and in other parts of the country resulted in increased energy demand and decreased natural gas supply resulting in an unprecedented price spike for our wholesale natural gas costs, cost and whereas the Illinois Finance Authority is authorized by state statute to facilitate the purchasing of debt certificates issued by municipalities The proceeds of which debt certificates will be used by municipalities to finance their purchase of natural gas and related costs. What that means is we are kind of the ones issuing the promissory note. And they are buying our promise to pay them our interest and in return, they are given us money, which we would be contractually obligated to pay over to our gas supplier, and whereas the City of Winchester, and council has determined that participation in this energy loan program be in the best interest of the city. Therefore, of course, the preliminary paragraphs are incorporated into this ordinance. And then we get to the meat of the ordinance, which is section two participation in the program. So, as it is currently worded, the narrower paragraph is pulled not verbatim, but almost verbatim from the resolution passed by the Illinois Finance Authority on Friday. It was not signed until late Friday night. And where they kind of like when we set out a policy for the city, they send out the wording that establishes the program. And that wording is verbatim, included in this ordinance as the narrow paragraph. And that is their program. So the wording above that, where it's wider, that's us. That the council is authorizing the city to engage in their program that is laid out below. So we are in the wider wording where we're authorizing participation in the program. It says the mayor and the clerk of the City of Winchester are authorized and directed to execute and deliver of any and all documents necessary and appropriate, including the issuance of debt certificates, totally not more than an amount to the amount not to exceed \$500,000 to facilitate and ensure the City of Winchester's participation in the following local government energy loan program established by the Illinois Finance Authority. Before we get into what the finance authorities' program is, this would be authorizing the city to basically send in an application and asked to be considered for the financial authority's program in an amount not to exceed \$500,000, which costs more than our debt is going to be but I just had to pick a number, so we didn't want to make an infinite. So, their

program is that they have \$15 million to give out. Now, the way they do that is they buy debt certificates and debt certificates again, would be kind of like us signing a promissory note where if you give me money, I will pay it back with 1% interest. So, they give you the money, they pay you the money and you pay the gas supplier and in return, you are obligated to pay back the 1% interest to be paid off in three years. not to exceed 15 million. And this is referring to their language, of course. They said 15 million of debt certificates which debt certificates shall mature bear interest and be subject to redemption, prior to maturity, meaning we can pay it off early. All shall be determined by designated officials. I will just read it through. All shall be designated by or determined by designated officials. And then I have included the brackets here, the chair, the Vice Chair, together with its executive director and general counsel or any person duly appointed by the members of the Illinois Finance Authority to serve in such offices on an interim basis or otherwise authorized to act as provided by resolutions of the authority. So that just means the people who call the shots at the Illinois Finance Authority will be the ones who determine the ones doling out cash in exchange for debt certificates from the cities. So those designated officials would accept debt certificates. I am reading again from the paragraph, would accept the debt certificates for purchase to be in the best interest of the authority, meaning they decide how much they give out and to whom. So subject to the other terms and provisions of this resolution pertinent provisions have been provided, however, each debt certificate shall bear interest at a rate of 1% per annum shall mature no later than June 30, 2024. And be accompanied by an opinion of nationally recognized bond councils at the debt certificates are valid and legally binding upon the related municipality. That last part means they have hired a national law firm, to cover their behinds and issue a letter that will be put in the file with each of us, if they accept our debt certificate saying that this is a valid debt certificate, and they as a state agency, can give us the money in exchange for that debt certificate that the lawyer says is valid. This brings me to why this is already talking about an amount not to exceed \$500,000. Part of me wants to think that if, we need this ordinance for Rex to sign and the application tomorrow. But part of me also wants to make this specific enough and, you know, goes to the trouble to quote their program, in hopes that perhaps when their model ordinance comes out, it is basically analogous to this, which could perhaps mean, we could go ahead and submit our application. And then if we do not have a special meeting until the next night, we could pass their model ordinance and then send it in. And hopefully, we might have security of a higher place in line. But the other half of me thinks that the city council probably cannot vote on a debt instrument, a debt certificate, like promissory note that it does not yet know all the terms of and those are the kinds of terms the actual payment schedule, that would be included in that promissory note, which we do not have, which I imagined does not even exist yet. And that is one of the documents that they would get to us. Normally, you know, so this is boilerplate, the end right will always have an effective date, it will be effective upon publication and then publication says the city clerk is directed to publish this pamphlet.

MOTION: Lawrence Coultas moved, and Jeff Pittman seconded to approve Ordinance 911 – An Ordinance Approving Participation in Local Government Energy Loan Payment, subject to the grammatical error in section 2. Roll call resulted in all yeas. Motion carried.

MOTION: Jeff Pittman moved, and Lawrence Coultas seconded to adjourn the meeting. Roll call resulted in all yeas. Motion carried. Meeting adjourned at 8:20 p.m.


Rex McIntire, Mayor


Brenda Robinson, City Clerk