

COUNCIL OF THE CITY OF DIXON, ILLINOIS
SPECIAL COUNCIL MEETING
COUNCIL CHAMBERS - CITY HALL
WEDNESDAY, SEPTEMBER 25, 2013
10:30 A.M.

ROLL CALL

The meeting was called to order by Mayor Burke. Commissioners Blackburn, Brechon, Considine, Kuhn and Mayor Burke answered the Roll Call.

EXECUTIVE SESSION

At 10:34 a.m., Commissioner Kuhn moved that the Special Council meeting of Wednesday, September 25, 2013 meet in Executive Session to discuss pending litigation. Voting Yea: Commissioners Blackburn, Brechon, Considine, Kuhn and Mayor Burke. Voting Nay: None. Motion carried.

RECONVENE MEETING

At 11:04 a.m., Commissioner Kuhn moved that the Special Council Meeting of Wednesday, September 25, 2013 reconvene into Open Session. Voting Yea: Commissioners Blackburn, Brechon, Considine, Kuhn and Mayor Burke. Voting Nay: None. Motion carried.

At this time, Mayor Burke read a prepared statement that is attached to these minutes as **Exhibit A**. After reading the statement, Mayor Burke advised there would be a Special Public Meeting scheduled the week of October 1st and stated he is encouraging the public to attend.

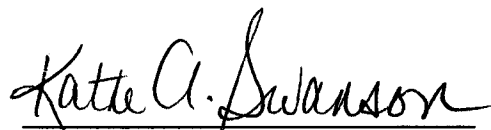
CONSIDERATION AND POSSIBLE APPROVAL OF RESOLUTION #2439-13, A
RESOLUTION POSSIBLY ACCEPTING CERTAIN MONETARY AMOUNTS TO
RESOLVE PENDING LITIGATION AND AUTHORIZING THE MAYOR TO HAVE
APPROPRIATE AGREEMENTS PREPARED FINALIZING THE SAME

Commissioner Kuhn moved that Resolution #2439-13 possibly accepting certain monetary amounts to resolve pending litigation and authorizing the Mayor to have appropriate agreements prepared finalizing the same be considered and possibly approved. Per Attorney LeSage, Commissioner Kuhn was asked to read the Resolution in its entirety. This is attached to the minutes as **Exhibit B**. The Mayor then called for the vote. Voting Yea: Commissioners Blackburn, Brechon, Considine, Kuhn and Mayor Burke. Voting Nay: None. Motion carried.

At this time, Mayor Burke asked if there were any comments from the City Council. Commissioner Kuhn thanked Attorney Devon Bruce and stated the dollar figure is very significant. Commissioner Brechon thanked Devon for all his work. Mayor Burke lastly advised he would have copies of his statement for the press and would be available for any questions after the meeting.

ADJOURNMENT

Commissioner Kuhn moved that the Special Council Meeting of Wednesday, September 25, 2013 be adjourned to meet in Regular Session on Monday, October 7, 2013 at 6:30 p.m. in the Council Chambers at City Hall. Voting Yea: Commissioners Blackburn, Brechon, Considine, Kuhn and Mayor Burke. Voting Nay: None. Motion carried. The meeting was adjourned at 11:12 a.m.


Kathe A. Swanson, City Clerk

**LITIGATION SETTLEMENT
STATEMENT BY MAYOR BURKE
CITY OF DIXON
SEPTEMBER 25, 2013**

ON BEHALF OF THE DIXON CITY COUNCIL, I AM PLEASED TO ANNOUNCE THAT AN OUT-OF-COURT SETTLEMENT HAS BEEN REACHED WITH CLIFTON, LARSON, ALLEN; FIFTH THIRD BANK AND SAM CARD ACCOUNTING CONCERNING THE LITIGATION COMMENCED BY THE CITY AS AN OUTGROWTH OF THE \$53 MILLION DOLLAR EMBEZZLEMENT BY RITA CRUNDWELL. THE TOTAL COLLECTIVE AMOUNT AGREED TO BE PAID TO THE CITY BY THE THREE ENTITIES IS \$40 MILLION DOLLARS. ADDING THIS TO THE EXPECTED \$10 MILLION DOLLARS SECURED BY THE U.S. MARSHALL AND THE U.S. ATTORNEY'S OFFICE, WHICH IS STILL SEEKING TO CLAIM OTHER ASSETS, THE CITY WILL HAVE A TOTAL RECOVERY OF AT LEAST \$50 MILLION DOLLARS, LESS EXPENSES OF ROUGHLY \$10 MILLION.

