

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, December 8, 2010 at 4:00 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

Members Present: Chairman Owens, Members O'Connor, Wollrab, Rankin, and McIntyre

Members Absent: Member Butler

Other Members Present: None

Staff Present: Mr. Terry Lindberg, County Administrator; Mr. Bill Wasson, Assistant County Administrator and Ms. Judith LaCasse, Recording Secretary, County Administrator's Office

Department Heads/

Elected Officials

Present: Mr. Matt Riehle, Director, Nursing Home; Mr. Robert Kahman, Supervisor of Assessments; Ms. Michelle Anderson, County Auditor; Mr. Lee Newcom, County Recorder; Ms. Becky McNeil, County Treasurer; Mr. Walt Howe, Administrator, Health Department; Ms. Kathy Michael, County Clerk

Others Present: Mr. Ryan Leuty, Assistant Director, Information Technologies; Ms. Cathy Dryer, Fiscal Services Supervisor, Health Department; Ms. Hannah Eisner, First Civil Assistant State's Attorney; Mr. Ken Springer, Project Analyst, Economic Development Council; and Mr. Jeremy Zobrist, President, Watershed Foods

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

Chairman Owens presented the minutes of the November 3, 2010 Finance Committee Meeting for approval.

Motion by O'Connor/Rankin to approve the Minutes of the November 3, 2010 Finance Committee Meeting.
Motion carried.

Chairman Owens advised that since Jennifer Ho was not available to attend the meeting due to illness and since the *Executive Session* did not involve an outside attorney, these items would be moved to the end of the agenda. He also indicate that Ms. Michael has asked to go first due to another commitment.

Ms. Kathy Michael, County Clerk, distributed a revised Monthly Report for October 2010. She asked the Committee if they wish to continue receiving monthly reports. Chairman Owens responded that he believes the Monthly Reports are helpful and informative, and asked her to continue providing the report.

Ms. Michael pointed out that revenue is increasing, with over \$4 million (including delinquent taxes) coming into the County Clerk's Office since January 1, 2010. She added that the office is striving to cut expenses. Ms. Michael advised that the County Clerk's Office has already found a way to save \$2,500 a year in the Marriage and Death procedures.

Chairman Owens asked if the County Clerk's Office has been investigating the cost of adding the issuance of Civil Unions. Ms. Michael replied that if the Governor signs the law, it will begin on June 1, 2011. She indicated that it is anticipated that the fee will be similar to that of a marriage license fee. Mr. Lindberg commented that a lot of the fees listed on the report are driven by requirement for cost studies. The statute allows a certain fee, but if a cost study is conducted that justifies a different fee, a recommendation is made to the Board for consideration to change the fees. Mr. Lindberg indicated that there has been some discussion about engaging a cost study firm to look at the various County Clerk fees as well as other departments. Chairman Owens asked when was the last time such a study was conducted in the County Clerk's Office. Mr. Lindberg replied that it was last done in 2006 or 2007.

Chairman Owens asked if there were any additional questions or comments. Hearing none, he thanked Ms. Michael.

Mr. Ryan Leuty, Assistant Director, Information Technologies, presented a request for approval of an extended leave for an employee, Mr. Josh Short, in exceptional circumstances. He advised that the County Personnel Policies provide that a Department Head may request unpaid extended leave for an employee in exceptional circumstances.

Mr. Lindberg explained that under the County's policies, everyone has a certain amount of paid leave time, followed by FLMA. He noted that from time to time an individual may use up all of their paid leave and will be off longer than their FLMA coverage, but the individual is expected to return to work. Under those circumstances, a request is brought to the Finance Committee to extend that leave. Mr. Lindberg added that there is no cost involved.

Chairman Owens pointed out that a suggestion was made in the past that other employees be allowed to donate their vacation or sick leave time. He asked Terry to provide an update. Mr. Lindberg responded that there are two issues that need to be addressed to establish such a policy, as follows:

- There is a broad disparity in pay which then brings into question whether or not the disparity make a difference.
- Different areas have different classes and amounts of total leave time.

Mr. McIntyre arrived at 4:10 p.m.

Mr. Lindberg noted that donating time to a fellow employee in need is a nice idea, but the logistics of establishing such a practice is prohibitive at this time. Mr. Wasson added that there would be additional cost to the County in that type of a program.

