

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Tuesday, October 3, 2006 at 4:00 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Sorensen; Members Nuckolls, Owens, Moss and Selzer

Members Absent: None

Staff Present: Mr. John Zeunik, County Administrator; Mr. Terry Lindberg, Assistant County Administrator; Ms. Jude LaCasse, Assistant to the County

Department Heads/
Elected Officials
Present:

Mr. Lee Newcom, County Recorder; Ms. Becky McNeil, County Treasurer; Mr. Robert Kahman, Supervisor of Assessments; Mr. Don Lee, Director, Nursing Home; Ms. Jennifer Ho, Risk Manager

Others Present: Mr. Marty Vanags, Executive Director, Economic Development Council; Mr. Jeff Gilmore, Vice President, Benefit Planning Associates, Ms. Carrie Borowski, Attorney, Costigan & Wollrab PC; Mr. Derick Love, Chief Deputy Sheriff; Ms. Chris Colaw, Accounting Specialist, County Auditor's Office

Chairman Sorensen called the meeting to order at 4:00 p.m.

Chairman Sorensen presented the minutes from the September 5, 2006 Finance Committee Meeting for approval. Hearing no corrections to those minutes, Chairman Sorensen advised that the minutes would stand approved as presented.

Chairman Sorensen presented the County Recorder's Monthly Financial Reports for August, 2006 as presented by Mr. Lee Newcom, County Recorder. He asked if there were any questions or comments. There were none.

Mr. Selzer joined the meeting at 4:08 p.m.

Ms. Becky McNeil, County Treasurer, presented the County Treasurer's Monthly Financial Reports for the period ending September 30, 2006.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending September 30, 2006. She indicated that the County is doing very well. She pointed out that the County will exceed the budgeted amount for 2006 in the State Income Tax Revenue and Personal Property Replacement Tax. Ms. McNeil pointed out the following statistics:

- Retailers Occupation Tax Revenue Year to Date is \$4,408,209.26, which is 6.56% over last year and 81.93% of budget.
- State Income Tax Revenue is \$1,281,286.20, which is 9.10% over last year and 96.64% of budget.
- Personal Property Replacement Tax Revenue is \$1,145,772.24, which is 5.38% over last year and 93.21% of budget.

Ms. McNeil reported that there will be two more Personal Property Replacement Tax payments in October and December. She noted that last year those payments were around \$300,000.00, so it could significantly increase that revenue if it comes in at a similar amount.

Ms. McNeil stated that the Property Tax Revenue, through the month of September, is at \$6,906,828.86, which is 95.67% of budget. The final distribution will be made in December.

Ms. McNeil presented the Treasurer's General Pooled Investment Account. She indicated that there were three six-month CD's that came due in the month of September. She advised that she was able to get very competitive rates between 5.2% and 5.5% as compared to 4.5% to 4.8% about six months ago. Ms. McNeil noted that she does not expect the Federal Rate to increase again in the near future. Ms. McNeil reported that the total amount invested for of all funds is \$33,610,811.45.

Ms. McNeil reviewed the Statement of Revenues, Expenditures and Fund Balance for September 30, 2006. Ms. McNeil reported that the total Revenue as of September 31, 2006 is \$22,395,078.98, which is 78.47% of budget; Expenditures are \$21,078,517.21, which is 73.85% of budget; and the Fund Balance as of September 30, 2006 is \$10,022,267.01 as compared to \$7,852,417.07 in 2005.

Ms. McNeil presented the Employee Benefit Fund Quarterly Report. This report has a fund balance of \$717,328.05. She noted that she would like this balance to be a little higher, but it is still fine.

Ms. McNeil reviewed the CDAP Revolving Loan Fund Semi-annual Report. She stated that there are currently two active loans, Victory Enterprises and the Debbie Thomas Learning Center. Ms. McNeil indicated that Victory Enterprises, as of September 30, 2006, has caught up on all payments except for the month of September.

Ms. McNeil advised that this report does not reflect the CDAP loan to Boitnott Foods, noting that this transaction closed yesterday. The next quarterly report will include Boitnott Foods.

Mr. Nuckolls asked how much does Victory Enterprises pay each month. Ms. McNeil replied that they pay \$580.55 per month.

