SPECIAL MEETING
HELD ON JUNE 09, 2026
204 PULASKI ROAD, CALUMET CITY, ILLINOIS

CALL TO ORDER		The Special meeting was called to order at 6:08 p.m. on June 09, 2026, by Mayor Thaddeus Jones.
ROLL CALL		
PRESENT	7	ALDERMEN: Harvey, Wilson, Tillman, Williams, Gardner, Nelson (6:09 p.m.), Phillips.
ABSENT:	0	ALDERMEN: NONE

Also present were: City Clerk Dr. Figgs, City Treasurer Tarka (Remote-Audio), Deputy Treasurer Nicole Rudder, City Administrator Deanne Jaffrey, Inspectional Services Director Sheryl Tillman, Fire Chief Bachert, Deputy Coffee, Human Resource Director Deston Dorchak, and Finance Director John Kasperek.

PUBLIC COMMENT Lenny Wisowaty 790 Burnham Avenue commented on 776 Burnham stating that the property is becoming an Air B and B for animals and that the property is in bad shape and needs the city's attention.
Lenny Wisowaty also commented regarding the excessive amount of cars River Oaks Mechanics has parked at the property and the hedge overgrowth at 784 Burnham Avenue stating that the city needs to come out to the property.

<u>Finance Director John Kasperek Presentation and Council Request</u>

Finance Director Kasperek reported on last year's budget season and spoke about the council anticipating a surplus. Finance Director Kasperek presented the revenue enhancements the council previously voted and on and gave a detailed overview of when the council would start seeing revenue from each enhancement. Finance Director Kasperek reported that property taxes have still not been received from the county and there has not been a date released when those funds might be received. Finance Director Kasperek commented briefly on recent layoffs and how the reduction in insurance costs, IMRF, and payroll will help the deficit the City of Calumet City faces. Finance Director Kasperek reported to the council that there is currently $7,500,000.00 dollars of back logged bills the city owes.

<u>Finance Director Presentation to the Council</u>

Finance Director John Kasperek gave a brief presentation regarding the the city of Calumet City's financial state.
(See Attached 1A)

As the City Council is aware, the City's cash flow is not keeping up with the bills being incurred by the City. Over the past three fiscal years the City expenditures has exceeded the revenue earned in the General Fund of the City. In the fiscal year ending April 30th 2023, the General Fund had an operating surplus for the year of over $4.7M (audited). In the fiscal year ending 4-30-24 the operating deficit was over $2.78M (audited). For the fiscal year ending April 30th, 2025 the operating deficit was $4.1M (unaudited). And finally in fiscal year ending April 30, 2026 the operating deficit was $4.1M (unaudited).

I painted a very quick picture of the operation of the General Fund over the past four years. So, the reserves that were built up in 4-30-23 and long been spent and now we are faced with an estimated $7.8M in unpaid bills. I am not going to venture into the specifics of what caused the overspending, but needless to say, the Mayor and the City Council need a way to pay these invoices in a reasonable period of time. We have some major vendors that are owed well over $1M including Blue Cross/Blue Shield for health insurance, same as City of Hammond for water purchases and finally over $1M is owed to Republic Services. I have provided you with emails I shared with the Treasurer's office on details of the invoices. There are two types of spreadsheets. One is of bills approved to be paid that are on bill listing and another one of bills that have been approved by motions from the agenda. The total amount due is in excess of $7.8M. This is a moving target because each week some bills are paid, but others get added.

To get the City back to financial health several items needed to be done. One was increasing revenue in the Corporate Fund, increasing revenue in the Water/Sewer Fund and finally reducing City wide payroll. A combination of revenue enhancements and expenditure reductions was needed to bridge the $4+M overspending.

Back at the end of September, the City passed on number of General Fund enhancements including raising local sales tax collections by 1% (approximately $4M of new revenue), 1% Food and Beverage Tax, a vehicle leasing tax, Gasoline tax increase 1 cent per gallon. Well the Food and Beverage Tax is new, and with the other revenues we could estimate the increase in revenue based on previous years' data. So, the revenue increases appear to be able to handle the deficit of prior years. The next step was to cut costs and unfortunately, the number 1 expenditure of local governments is payroll followed by fringe benefits. So, eliminating payroll also has an indirect impact on pension contributions and health insurance payments. Payroll overall reduction with fringe benefits is expected to be about $2.1 over 12 months with some offset for unemployment benefits. The next step will be present a budget for the General Fund with other cost-cutting measures that will be laid during the budget process. I am still compiling numbers, but certain we will have a breakeven or even a surplus budget.

With respect to the Water/Sewer Fund, you will recall we did water, sewer and storm sewer fee rate increases. Those increases as discussed will keep the Water/Sewer Fund solvent for years, allow for repayment of current 2015A bond for water improvements, handle any potential debt due to the IEPA on lead line replacement loans and allow to build a capital reserves for future major projects. More will be laid out during the budget process.

So, even if the City has a surplus budget, it will take several years to pay our vendors. For example, if the General Fund were to have a $2M surplus for FYE 4-30-27, it will take four years to pay the almost $8M we owe our vendors. That is unacceptable for our business operation. Remember, we will still have current bills to be paid along with trying to pay off old bills.

I am proposing a financing of $8M in new debt with the input of paying 100% of our outstanding bills. It is my hope that the City will either do a private placement with Fifth Third Bank or do a public offering in the bond market. There are advantages to either financing, but for now let's focus on the basics. We borrow $8M and pay this debt off over 5 years. This will have a tax levy pledge to protect the investors unless I can convince the investors that the City will pledge a portion of the 1% sales tax revenue. As I mentioned above, I feel this should generate over $4M of new revenue over 12 months. We could pledge half or $2M to be placed in an escrow account monthly to pay the principal and interest on the new bond issue. Over 5 years straight line on an $8M bond is $1.6M plus interest. Using a 5% interest rate we would owe $400,000 of interest in the first year and then it would go down about $80,000 per year over the next four years. The new sales tax revenue should easily handle the debt and still leave about $2M of new money in the General Fund.

