

**COAL CITY  
VILLAGE BOARD MEETING  
PUBLIC HEARING**

**Monday, November 21, 2022  
7:00 P.M.**

**AGENDA**

1. Call Meeting to Order
2. Consideration Concerning Debt Payment for Outstanding Tornado Capital Projects Funding
  - i. Presentation of Project
  - ii. Public Comment
  - iii. Board Discussion
3. Adjourn

## MEMO

**TO:** Mayor Halliday and the Board of Trustees

**FROM:** Matthew T. Fritz  
Village Administrator

**MEETING**

**DATE:** November 21, 2022

**RE: ACTIONS RELATED TO THE TORNADO PROJECT ANNUAL DEBT PAYMENT**

The Village of Coal City experienced an EF-3 Tornado on June 22, 2015 at a time that the State of Illinois had been without and continued to go without a working budget for a number of years. Although the Governor declared a State of Emergency during the event, the total costs failed to reach the level by which federal funds from FEMA assist with Public Aid projects. The FEMA level is established in order for States to assist with regionally significant storms that do not meet the federal funding level. Prior to 2019, the State of Illinois was devoid of such funding, however, IDOT passed through an FHWA payment of \$92,092, which lowered the cost of the annual tax levy during 2020.

In 2015, the Village of Coal City utilized its existing debt issuance capabilities and pledged alternative revenue bonds in order to raise the monies necessary to begin and continue recovery immediately after the storm has impacted the community. The attached Resolution highlights many of the efforts and details that have brought the Village Board of Trustees to the current consideration of allowing the bond debt to be passed onwards to the Village's taxpayers. At this point, it remains the only option to maintain current service provisions and maintain the necessary debt payments.

**Recommendation:**

Adopt Resolution No. \_\_\_\_\_: Establishing Essential Services and their Supporting Revenues Source Resulting in the Alternative Revenue Bonds of 2015 – the Tornado Bonds, to be Paid via Property Taxes Collected in the Upcoming Annual Levy.

**THE VILLAGE OF COAL CITY**  
**GRUNDY & WILL COUNTIES, ILLINOIS**

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RESOLUTION  
NUMBER \_\_\_\_\_

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**A RESOLUTION ESTABLISHING ESSENTIAL SERVICES AND THEIR  
SUPPORTING REVENUE SOURCE RESULTING IN THE ALTERNATIVE REVENUE  
BONDS OF 2015 – THE TORNADO BONDS, TO BE PAID VIA PROPERTY TAXES  
COLLECTED IN THE UPCOMING ANNUAL LEVY**

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TERRY HALLIDAY, President  
PAMELA M. NOFFSINGER, Village Clerk

SARAH BEACH  
ROSS BRADLEY  
TIM BRADLEY  
DAN GREGGAIN  
DAVID SPESIA  
DAVID TOGLIATTI  
Village Trustees

**A RESOLUTION ESTABLISHING ESSENTIAL SERVICES AND THEIR  
SUPPORTING REVENUE SOURCE RESULTING IN THE ALTERNATIVE REVENUE  
BONDS OF 2015 – THE TORNADO BONDS, TO BE PAID VIA PROPERTY TAXES  
COLLECTED IN THE UPCOMING ANNUAL LEVY**

**WHEREAS**, the Village of Coal City is a non-home-rule municipality and is restricted in its means of borrowing revenues as well as limited in its means of amount and type of borrowing; and

**WHEREAS**, the Village of Coal City experienced an EF-3 Tornado on June 22, 2015 (6-22 Tornado) resulting in damage to nearly 1/3 of its total housing stock and the complete reconstruction of 160 residential structures; and

**WHEREAS**, the Village experienced significant blight conditions and cleared its streets in an urgent manner to restore the character of the community and aid in the reconstruction of what had been lost; and

**WHEREAS**, the Village called upon multiple mutual aid response networks, including, but not limited to the Illinois Public Works Mutual Aid Network (IPWMAN), Illinois Law Enforcement Alarm System (ILEAS), and the South Suburban Building Officials Association (SSBOA) as well as received different types of support from the non-profit community via the assistance of Coal City's local ecumenical community, relief agencies such as the Salvation Army, Catholic Charities, Team Rubicon and Red Cross limiting the overall recovery expenditures in order to restore the community from the chaos that fell along with the weather from the sky one summer evening in 2015; and