IN THE SPRING OF 2012, THE CITY ENGAGED DEVON BRUCE WITH THE CHICAGO LAW OFFICE OF POWER, ROGERS & SMITH. IN AN EARLY EFFORT TO OBTAIN AN OUT-OF-COURT SETTLEMENT, DEVON AND I FLEW TO SAN FRANCISCO IN OCTOBER OF 2012 FOR A MEDIATION MEETING WITH REPRESENTATIVES FROM CLIFTON, LARSON, ALLEN AND FIFTH BANK, AND THEIR RESPECTIVE ATTORNEYS. THE VARIOUS PARTIES WERE SO

FAR APART AT THAT POINT THAT A SETTLEMENT WAS IMPOSSIBLE. FOLLOWING THAT, ATTORNEY BRUCE TOOK FURTHER DEPOSITIONS, FILED BRIEFS AND TOOK ALL THE LEGAL STEPS REQUIRED TO PROCEED TO A FULL BLOWN CIVIL TRIAL. THIS PAST FRIDAY, SEPTEMBER 20TH, DEVON BRUCE AND I PARTICIPATED IN A SECOND MEDIATION MEETING IN DOWNTOWN CHICAGO. THE MEETINGS STARTED AT 8:00 A.M. AND CONCLUDED ABOUT 1:30 A.M. SATURDAY MORNING, OVER 17 HOURS WITHOUT ANYONE LEAVING THE PREMISES. A TOTAL OF 37 PARTICIPANTS ATTENDED INCLUDING THE DEFENDENTS, PLAINTIFF, INSURANCE COMPANIES, INCLUDING LLOYDS OF LONDON AND THEIR RESPECTIVE ATTORNEYS. AT 1:00 A.M. SATURDAY A SETTLEMENT AGREEMENT WAS REACHED BY ALL PARTIES. AS PART OF THE AGREEMENT THE CITY WILL FILE NO FURTHER LAWSUITS AGAINST THE DEFENDENTS OR THEIR REPRESENTATIVES.

DEVON BRUCE BROUGHT A HIGH LEVEL OF PROFESSIONALISM, ENERGY AND EFFORT TO THIS ENDEAVOR. THE RESEARCH, BRIEFS AND OTHER LEGAL DOCUMENTS COMPLETED BY DEVON AND HIS STAFF IN ANTICIPATION OF GOING TO TRIAL, STACKED ON TOP OF EACH OTHER, WOULD EXCEED 5 FEET IN HEIGHT. THE HOMEWORK WAS COMPLETED

AND THE CITY LEGAL TEAM WAS PREPARED FOR TRIAL. IN SUMMARY,
THIS IS WHAT BROUGHT ALL THE PLAYERS TO THE SETTLEMENT TABLE.

I AM GOING TO SCHEDULE A SPECIAL PUBLIC MEETING FOR THE WEEK OF
OCTOBER 1ST FOR AN IN-DEPTH PRESENTATION BY FINANCE DIRECTOR
PAULA MEYER AND OTHER CITY OFFICIALS CONCERNING THE ECONOMIC
IMPACT TO THE CITY OF THE RECOVERY, INCLUDING THE FINANCIAL
OBLIGATIONS INCURRED AS A CONSEQUENCE OF THE EMBEZZLEMENT.
THE PUBLIC IS ENCOURAGED TO ATTEND, ASK QUESTIONS AND MAKE
COMMENTS.

THE RESIDENTS AND TAXPAYERS ARE THE REAL STAKEHOLDERS TO BE
IMPACTED BY THE DECISIONS TO BE MADE BY THE DIXON CITY COUNCIL.

THANK YOU.

MAYOR JIM G. BURKE
CITY OF DIXON, ILLINOIS

RESOLUTION NO. _____

RESOLUTION ACCEPTING SETTLEMENT OF PENDING LITIGATION

WHEREAS, the City, by and through its Mayor and special legal counsel, Power Rogers & Smith, P.C., has engaged in settlement negotiations in respect of Case No. 2012 L 12, The City of Dixon v. Janis Card Company, LLC et al., filed in the Circuit Court of the Fifteenth Judicial Circuit, Lee County, Illinois; and

WHEREAS, the defendants in said case have offered to pay the City the sum of \$40,000,000.00 in full satisfaction and settlement of the City's claims; and

WHEREAS, upon the advice of the City's special legal counsel, and upon consideration of the matter in the premises, the City believes that it is in the best interests of the City to accept said settlement.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Dixon that the City agrees to accept the sum of \$40,000,000.00 in full satisfaction and settlement of its claims set forth in Case No. 2012 L 12, The City of Dixon v. Janis Card Company, LLC et al., filed in the Circuit Court of the Fifteenth Judicial Circuit, Lee County, Illinois.

BE IT FURTHER RESOLVED that Mayor is hereby authorized and directed to have appropriate agreements prepared to finalize such settlement and to present the same for approval by the City Council.

BE IT FURTHER RESOLVED that the City Council finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by reference.

BE IT FURTHER RESOLVED that all resolutions and parts of resolutions in conflict herewith are, to the extent of such conflict, hereby repealed.

BE IT FURTHER RESOLVED that this Resolution shall be in full force and effect from and after the date of its passage and approval, and publication as required by law.

This Resolution read and approved this ____ day of September, 2013.

Mayor

Attest:

City Clerk