Chairman Sorensen called for a motion to accept and place on file the County Treasurer's Month-end Financial Reports.

Motion by Owens/Moss to accept and place on file the month-end financial reports from the County Treasurer's Office for the month ending September 30, 2006, as submitted.

Motion carried.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Ms. McNeil.

Mr. Bob Kahman, Supervisor of Assessments, presented his Status Report. He indicated that the first Assessment Notices went out last Thursday and will continue to be sent out over the next couple of months.

Mr. Kahman reviewed the letter he sent to the Township Assessors, Board of Review and staff of the Supervisor of Assessments Office. He informed the Committee that there have been a lot of changes in McLean County and the State of Illinois in the last year. Mr. Kahman noted that this is the second year with the new DevNet property tax software in the Assessor's Office. He stated that the new software had a few mishaps, but they are generally very satisfied with the software.

Mr. Kahman reported that the major issue they are dealing with is the conversion to Bulletin 810 for farmland values. He indicated that this is the first revision of the farm productivity indexes in the soils since 1976. Mr. Kahman stated that it was necessary to go back over a decade to get to the point where the new Bulletin could be implemented. He noted that other Counties have not

experienced as much success as McLean County in this endeavor. Mr. Kahman stated that, for Bulletin 810 to be successful, it was necessary to have a GIS. Mr. Kahman advised that there has been a great deal of education and interest on Bulletin 810.

Chairman Sorensen asked if the County was finished with its multi-year step down in the evaluation of farmland. Mr. Kahman replied that it goes on forever. He suggested looking at Bulletin 810 as the market correction for the last Circular Bulletin, which mandates how to assess farmland. Mr. Kahman gave a brief explanation on increases and decreases in farmland taxes due with the new formula. He noted that McLean County will maintain the status quo on farmland value. Mr. Kahman indicated that this system will remain until another method is devised.

Chairman Sorensen asked if there were any questions or comments. Hearing none, he thanked Mr. Kahman.

Mr. Don Lee, Director, Nursing Home, reviewed the Nursing Home Monthly Reports. He pointed out that the Financial Report for this month is somewhat skewed because the Accounts Receivable for Medicare was brought forward and actually reported as two months of Medicare revenue in the August report. This will cause the Nursing Home to show 13 months in the Fiscal Year until the outside auditors make adjustments. Mr. Lee stated that he placed the adjusted report in the Packet, which he will continue to submit to the Committee. The actual balance for the month, which comes under the August 2006 Accrued Expense Column, would be \$35,616.00 versus the \$81,976.00, which is shown. This has also skewed the projected Expense column, which shows \$250,803.00 and should be \$181,000.00. Mr. Lee advised that, in future months, the monthly totals will be accurate but the projected column will still maintain the influence of having 13 months entered for this report. He indicated that he can bring the correct figure to the Committee each month or run the report both ways.

After some discussion, the Committee decided to accept the report with the 13-month figures.

Mr. Lee reported that the current census for the month is 148 residents. He noted Medicare census is down and Medicaid census is up.

Mr. Lee reported that he had a telephone conversation with the Department of Public Aid regarding the Intergovernmental Transfer ("IGT") Program in which the County participates. He advised the Committee that the Federal Government has problems with the way the State of Illinois handles the Program, and would like to do away with the Program. The Federal Government told the State of Illinois that, if it was to continue, they had to make certain changes in the Program. Mr. Lee indicated that Public Aid believes it has now been able to satisfy the requirements of the Federal Government. Public Aid will send a notice of termination in November for the current IGT Program and they are writing administrative rules that they will publish in November. This will make the Program mandatory for all Counties which have County Nursing Homes. It will not require action of the County Board, but notice will be received of that termination and the proposed rules.

Mr. Lee advised that one of the Federal Government requirements is that the portion of funds the County usually transfers back to the State of Illinois, after they make their payment, be tied to resident census. The Federal Government stated that this could no longer happen. The State has been developing a methodology where they will continue to make a payment to the County, but the County will pay back a fixed amount each month. Mr. Lee indicated that this plan must still be submitted to the Federal Government and the Federal Government must agree to the plan. He noted that the Federal Government mandated that the payment to the State Government had to precede the State's payment to the Nursing home. Mr. Lee stated that, with this program, the sample rate sheet he received for McLean County showed that there would be an increase in the IGT for McLean County in the upcoming year.