I am asking the City Council to allow me to work with Todd K. of Mesirow to structure the debt and bring the new financing to the City Council for approval. So tonight I am just asking to go forward to bringing the financing to you at which time Todd and I will present the new financing to you.

Alderman, there is no other way to pay the vendors in a reasonable period of time. Over three vendors have about 35 to 40% of the total amount due. Refuse Disposal, Water purchases and health insurance. These vendors are constantly threatening the City with legal action if we do not make some payments.

Thank you for your time.

Discussion and Action On Finance Director Kasperek Request for $8,000,000.00 Loan

There was a lengthy discussion regarding Finance Director Kasperek's request to obtain a $8,000,000.00 loan from Fifth Third Bank and pay it back over 5 years.

Alderman Gardner thanked Finance Director Kasperek for all of his hard work and stated that it is very unfortunate that the council is discussing taking out an $8,000,000.00 dollar loan. Alderman Gardner stated this is a core example of what the council has been talking about; this is a result of wasteful spending. Alderman Gardner then went on to ask the mayor where the $160,000,000.00 dollars in grants the mayor stated he obtained for the city. Alderman Garder stated we should not be in this predicament.

Mayor Jones stated there is about $11,800.000.00 in grants that the city is still waiting on. Mayor Jones stated that we didn't get in this situation overnight and we can't cut our way out of it. Mayor Jones commended the council for the revenue enhancements they approved. Mayor Jones stated the backlog of bills is coming from a million dollars owed to Waste Management and Blue Cross Blue Shield owed a million dollars as well. Mayor Jones stated that there were 8 funds that underperformed; Taxes by $800,000.00, Cannabis Tax by about $400,000.00, Vehicle taxes were lacking about $300,000.00 dollars, and Building Permits underperformed by almost $600,000.00.

Alderman Gardner stated there are still employees not showing up to work and still driving city vehicles. Alderman Gardner stated too the Mayor that these people are creating expenditures and said "mayor you act like you don't understand money."

Mayor Jones stated "I understand money but how are you blaming me for these items under performing."

Alderman Gardner stated "you are the Mayor here; and this council has asked you on several occasions to get control of spending, am I right council; mayor, this council had to hire it's own legislative council because corporate council was not forthcoming."

Mayor Jones stated "well you all increased the budget by adding more attorney's."

Alderman Gardner explained "that the budget was increased by a small margin but that doesn't compare to the 29 other attorney's the mayor hired."

Mayor Jones requested Alderman Gardner provide proof of 29 employees.

Alderman Gardner stated the mayor was deflecting and because of that he was done with the conversation.

<u>Alderman Tillman Left the Special Meeting</u>

Alderman Tillman left the Special Meeting at 6:40 p.m.

<u>Discussion Continued</u>

Alderman Nelson expressed concerns with the number of Class 8 incentives given and monies given to business owners that don't give back to the community like they said they would. Alderman Nelson commented regarding the Cannabis Tax and wants to know the reason the city never received the money they owe but they issued checks to the mayor.

Alderman Wilson expressed concern that the city is top heavy and there are at least four employees making over $150,000.00 dollars and they were not cut but union employees that are making $1,000.00 every two weeks were. Alderman Wilson stated we didn't get here overnight and she was okay being the villain when it came to being the only NO vote and Jazz on the Grass. Alderman Wilson stated that all of the small things add up and the council requested that spending slow down two years ago.

<u>Request for A Timely Detailed Budget Review</u>

Alderman Harvey and Alderman Nelson requested a more detailed budget season that would start in the month of June. Alderman Nelson stated she would like to do a deep dive into the budget because last year there was a deficit then the Mayor and Finance Director came back to the council with a surplus after increasing the revenue.

<u>Alderman Nelson Left Special Meeting</u>

Alderman Nelson left the Special Meeting at 7:42 p.m.

<u>Alderman Williams Comments On Juneteenth</u>

Alderman Williams addressed prior comments made about Jazz on the Grass by stating that the Juneteenth event is privately funded and there won't be any city money used for food or entertainment.

Alderman Wilson asked who will be paying for overtime? Alderman Wilson inquired if Police, Fire, Public Works and ESDA be needed for the event.

<u>Alderman Wilson Left the Special Meeting</u>

Alderman Wilson left the Special Meeting at 7:48 p.m.

Approval Search For Loan Funding	Alderman Williams moved, seconded by Alderman Harvey to direct the City Finance Director to go out for a loan to pay the backlog of bills.

ROLL CALL		
AYES:	2	ALDERMEN: Harvey, Williams,
NAYS:	1	ALDERMEN: Gardner
ABSENT:	3	ALDERMAN: Wilson, Tillman, Nelson
PRESENT:	1	ALDERMAN: Phillips
MAYOR JONES:	1	AYE

Mayor Jones	"In the process of a tie the Mayor gets to vote and I vote yes."

MOTION CARRIED

Alderman Gardner Left the Special Meeting	Alderman Gardner left the Special Meeting at 7:50 p.m.
ADJOURNMENT	Adjournment was at 7:52 p.m., on a motion by Alderman Phillips, seconded by Alderman Harvey.

MOTION CARRIED

X Nyota T. Figgs

Dr. Nyota T. Figgs, City Clerk