**WHEREAS**, the Illinois Emergency Management Agency (IEMA) aggregated multiple events during the storm system, which caused multiple events connected with the multiple funnel clouds that wreaked havoc throughout Coal City, but such events resulted in emergency response expenditures totaling approximately \$15.1 million, which was 84% of the federal funding formula required to receive federal aid related to the 6-22 Tornado; and

**WHEREAS**, although the total aggregated emergency response expenditures exceeded the minimum FEMA federal funding level of a majority of states within the Union, IEMA did not recommend Governor Rauner push for the support of federal participation in the relief for qualified emergency expenditures; and

**WHEREAS**, the Village reasonably anticipated the receipt of greater Disaster Related Proceeds from the State of Illinois, which offered any assistance possible and/or necessary to assist with the cleanup from the 6-22 Tornado, but had previously swept the Emergency Relief Fund maintained to assist with disasters that do not exceed the FEMA federal funding threshold, failed to balance a budget until nearly three years had passed since the Tornado's path fell upon Coal City, and has exhausted all existing programs in order to provide funding to assist with the debt associated with the cost of the Tornado's cleanup; and

**WHEREAS**, the State of Illinois previously failed to provide any funding to assist the Village with its short-term emergency response needs to the 6-22 Tornado but had provided Federal Highway Authority (FHWA) one-time reimbursement funds of \$92,092 to assist with the Village's debt service obligations related to the cost of rebuilding the community, which resulted in less overall debt funds levied in 2019 and collected in 2020; and

**WHEREAS**, the Village issued \$3,000,000 General Obligation Bonds (Alternate Revenue Source), Series 2015 on December 29, 2015 (the "Bonds") in accordance with and pursuant to the Local Government Debt Reform Act, in order to secure the public health and safety in the aftermath of the 6-22 Tornado, re-establish impaired infrastructure, remove dangerous debris, maintain security throughout the response, and renovate impacted neighborhoods; and

**WHEREAS**, interest on the Bonds is due and payable semiannually on each June 1 and December 1, having commenced on June 1, 2016 and continuing through December 1, 2030, with principal payments coming due on December 1 in each year 2020 through 2030; and

**WHEREAS**, the Village pledged all collections distributed to the Village from Retailer's Occupation Taxes, Service Occupation Taxes, Use Taxes and Service Use Taxes (cumulatively, the "Sales Taxes"), the Village's distributive share of State of Illinois income taxes imposed by the State of Illinois pursuant to the Illinois Income Tax Act and distributed pursuant to the State Revenue Sharing Act ("Revenue Sharing Receipts"), Telecommunications Taxes, Electric Utility Taxes and Gas Utility Taxes, (cumulatively, the "Utility Taxes"), and all collections from grants and/or insurance proceeds related to reimbursement of damages resulting from the 6-22 Tornado (cumulatively, the "Disaster Related Proceeds") [cumulatively, the Sales Taxes, Revenue Sharing Receipts, Utility Taxes and the Disaster Related Proceeds constitute the "Pledged Revenues" for the Bonds], each of which constituted a "Revenue Source" within the meaning of Section 15 of the Local Government Debt Reform Act; and

**WHEREAS**, the Pledged Revenues were forecast to be not less than 1.25 times the aggregate annual debt service in each year of the Bonds; and

**WHEREAS**, the Bonds are payable from the Pledged Revenues and a direct annual ad valorem tax levied against all taxable property in the Village without limitation as to rate or amount; and

**WHEREAS**, the Village filed a Bond Order in connection with the Bonds with the Grundy and Will County Clerks on December 31, 2015, directing the Grundy and Will County Clerks, respectively, to levy taxes each year from levy year 2018 through levy year 2029 in specified amounts sufficient to satisfy the Village's debt service obligations on the Bonds; and