Chairman Sorensen asked if the County Board needs to take any action when they receive the notice of termination. Mr. Lee responded that he asked the State if the County Board needed to take any action, and he was told that no action is needed.

Chairman Sorensen asked if there were any questions. Hearing none, he thanked Mr. Lee.

Mr. John Zeunik, County Administrator and Mr. Marty Vanags, Director for the Economic Development Council presented a request for approval of a Resolution of the McLean County Board approving and adopting the Amended Community Development Assistance Program Revolving Loan Fund Administrative Guidelines and Recapture Strategy.

Mr. Zeunik referred to the Memorandum in the Committee Packet from Mr. Vanags, along with a Resolution. He indicated that the Finance Committee and the County Board recently approved three CDAP Revolving Loans. Mr. Zeunik noted that when he met with Mr. Vanags to discuss the CDAP revolving Loan program in McLean County, Mr. Vanags indicated that the revolving loan fund process used in McLean County is different than all other programs in the State and the process is not in accordance with the Department of Commerce and Economic Opportunity's guidelines ("DCEO"). Mr. Zeunik advised that he asked Mr. Vanags to outline a procedure that would be more consistent with what DCEO would like to see in terms of a recapture strategy and review process. He informed the Committee that Mr. Vanags prepared a document that was shared with Ms. Becky McNeil, County Treasurer.

Mr. Vanags indicated that the biggest change is in how a loan is reviewed. In the past, he has met with a Credit Committee, which is what is required by DCEO. The Credit Committee looks at the loan application, does the due diligence, reviews the information and makes a recommendation to a governing body. This provides some level of confidentiality to the borrower. Mr. Vanags noted that the system he outlined in his Memorandum is similar to others throughout the State of Illinois where they have a Credit Committee. Also, he noted, one banker does not usually like to give his package to another banker for review.

Mr. Zeunik summarized that, if this were to be recommended by the Finance Committee and approved by the Board, the County would need to file an amended report with the DCEO letting them know that the County will start using this process. He advised that, even in this process, the final decision rests with the Finance Committee. Any applicant submitting a request for a CDAP loan would still submit the request to the Finance Committee. The Finance Committee would still be the Committee that reviews the request and recommends approval to the County Board. The information would just be presented differently and information which might be viewed as confidential will be retained in the EDC Office or a copy may be retained in the County Administrator's Office for individual review. It would not be disseminated for public review.

Mr. Vanags added that the Committee will receive a better analysis of the loan package as a report than with what was included in past CDAP loan requests.

Mr. Selzer commented that he believes this is a good system. He expressed concern that people submitting a request should not be discouraged by a negative recommendation by a Credit Committee. Mr. Vanags replied that the loan program is such that very few people will apply for a loan without having a bank already involved.

Motion by Selzer/Nuckolls to recommend Approval of a Resolution of the McLean County Board Approving and Adopting the Amended Community Development Assistance Program Revolving Loan Fund Administrative Guidelines and Recapture Strategy.
Motion carried.

Mr. Lindberg introduced Ms. Lucretia Wherry and Mr. Jeff Gilmore, Vice President, Benefit Planning Associates. He noted that they will present an update on the Employee Benefits Program for Fiscal Year 2007. Ms. Wherry distributed information on the Employee Health Insurance Program, as well as information on a vision services plan and dental program plan. Mr. Lindberg advised that employees had requested a good vision services plan and a short-term disability plan. He noted that employees currently have IMRF disability, which kicks in 30 days after they stop receiving their regular paycheck. The employees were looking for coverage for the month between the end of their regular salary and the beginning of their IMRF disability. Mr. Lindberg reported that they did not include short-term disability in the packet because it was too costly to the employee. There is a non-participatory vision services plan, which he asked Mr. Gilmore to explain.

Mr. Gilmore explained that there are several different vision plans, but VSP has the best network of optometrists and ophthalmologists. He stated that the packet distributed to the Committee gives a description of the benefit plan, noting:

- Exam covered in full every 12 months with a \$10.00 co-pay;
- Prescription glasses (lenses) covered in full every 12 months with a \$25.00 co-pay and frames every 24 months;
- \$120.00 allowance towards Contacts every 12 months.