Motion by Wollrab/Rankin to recommend Approval of an
Extended Leave for an Employee in Exceptional
Circumstances
Motion carried.

Mr. Matt Riehle, Administrator, McLean County Nursing Home, presented a request for approval of a Resolution Establishing Charges for Services for the McLean County Nursing Home, which was approved at last month's Finance Committee Meeting.

Motion by McIntyre/O'Connor to recommend Approval of a
Resolution Establishing Charges for Services for the McLean
County Nursing Home.
Motion carried.

Mr. Riehle reviewed the Nursing Home Monthly Report. He indicated there was nothing specific to note in the reports.

Mr. Riehle reviewed the IDPA County NH Reimbursement report. He indicated that the main issue to which the Nursing Home is dealing with is the Intergovernmental Transfer Agreement with Public Aid, which is the Nursing Home's largest source of revenue. Mr. Riehle explained that the Agreement expired some time ago due to issues with Illinois Department of Healthcare and Family Services (HFS). He indicated that a meeting was held in Springfield with all of the people involved with this reimbursement, and nursing homes were given assurances that there has been nothing changed to the methodology. He stated that the Nursing Home has not received this funding since October 2009, which is represented by the \$21 figure per resident day, which is approximately \$524,000 in reimbursement this year alone for an approximate total of

\$700,000 going back to October 2009. Mr. Riehle is hopeful that the Agreement will be reinstated very soon and the Nursing Home will receive a lump sum payment for all of the monies it is owed.

Mr. Riehle advised that some counties have accrued revenue based on what they are due, but he does not believe that is the best route to take and has not done so. Mr. Lindberg stated that the County did not build its budget contingent upon receiving this money. He is hopeful, however, that the money will be received.

Ms. Wollrab asked how the Census Report distribution percentages are determined. Mr. Riehle replied that the distribution is based on the expectation that 70%-75% of the Nursing Home population would be Public Aid, which is significantly higher than a typical nursing home. He noted that to some extent there is no control over the actual figures. Mr. Riehle pointed out that the private pay rate for other nursing homes is much higher than that at the County Nursing Home. He advised that the Nursing Home has traditionally had a higher percentage of private pay residents due to its positive reputation.

Ms. Wollrab asked if the vacancy rate is unusual. Mr. Riehle replied that the Nursing Home has been down a little bit in its census. The typical occupancy of all county nursing homes is 76.4%. Mr. Riehle assumes that with the population changing, the census will increase.

Chairman Owens asked if there were any other questions or comments. Hearing none, he thanked Mr. Riehle.

Mr. Robert Kahman, Supervisor of Assessment, reviewed his Assessment Status Report. He indicated that the Board of Review has processed about 90% of the appeals to date. The current case total stands at 1,133, which includes taxpayer complaints, technical corrections, and administrative actions. Mr. Kahman announced that the Board of Review plans to close on Friday, December 17, 2010.

Mr. Kahman stated that the annual Supervisor of Assessments' meeting for Township Assessors and their staff is scheduled for Friday, December 17, 2010 at 8:30 a.m. in Room 400. This is a public meeting. Mr. Kahman advised that County Board members are welcome to attend.

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

Ms. Michelle Anderson, County Auditor, reviewed the Audit Summary for the Court Automation Fund and the Circuit Clerk's Office. She advised that, per statute, the Auditor's Office must conduct five required audits annually. Ms. Anderson stated that the Court Automation Fund was fine. She indicated that the Circuit Clerk gets a separate annual audit, which will be conducted in a couple of months.

Ms. Anderson noted that the Circuit Clerk's 2008 audit found inconsistencies with how cases were assessed and the audit firm asked her to do additional testing. She added that the Circuit Clerk's outside auditor's Management letter called for an internal audit as well. Ms. Anderson noted that the original issue of inconsistencies on "how court costs were assessed on Ordinance Violation cases containing multiple counts" continues to be an issue, which is a training matter. She stated that the Circuit Clerk is aware of the issue.

Ms. Anderson reviewed the Auditor's Quarterly Reports, which are presented to the Committee for the first, second and third quarter. The final quarter is included in the CAFR (Comprehensive Annual Financial Report) that is presented in June of each year. Ms. Anderson reported that the County is trending better than in 2009. However, she cautioned that deferred revenues went up significantly at the end of 2009, so those revenues were put into 2010. The revenues are slightly skewed from what is shown, but they are trending well.