**WHEREAS**, \$361,750 will come due in principal and interest on the Bonds during calendar 2023; and

**WHEREAS**, the Pledged Revenues received in calendar 2021 were lower than the Village's projections, and have been deemed necessary to maintain essential Village services, operations and capital as set forth more particularly herein; and

**WHEREAS**, besides working closely with the State of Illinois, the Village of Coal City diligently worked upon alternative solutions for identifying additional revenues including hiring additional staff and consulting services to identify qualified state programming, continuously responding to requests by the State of Illinois for information to attempt in qualifying past expenses for existing state programs, and attempted to receive permission from the residents of Coal City to receive home rule authority to generate additional revenue to assist with the upcoming debt payments; and

**WHEREAS**, the Village has exhausted all efforts during calendar 2021 and previous years following issuance of the Bonds to identify and collect supplementary revenues from all lawful sources to supplement the Pledged Revenues and avoid the extension of the levy in whole or in part passing through the debt service burden on the Bonds to Village taxpayers, but for the reasons set forth more particularly herein, the Corporate Authorities hereby find and determine that the Village has made a good-faith effort to pay debt service on the Bonds from the Pledged Revenues, but that the Pledged Revenues are insufficient to both fund debt service obligations coming due on the Bonds in 2023 and maintain essential Village functions.

**NOW, THEREFORE, BE IT RESOLVED BY** the President and Board of Trustees of the Village of Coal City, Grundy and Will Counties, Illinois, as follows:

**Section 1.** The above-stated recitals are incorporated by this reference.

**Section 2.** The Village Board of Trustees deem the following programmatic expenditures as necessary and essential:

<u>Program</u>	<u>FY22 Budgeted Expenses</u>
01-21 Police Department (w/out Pension)	\$2,452,724
01-41 Street & Alleys	736,437
01-71 Emergency Management	14,800

These essential services include security of business and residential property as well as the proper maintenance of infrastructure to ensure streets are passable and storm water is conveyed in the proper manner. The total budgeted expenditures for these services is \$3,203,961.

**Section 3.** The Village relies upon certain revenues to ensure these essential services shall be provided. Within the FY23 Budget, the General Fund revenues budgeted to allow for the expenditure on these essential services include:

<u>Line Item</u>		<u>FY22 Budgeted Revenue</u>
01-31-311	Property Taxes (unobligated)	\$817,626
01-31-311.2	Audit Tax Levy	25,000
01-31-311.3	Street Lighting Levy	50,000
01-31-311.5	Street & Bridge Levy	80,358
01-31-313.1	Telecomm Tax	75,000
01-31-313.2	NI Gas Tax	70,000
01-31-313.3	ComEd Tax	195,000
01-31-326	Cable Franchise	80,000
01-31-344	Sales Tax	590,000

The revenues utilized to support these essential services total \$1,982,984 represent 62% of the total monies required to support the aforementioned essential services.

**Section 4.** The revenues in Section 3 are Pledged Revenues that have been re-directed to debt service on the Bonds, along with other legally available funding sources, such as revenues anticipated to be provided from the State of Illinois and/or the federal government in response to and in order to restore the community from the effects of the 6-22 Tornado. The cumulative revenues actually budgeted to be received or expected from the State of Illinois and the federal government for remaining debt service repayment purposes totals \$0.00.

**Section 5.** The Village President and Trustees (the "Corporate Authorities") hereby find and determine that the Pledged Revenues are necessarily allocated to and appropriated for the essential services described hereinabove and are therefore insufficient and unavailable to pay debt service on the Bonds coming due in 2023. As such, the Corporate Authorities find and determine that abating the levy and extension of property taxes in order to meet the Village's debt service obligations on the Bonds for levy year 2022 is unfeasible.

SO RESOLVED this \_\_\_\_\_ day of \_\_\_\_\_, 2022, at Coal City, Grundy and Will Counties, Illinois.

AYES:

VILLAGE OF COAL CITY

NAYS:

ABSENT:

\_\_\_\_\_  
Terry Halliday, Mayor

ABSTAIN:

Attest:

\_\_\_\_\_  
Pamela M. Noffsinger, Village Clerk