Mr. Gilmore stated that the VSP rates are very competitive with other programs. He also indicated that VSP has a good network of doctors in town.

Mr. Lindberg reminded the Committee that what they are providing the employees is the power of group purchasing. The County will not participate in the premiums. The Committee members offered their support of the VSP Program.

Ms. Wherry indicated that the health care package will be brought back to the Finance Committee for approval at a Stand-up meeting on Tuesday, October 17th. She noted that there will be a meeting with the Employee Benefits Committee on the 12th for their review and recommendations and then it will go forward to the Finance Committee on October 17th.

Mr. Lindberg pointed out that the Dental Program, which was switched to Delta Dental last year, has high employee satisfaction. He stated that this is another non-participatory program and there is no increase in rates for 2007.

Chairman Sorensen asked for a review of the Employee Health Insurance plans, including the Gated PPO option.

Mr. Gilmore reviewed the HMO, PPO and Gated PPO programs. He indicated that every year the HMO option has driven the increases in renewals. Mr. Gilmore stated that this year there was a 20% increase with the HMO. He stated that, over the last three years, Health Alliance has lost \$1.1 million on the HMO members and \$50,000.00 on the PPO members.

Mr. Gilmore stated that in an effort to move employees away from the HMO plan and into the PPO plan, they are offering a Gated PPO plan. The Gated PPO benefit structure would look exactly like the current PPO plan. Health Alliance would set up a \$500.00 rebate for all employees on the front of the deductible and the employees would be responsible for the second \$500.00. The difference for the current PPO members is, if they stay in the network, the Gated PPO works like an HMO. You go to your primary care physician for your care and they refer you to a specialist.

Mr. Gilmore indicated that this is already happening today with the PPO. So, it will not be a huge change for employees in the PPO, but the HMO people will see a significant difference in plans. He noted that, to continue the HMO, the employee monthly contribution would be very high. The HMO monthly cost for family insurance would be \$589.00 a month and the Gated PPO contribution for a family package would be \$382.00 a month.

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Mr. Lindberg advised that Health Alliance is becoming very aggressive in the area of Wellness programs and tying in wellness to the actual group coverage plan. He noted they will be meeting with Health Alliance on Thursday to discuss the wellness plan. Mr. Lindberg stated that this ties in with the Health Department's Employee Wellness program. He advised that the Health Alliance incentive plan could include a reduction in employee premiums for employees who participate in a wellness program.

Chairman Sorensen summarized that the Employee Benefit package will be presented to the Finance Committee for approval at a Stand-up Committee meeting on Tuesday, October 17th.

Chairman Sorensen informed the Committee that the next Public Hearing regarding the "Notice of Public Hearing Concerning the Proposed Ordinance Regulating Smoking in Public Places of Employment in the Unincorporated Areas of McLean County" is scheduled for Thursday, October 19, 2006 at the Water Tower Place, 212 E. Pine Street, LeRoy, IL. He noted that the following two meeting dates are Tuesday, October 24th and Thursday, November 2nd.

After a brief discussion, the Committee scheduled a Special Meeting on Tuesday, October 17th, 1:00 p.m. to 4:30 p.m. to review Finance Department FY'2007 budgets.

Chairman Sorensen presented the September 30, 2006 Finance Committee bills for review and approval as transmitted by the County Auditor. The Nursing Home Fund Total is \$355,960.88 with a Prepaid Total the same and the Finance Committee bills include a Fund Total of \$831,973.31 with a Prepaid Total the same.

Motion by Owens/Nuckolls to recommend approval of the Finance Committee bills as of September 30, 2006.

Motion carried.

Chairman Sorensen called for a motion to go into Executive Session to discuss Pending Litigation and Collective Bargaining.

Motion by Owens/Moss to Recommend the Finance Committee go into Executive Session at 5:10 p.m. to discuss Pending Litigation and Collective Bargaining with the Committee Members; Ms. Jennifer Ho, Risk Management; Mr. Eric Ruud, First Assistant State's Attorney; Outside Counsel and the Administrator's Office Staff.

Motion carried.

Motion by Moss/Nuckolls to recommend the Finance Committee return to Open Session at 5:46 p.m.

Motion carried.

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There being nothing further to come before the Committee at this time,
Chairman Sorensen adjourned the meeting at 5:46 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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