Ms. Anderson indicated that the Quarterly Reports include:

- Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual;
- Year to Year comparison to last year at the same time, September 2009;
- General Fund Expenditures by Department;
- Special Revenue Funds;
- Graphs.

Ms. Anderson noted that the only General Fund Department that was significantly over budget was the County Board due to the SHOWBUS pass-through grant that hasn't been adjusted in the budget, and the fleet purchases that are typically done earlier in the year.

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

Mr. Lee Newcom, County Recorder, presented his Monthly Reports. He noted that there was nothing significant to discuss in the report.

Mr. Newcom reviewed an issue regarding the Department of Revenue and the County's payment of Transfer Taxes. He indicated that the County Recorder's Office has a machine called the "Property Transfer Tax machine." Mr. Newcom explained that this is basically a postage machine that is required to be filled at the Department of Revenue in Springfield approximately every two months, which necessitates a drive to Springfield. He pointed out that a regular postage machine can be filled electronically.

Mr. Newcom stated that this has been a source of a problem for over a decade for County Recorder's state-wide who would like to negotiate with the Department of Revenue to end this process and find a way to perform this process electronically.

Mr. Newcom advised that electronic real estate document recording is a reality nationwide and there are some jurisdictions nationally where 70% of the documents in a County Recorder's Office are processed electronically. He indicated that he would like to improve that document count in the Office because it would be more efficient and would eliminate a lot of extra steps in the office.

Mr. Newcom reported that the Recorder's Office recently lost an employee due to downsizing, which is acceptable while document recordings are down. However, when the document recordings go back up, it will be difficult to function without that employee. Mr. Newcom stated that he is hoping that with the new recording system that will be installed next month, it will be possible to absorb the extra workload.

Mr. Newcom indicated that the issue facing the Recorder's Office is that Department of Revenue has developed an electronic way of completing the Property Transfer Tax Form (PTAX), which is the form that comes with every deed that shows the Property Transfer Tax. The form includes a number of data fields to be filled out, including what type of sale, what type of property, the grantee and grantor, real estate pin number, legal description, etc. When the Department of Revenue develops a new application, they have to find a way of gathering all the information and paying the tax over the internet or in some electronic way. Mr. Newcom indicated that the Department of Revenue has developed a system called "EZDEC" which was developed jointly by the City of Chicago, Cook County, the Department of Revenue and a consulting firm in Chicago. He noted that none of the other county clerks were aware of this system until about a year ago.

Mr. Newcom advised that the Department of Revenue has pilot tested the system for over a year in Cook County. He noted that he expected the system to be bad, but he found that the system is pretty good. Mr. Newcom stated that the problem is that the Department of Revenue is running out of money so they sent the County Recorder's Office a contract to be signed. This Intergovernmental Agreement is with the City of Chicago, Cook County, the consulting company and with the Department of Revenue,

which ultimately means that the County is signing over its PTAX system to the City of Chicago and Cook County. Mr. Newcom feels that the Department of Revenue should provide the system to county recorders. He added that the Department of Revenue wants the County to pay \$8,000 to use this system. Mr. Newcom questioned why the County is paying money to the state to collect taxes for the state.

Mr. Newcom stated that he has been vocal in his challenge to the Department of Revenue. He noted that he is also the Chairman of the Illinois Electronic Commission, which governs electronic recording the State of Illinois. Mr. Newcom informed the Committee that recorders are challenging the Department of Revenue on several fronts. First, the Department of Revenue should not hold up the recording of a document based on their desire to collect statistical information. If the statistical information does not exactly match theirs, the Department of Revenue will not allow the County's PTAX to go through which means that the deed cannot be recorded. The recording of a land document should not be held up based on the Department of Revenue having a statistical need. There are legal reasons that the document must be recorded in a timely manner. Second, counties should not have to pay the \$8,000 fee that is being required by the Department of Revenue. Finally, the Intergovernmental Agreement should not be required.

Mr. Newcom notified the Committee that he may be coming back to ask that County Board members contact their legislators and legislative lobbyists and ask them to weigh in on the side of county recorders on this issue.

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

Ms. Becky McNeil, County Treasurer, presented the Financial Reports for the period ending November 30, 2010, as distributed.

