

**MINUTES OF THE FEBRUARY 5, 2018
SPECIAL MEETING OF THE ALLIANCE CITY COUNCIL**

The meeting was called to order by Council President Garnes at 6:00 P.M.

ROLL CALL: Larry Dordea, James Edwards, Julie Jakmides, Cindy King, Roger Rhome and Brian Simeone present. Sheila Cherry arrived at 6:05 P.M.

Clerk Yost read the notice of the special meeting.

President Garnes announced the reasons for the meeting and Auditor Knowles was given the floor and introduced Nita Hendrix from the State Auditor's Office.

Ms Hendrix described what "Fiscal Caution" means and what is required to put together a recovery plan and the time deadlines. Ms. Hendrix went on to inform Council that the main reason for the designation is low carry-over balances in several accounts over the past several years.

Councilwoman Jakmides asked for clarification on the time lines for Fiscal Caution and Fiscal Watch for recovery plans. Ms. Hendrix explained that Fiscal Caution requires a plan be submitted in 60 days and Fiscal emergency is 120 days.

President Garnes questioned what happens if the plan is not submitted in time and Ms. Hendrix stated that the level could be increased from Fiscal Caution to Fiscal Watch.

Councilman Dordea questioned what affect the proposed Park Levy would have and it was stated that it is surely something to include in the plan.

Councilwoman Cherry stated that there is a need to create a surplus in these funds going forward.

Councilman Edwards questioned the idea of putting off things like paving and capital expenditures while building up surpluses. Stated it will cause bigger problems later. Edwards stated we need to look at both cost cutting and generating revenue.

Auditor Knowles stated that if the Levy is a big part of the plan and it doesn't pass, we will have to revise the plan.

Councilwoman Jakmides questioned the 60 day time period. Is that for forming or implementing the plan. It was stated that it is for forming and submitting the plan but the designation stays in place until the factors that caused it are removed.

Councilman Edwards then clarified that the action doesn't all have to take place within 60 days just the formation of the plan. It was stated that the plan should include dates of intended implementation.

Law Director Arnold questioned what if the proposed plan does not satisfy the State Auditor's Office. Ms. Hendrix stated that the plan would have to be revised. The City will get an acceptance letter or a letter stating the deficiencies the State Auditor's Office sees in the plan.

President Garnes then clarified who comes up with the plan. Ms. Hendrix stated that the Mayor formulates the plan but that Council has to approve it for submission to the State Auditor.

Councilman Edwards then questioned if the Auditor will have seen it before the Council has approved it. Ms. Hendrix stated that the State Auditor's office will assist where possible and that the City Auditor will have a big part in the formation but final submission is after Council approval.

President Garnes asked what the average time to emerge from fiscal caution is. Ms. Hendrix stated that the times vary depending on progress. There is a spread sheet on the State Auditor's web site showing Cities in various stages of Fiscal distress and the progress being made. This could be an indicator. The earliest the City would emerge is after year end and the balancing of the various accounts to see what the balances are.

ADJOURNMENT: Noting no further business presented or discussed with Council, President Garnes adjourned the special meeting of City Council at 6:25 P.M.

ARTHUR GARNES, COUNCIL PRESIDENT

GERARD YOST, COUNCIL CLERK