Ms. McNeil reviewed the Treasurer's Investment Report. She noted that interest rates continue to decline very rapidly. Ms. McNeil indicated that a few years ago, most of the rates were in the range of 3%-4%-5%. She explained that the County earns "service credits" from banks. The County's activity and balances in some of the banks are not even off-setting the fees even with the service credit. Ms. McNeil stated that in some of those accounts where we would normally leave low balances, we are moving money into them to offset those fees so that we don't end up with a charge.

Ms. McNeil explained that there is very little activity to convey on the Investment Report due to the low interest rates. She indicated that currently there is more money sitting in Money Markets which is unusual. Normally, there are CD's staggered out, with CD's coming due every other month. Ms. McNeil noted that everything is sitting in Money

Markets right now and even those have a very low interest rate. The highest interest rate is State Farm Bank, but they limit how much money they will take.

Ms. McNeil stated that the Investment Report is separated by sections. The first page shows the "pooled" accounts. Ms. McNeil indicated that if the statute does not require the County to separate out accounts, they are pooled together. The next few pages are the funds that are split out and maintained separately by fund according to statute.

Ms. McNeil reported that the total cash position of all funds is \$38,250,546.76.

Ms. McNeil reviewed the Budget by Fund Category Report, which is a new report off the new financial system. She advised that the County went live last week on the ".NET" system, and this week is the first payroll on the ".NET" version. Ms. McNeil advised that this report replaces the previous 4-5 page report that broke down revenue by line. This report groups it all together by category for General Fund only. Ms. McNeil noted that she will provide this report on a monthly basis and quarterly provide a more detailed report.

Ms. McNeil pointed out that the Year to Date Revenue is \$28,678,911.33. Expenditures are \$28,262,777.21 for revenue in excess of expenditures of \$416,134.12. This report is "as of November 30, 2010" and does not include the final tax distribution, so the revenue should increase.

Mr. Lindberg informed the Committee that Ms. McNeil and her staff, and Ms. Anderson and her staff spent a lot of time learning the new system and preparing new reports. Ms. McNeil added that staff has done an outstanding job dealing with this conversion.

Ms. McNeil reviewed the Summary of Tax Vouchers for Sales, Income, Local Use and Personal Property Replacement Tax, as follows:

		<u>% of change Over 2009</u>
November 2010 Vouchers:		
Sales Tax	\$402,404.54	
Revenue Sales Tax	53,029.97	
Local Use Tax	20,057.82	
Income Tax	110,174.47	
PPRT	-	
Total	<u>\$585,666.80</u>	
Monthly Comparison		
November 2009 Vouchers	564,135.06	
November 2010 Vouchers	<u>585,666.80</u>	

Difference	\$21,531.74	3.8%
------------	-------------	------

YTD Comparison

YTD 2009 Vouchers	7,847,782.73	
YTD 2010 Vouchers	<u>7,755,401.96</u>	
Difference	(\$92,380.77)	-1.2%

Budget Comparison

2010 Annual Budget:	\$9,125,150.00
Budgeted Revenue per Month:	\$ 760,429.17
Budgeted Revenue thru 11/30/10:	\$8,364,720.83

YTD Actual Vouchers	\$7,755,401.96	85.0%
---------------------	----------------	-------

Amount Over (Under) Budget:	(\$609,318.87)
-----------------------------	-----------------------

Ms. McNeil indicated that December will be a big month for the County. She noted that when she looked at the Personal Property Replacement Tax Revenue, it was very good.

Ms. Wollrab asked what is the Personal Property Replacement Tax. Ms. McNeil replied that years ago the Personal Property Replacement Tax was eliminated, but there are still some firms that pay into that tax and it is calculated as a percentage of their income.

Ms. McNeil reviewed the Summary of Retailers Occupation Tax, State Income Tax and Personal Property Replacement Tax Revenue Report for the month ending November 30, 2010. Statistics are as follows:

- Retailers Occupation Tax Revenue for November 30, 2010 is \$475,492.33.
- Retailers Occupation Tax Revenue Year to Date is \$5,007,140.36 which is 2.3% above last year and 87.1% of budget.
- State Income Tax Revenue is \$1,470,164.75 which is -5.7% below last year and 79.5% of budget.
- Personal Property Replacement Tax Revenue is \$1,278,096.85, which is -8.2% below last year and 83.8% of budget.

Ms. McNeil reviewed the 2010 Final Tax Receipt Summary for Tax Year 2009, noting that this is the first time she has presented this report. She indicated that this is a summary of taxes. Final distribution was completed last week for all of the Property Taxes that the Treasurer's Office. Ms. McNeil reported that the amount extended to McLean County was \$31,990,097.90. The receipts totaled \$31,982,358.14, which is 99.9758% of the levy. Ms. McNeil added that the County does not receive 100%

because there are various things that happen through the tax year. The report shows the breakdown of how much money goes to each of the funds.

Ms. McNeil referred to the section of the report that is "Revenue from Delinquent Tax Interest & Costs." She noted that the Treasurer's Office has budgeted revenue of \$525,000. As of right now, there will be a transfer into the General Fund of \$529,036.63, which will allow the revenue to bump up even more.

Chairman Owens asked when Ms. McNeil will provide a report on the CDAP Loan (Revolving Loan Fund). Ms. McNeil responded that she will provide the Quarterly Status Report on the CDAP Loan next month.

Motion by O'Connor/Rankin to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending November 30, 2010, as submitted.

Motion carried.

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

Mr. Walt Howe, Administrator, Health Department, presented two items associated with Fund 0102 (Dental Services) that can be acted upon together. Both requests are for approval of an Ordinance of the McLean County Board Amending the 2010 Combined Appropriation and Budget Ordinance for Fund 0102 (Dental Services). An explanation of each request is as follows:

- The Health Department was awarded a \$50,000 grant from the Illinois Children's healthcare Foundation, a statewide private foundation created with approximately \$125 million from a settlement with a group of Illinois insurance carriers, to support improvements to the Dental Clinic between the periods of October 1, 2010 through September 30, 2011. The grant is designed to provide oral health services to children who are low income, under-insured or not insured. The funding will be used to replace aging dental equipment as well as to add another operatory to the clinic in order to keep up with the increased demand for services. \$32,244 of the grant will be expended in FY'2010 and the remainder will be spent in FY'2011 at which time he will ask to amend the FY'2011 budget.
- A budget amendment is required for the Dental Service Program offered by the Health Department. Continued demand for both children and adult dental services has increased the expenses associated with operating the clinic. All of the increased expenses are balanced with additional revenue from the Illinois

Department of Health & Family Services. A portion of a supervisor's salary was added to the dental budget to account for the time being spent working in the dental program and to document direct expenses for the clinic in order to claim federal reimbursement dollars through the state and federal governments. The State of Illinois is allowing the Health Department to claim Federal matching reimbursement for expenses incurred for which Medicaid does not pay.

Dental Supplies have experienced additional expenses associated with increased clinic activity and the inflationary cost of dental supplies experienced in FY'2010. Client activity has continued to increase in both the children's and adult clinics. The increased amount of client activity has impacted the clinic's supply needs. Line Item 0752-0001 Dental Services is projected to exceed the original budgeted amount. Currently, there are three contractual dentists that provide services to both the children's and adult clinics. Non-Contractual Services line item 0773-0001 is projected to require additional funds to cover the cost of interpretive services offered by outside vendors related to dental services programming.

Motion by O'Connor/Wollrab to recommend Approval of an Ordinance of the McLean County Board Amending the 2010 Combined Appropriation and Budget Ordinance for Fund 0102 (Dental Services), and to recommend Approval of an Ordinance of the McLean County Board Amending the 2010 Combined Appropriation and Budget Ordinance for Fund 0102 (Dental Services)..
Motion carried.

Mr. Howe presented a request for approval of an Ordinance of the McLean County Board Amending the 2010 Combined Appropriation and Budget Ordinance for Fund 0103 (WIC). He stated that in FY'2010, the WIC contract was amended by the Department of Human Services which resulted in an increase of \$43,254 to the program. When preparing the FY'2010 budget, the Health Department anticipated an increase but not for as much as was awarded. Mr. Howe advised that it is necessary to amend the budgeted revenue by \$22,000.

Mr. Howe indicated that staff adjustments between WIC and FCM, two integrated maternal child health programs, occurred in the new State Fiscal Year 2011 beginning in July 2010. These shifts require some budgeting adjustments to more accurately reflect staffing responsibilities in the County Fiscal Year 2010. Mr. Howe noted that this was done without changing the number of FTE's in the programs but did result in an

increase in salary expenses for the WIC program which is covered by the additional revenue received.

Mr. Howe stated that throughout the year there were also supply expenses that were more than anticipated due to increased caseloads in the WIC program. Computers were also purchased to have on hand in case one of the computers in the clinic intake area went down. Mr. Howe indicated that the extra machine can be plugged in so that activity in the clinic can continue without having to wait for the machine to be repaired. The hot-swap units are configured for general support staffing to assure uninterrupted services during critical clinic time.

Motion by McIntyre/O'Connor to recommend Approval of an Ordinance of the McLean County Board Amending the 2010 Combined Appropriation and Budget Ordinance for Fund 0103 (WIC).
Motion carried.

Mr. Howe presented a request for approval of an Ordinance of the McLean County Board Amending the 2010 Combined Appropriation and Budget Ordinance for Fund 0106 (Family Case Management Program). He advised that during FY'2010 the Health Department saw a significant increase in Public Aid revenue for screenings and tests billed through the Family Case Management Program. He noted that due to the increased activity, the costs to operate the program were more than originally budgeted. Mr. Howe indicated that computers were needed as well as additional supplies and services to accommodate the additional demands. Mr. Howe informed the Committee that all of the increased expenses will be covered by the additional revenue that is generated.

Motion by O'Connor/Rankin to recommend Approval of an Ordinance of the McLean County Board Amending the 2010 Combined Appropriation and Budget Ordinance for Fund 0106.
Motion carried.

Chairman Owens asked if there were any additional questions or comments. Hearing none, he thanked Mr. Howe.

Mr. Lindberg presented a request for approval to restructure the CDAP Loan for Watershed Foods. He introduced Mr. Ken Springer, Project Analyst, Economic Development Council and Mr. Jeremy Zobrist, President, Watershed Foods. Mr. Springer distributed an updated amortization schedule that includes the loan balance from November.

Mr. Lindberg explained that the Board approved a loan to Watershed Foods several years ago that had a balloon payment of about \$313,000 coming due in April 2012. Prior to that, the payments were being made at a little over \$4,000 per month. The payment record is excellent. Mr. Lindberg stated that there are some things changing with the business and they are asking for elimination of the balloon payment and an extension of the loan with a monthly payment of \$6,400 per month. The first lien holder was Farmers Mechanics Bank of Peoria and Watershed Foods wishes to switch to Morton Community Bank. Mr. Lindberg advised that this has very little impact on the County's position or collateral. The rate remains the same, but it is a change of terms resulting in the change of monthly payments.

Mr. McIntyre asked what was due in April 2012. Mr. Lindberg responded that April 2012 was when the balloon payment came due of about \$313,000. Rather than the business put their capital in that, there are other on-going capital needs and investments that needs to made. Mr. Lindberg indicated that this request is for the County to extend the loan a little bit without changing the interest rate and the monthly payments will change from \$4,000 to \$6,400 and run two years longer.

Mr. Jeremy Zobrist, President, Watershed Foods, informed the Committee that Watershed Foods, LLC is a freeze-dried food manufacturing company located in Gridley.

Mr. Springer stated that when the CDAP Credit Committee was in discussions with Watershed and F&M Bank over the proposed deal back in the winter of 2009, it was determined by the Credit Committee that Watershed was likely to outgrow both the RLF and F&M Bank in the immediate years. Because of this, the Committee proposed a loan structure that had a balloon payment due 36 months from the point of loan closing. Mr. Springer noted that the Committee reasoned that Watershed would either outgrow the loan in that period of time and be able to pay it off within the 36 month period, or barring that could restructure the loan within the 36-month timeframe. This latter scenario has come to pass.

Mr. Springer indicated that Watershed's increased sales volume and new freeze-dried yogurt product have indeed let the company to growth, but not to an extent where the company is able to "take out" the RLF loan. The increased production has also created a need for more working capital. Mr. Springer noted that Watershed is in the process of switching banks from F&M to Morton Community Bank and, in the process, is restructuring itself financially.

Mr. Springer noted that the County's CDAP dollars would remain tied-up in the Watershed deal for another five years from the point of modification. The single largest reason for the original structure of the Watershed loan (the 36-month balloon) is

because the County didn't want to have its CDAP funds tied up in the Watershed company if the company was able to pay the loan off. Mr. Springer stated that the proposed loan modification would mean that the remaining balance of the County's CDAP loan (\$347,441) would be tied up in Watershed for five additional years from the point of modification. He noted, however, that this proposed length of term is well within the bounds of the CDAP regulations. The regulations permit loan terms for machinery to be amortized over ten years.

Ms. Wollrab asked if the County has other loans out such as this one. Mr. Lindberg replied that there are other loans. Chairman Owens advised that a report on the CDAP loans will be presented next month. Ms. Wollrab asked if the extension of this loan will restrict the County from loaning funds to another business. Mr. Lindberg replied that the County has never turned down a viable loan request due to the lack of adequate funds.

Mr. Springer stated that approximately one revolving loan fund is done per year. He indicated that the extension to the loan is a limiting factor in providing funds to another company. However, Mr. Springer pointed out that if this loan was done as a regular CDAP equipment loan back in 2009 without the balloon, it would likely have had a term at least this long anyway. Mr. Lindberg added that there is a balance available for another loan. Ms. McNeil reported that the CDAP loan has a balance of \$420,322. She noted that this money does not belong to the General Fund; rather, the purpose of the fund is to assist new or current local businesses.

Mr. Springer advised that under the existing Watershed loan, Watershed needed to increase their employment up to 31 total employees within 12 months of closing the loan. Watershed is now at around 50 employees.

Motion by O'Connor/Rankin to Recommend Approval of the
of CDAP Loan Restructuring for Watershed Foods.
Motion carried.

Chairman Owens expressed his appreciation to the work done by Mr. Springer at EDC for the CDAP Loan Program. Mr. Springer volunteered to come back to the Committee to provide an overview of the program.

Chairman Owens stated that it would be appropriate to call for a motion to enter into *Executive Session* to discuss Pending Litigation with Committee Members, Ms. Hannah Eisner, First Civil Assistant State's Attorney and the Administrator's Office Staff.

Motion by O'Connor/Rankin to Recommend the Finance Committee go into *Executive Session* at 5:00 p.m. to discuss Pending Litigation with the Committee Members, Ms. Hannah Eisner, First Civil Assistant State's Attorney, and the Administrator's Office Staff.
Motion carried.

Motion by Rankin/Wollrab to recommend the Finance Committee return to *Open Session* at 5:16 p.m.
Motion carried.

Mr. Lindberg presented the Risk Management request for approval of the agreement with American Appraisal Services, Inc. for Property Appraisal Services, which was approved by the Committee at its November 2010 meeting. He noted that from time to time the County conducts appraisal updates or full appraisal. Mr. Lindberg indicated that money is budgeted for this project.

Mr. Lindberg reminded the Committee that American Appraisal Services, Inc. was selected by an RFP process and also was recommended by the County's retire property appraisal firm.

Motion by O'Connor/McIntyre to recommend Approval of the Agreement with American Appraisal Services, Inc. for Property Appraisal Services.
Motion carried.

Mr. Bill Wasson, Assistant County Administrator, presented the request for approval of the Critical Personnel Hiring Requests. He indicated that the following is a list of requests to fill critical personnel positions which have been vacated since the Mid-year FTE reduction and received by the County Administrator's Office through November 26th. All positions listed below are budgeted and funded through the end of FY'2010 and 2011

Court Services
Adult Probation Officer

- 1) Fill 1.0 FTE Adult Probation Officer position which has been vacated
Probation Officer positions were reduced in the 2010 budget by 2 FTE's and 2.5 FTE's in the May 2010 Budget reduction. The Court Services Department currently has one Adult Probation Officer FTE vacant. This position does the intakes for all new probationers, with an average of 52.5. Intakes generally take

three to five hours per intake review. There are seven staff Probation Officers in addition to the Intake Officer. The seven staff officers have, on average, are supervising 155 clients each. This is a critical position, and it is recommended that this position be filled.

- 2) Fill 1.0 FTE Office Support Specialist I which has been vacated
2.0 FTE Circuit Court Office Support Specialist I positions budgeted to perform court screening were eliminated in the FY'2011 budget and this Court Services Office Support Specialist Position performs the court screening. In 2007-2009, Public Defender motions to withdraw in 110 felony cases were recommended by the screeners, causing 83 motions to be filed, 44 of which were granted by the Court. In misdemeanor cases during that same time frame, 146 motions by the Public Defender to withdraw were recommended, 140 were filed, and 95 were granted. The Court Services Department currently has a 1.0 FTE vacant. This position is necessary to provide sufficient personnel to maintain critical staffing levels.

Mr. Wasson explained that those two positions were converted into much lower cost Office Support Specialist I positions and the positions were moved to the Circuit Court Office. After spending extensive time during the first quarter of 2010, it was possible to put together a program whereby a current OSS I position in Court Services took over the screening for the Public Defender's Office. That screener position, as it exists today, has recently been vacated.

Mr. Lindberg stated that this position screens everyone who wants access to a Public Defender and determines whether they have another way to pay or not. He pointed out that the position went from two professionals to two support people to one support person. Mr. Lindberg indicated that it is now necessary to fill the support position again. He noted that after cuts are made, it sometimes becomes necessary to re-evaluate and determine if a position needs to be filled. It was determined that this position needs to be filled.

Mr. Wasson advised that filling this position is a cost reduction measure that will reduce the number of Public Defender cases.

The following positions are identified as falling under the "critical patient care exemption" section of the hiring freeze guidelines and funded through the end of FY'2010 and FY'2011.

Nursing Home

- 1) Fill 3.0 FTE Certified Nursing Assistant (CNA) Positions which have been vacated.
- 2) Fill 1.0 FTE Domestic Service Attendant Position which has been vacated.

The Nursing Home has filled 3 (three) CAN positions and 1 (one) domestic Service Attendant position that have been vacated and filled to provide sufficient personnel to meet state guidelines.

Motion by O'Connor/McIntyre to Recommend Approval of
the Critical Personnel Hiring Requests.
Motion carried.

Ms. O'Connor requested an update on the State Farm issue. Mr. Lindberg responded that there is an agreement on the agendas of both school districts that meet tonight. He indicated that he is confident that it is an agreement with which the County will be comfortable. Mr. Lindberg stated that last week he had several issues with the agreement as it was depicted in the *Pantagraph*. One of the issues is that the County Board, as a taxing body, has the authority to grant abatement to a taxpayer if it wished, but it doesn't have any authority to increase, decrease or set an assessment. There is a Supervisor of Assessments and a Board of Review that does that.

Mr. Lindberg noted that State Farm, in an attempt to manage the cost of doing business, began selling offices around the country. They found that what they were able to sell the buildings for was far less than what the buildings were assessed. Mr. Lindberg indicated that State Farm then did a number of private appraisals and determined that the assessed value of the buildings in Bloomington could be lowered. Last year, they went to the Board of Review and asked that their assessed value be reduced by 65%, which would mean about a \$7 or \$8 million loss in tax revenue to the taxing bodies. Mr. Lindberg stated that State Farm pays about \$13.4 million in taxes to all taxing bodies, with the largest being the two school districts and the City of Bloomington.

Mr. Lindberg indicated that negotiations were conducted to come to a satisfactory conclusion for all parties.

Mr. Rankin asked for an explanation of the article in the *Pantagraph* regarding the hiring issue in the County Clerk's Office. Mr. Lindberg responded that in 2008, an employee under County Clerk Peggy Ann Milton parted company. The former employee filed a number of actions including a complaint under the County's Personnel Code. The County engaged a third party to investigate the allegations.

Finance Committee
December 7, 2010
Page Eighteen

The County negotiated an agreement for the withdrawal of all complaints and protection against future charges.

Ms. O'Connor and Mr. Rankin both noted that public perception is unfavorable to the County and to the employee.

Chairman Owens presented the November 30, 2010 Finance Committee bills for review. The Finance Committee bills include a Prepaid Total of \$1,040,086.62 and a Fund Total that is the same.

Motion by McIntyre/Rankin to recommend approval of the Finance Committee bills as of November 30, 2010 as recommended by the County Auditor.
Motion carried.

Finance Committee
December 7, 2010
Page Nineteen

The Nursing Home bills include a Prepaid Total of \$561,246.44 and a Fund Total that is the same.

Motion by Wollrab/Rankin to recommend approval of the Nursing Home bills as of November 30, 2010 as recommended by the County Auditor.
Motion carried.

Chairman Owens presented a request for approval for transfers of funds within the Health Department, namely Fund 0107 for \$67,000, Fund 0111 for \$2,000 and Fund 0112 for \$54,404.

Motion by McIntyre/Rankin to recommend approval of the Transfer of Fund within the Health Department.
Motion carried.

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the Finance Committee at 5:40 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary