

Minutes of the Finance Committee

The Finance Committee of the McLean County Board met on Wednesday, July 3, 2013 at 4:30 p.m. in Room 400 of the Government Center, 115 East Washington Street, Bloomington, IL.

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

Members Absent: Member Erickson

Other Members Present: None

Staff Present: Mr. Bill Wasson, County Administrator; Ms. Hannah Eisner, 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. Bob Kahman, Supervisor of Assessments; Ms. Becky McNeil County Treasurer; Ms. Kim Campbell, Public Defender

Others Present: Mr. Bruce Meeks; Mr. David Hales, Bloomington City Manager; Ms. Justine Robinson, Economic Development Coordinator, City of Bloomington; Elizabeth Au, National Development Council

Chairman Owens called the meeting to order at 4:30 p.m.

Chairman Owens presented the minutes of the June 5, 2013 Finance Committee meeting and the May 21, 2013 Stand-up meeting for approval.

Motion by O'Connor/Rankin to Approve the Minutes of the June 5, 2013 Finance Committee meeting and the May 21, 2013 Stand-up Meeting.
Motion carried.

Chairman Owens advised that Mr. Bruce Meeks of Bloomington, Illinois has requested an opportunity to speak to the Finance Committee regarding the Green Building, LLC proposal for a Tax Abatement Agreement.

Mr. Meeks stated that he appreciates the opportunity to speak to the Finance Committee. He indicated that he wished the County would consider a more maximum approach versus what the Open Meetings Act requires. Mr. Meeks added that it is difficult to get citizens here at 4:30 p.m. on the day before a holiday.

Mr. Meeks advised that he is here to talk about the Tax Abatement request from Green Building, LLC that is on the agenda. He referred to the statement made under "Determination of need for incentive" in the application which states "The project will not work without an incentive, there is not enough return on investment. We cannot afford to self-finance otherwise it might work. With conventional financing it won't work." Mr. Meeks stated that the original application was \$400,00, and if all of the governing bodies agree to this, which he wished they wouldn't, it would be \$132,000 that we are loaning, as taxing bodies, to this abatement, with no interest, that they have to pay back through an increase in taxes on their property at a later date. He noted that everyone is excited about the idea of being able to tax them more, but this property has sat empty for 20 or more years, it has been owned by the same owner, and they have actually gotten a tax abatement all these 20 years because the percentage of increase in that property has not been consistent.

Mr. Meeks indicated that when you give this tax abatement and you give them \$132,000 as a total group of taxing bodies, you are giving them a loan without interest, and he is against that. He referred to the issue where they say they cannot be financed, but pointed out that Elizabeth Au who did the development analysis stated that between the two, there was sufficient liquidity in assets to cover cost overruns during the development process. Mr. Meeks added that it also appears that both individuals own several rental properties that generate income and cash flow, a few of which are free and clear. He stated that just because they knew how to do the application process, they knew who to talk to, all of the administrators between all of the different taxing bodies pre-agreed to this before it gets to committee. Mr. Meeks noted that we need more citizen engagement and more citizen input.

Mr. Meeks stated that he does not believe this project should be burdening taxpayers with shifting money around for this type of thing. He added that as you look further at the incentives, instead of trying to "keep up with the Jones" of other cities and incentives they are using that we start looking at more creative ways and not try to keep up with every other Jack, Jane, and Jim Jones city that, because they are offering incentives, we have to do so as well.

Mr. Meeks thanked the Committee for letting him speak.

Mr. Matt Riehle, Director, Nursing Home, reviewed the Nursing Home Monthly Report. He advised that he has been talking with OSF, and the Nursing Home is going to be one of only two preferred providers for nursing homes, which will streamline admissions, and provide position oversight. Mr. Riehle stated that the Nursing Home meets all of the quality criteria that facilities have to meet that no one else in the area meets. He indicated that this will, hopefully, be put into place by next month.

Chairman Owens asked who the other provider is in the area. Mr. Riehle replied that it is Heartland Healthcare who does a large volume, including Medicare Rehab nursing.

Chairman Owens asked if this is only OSF locally. Mr. Riehle replied that this is throughout all of the OSF organization which is part of Mayo's and is far-reaching. The mission has to do with Medicare and the readmission to the hospital. Mr. Riehle noted that the focus is that they provide extra support in the nursing homes, and readmission cost goes down. He stated that it will be a very good position for the Nursing Home and a good reputation for the community as well.

Mr. Soeldner referred to the expense and revenue figures on the report, and asked for an explanation of why the report projected an expense of \$500,000 more than the budget was set up for, and also a \$1 million increase in revenue. Mr. Riehle replied that that it is difficult to predict liability and personnel expenses, and to predict the census.

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

Chairman Owens presented the County Clerk's May 2013 Report as submitted by Ms. Kathy Michael, County Clerk, who was unable to attend the meeting.

Mr. Bob Kahman, Supervisor of Assessments reviewed the Farmland Value Report that is included in the packet as well as associated charts and graphs.

Mr. Kahman stated that the ILDOR is mandated to certify farmland values to each county by May of the year proceeding the certified year. For 2014 farmland assessed values will once again increase 10% across the board. Mr. Kahman pointed out that this continues a trend that began in 2008.

Mr. Kahman advised that between the time he prepared the report and now, the Legislature has modified the formula and we won't see farmland going up and down an exact 10% anymore. It will now be based on the median. Mr. Kahman explained that it was a statistical thing where when they set up the program in the 1970's they thought that, by capping how much land could go up and down per year, it would control the system. He noted that instead they introduced artificial caps which are causing the land to be assessed at about 1/40th of their actual calculated economic value. The best soils are being assessed at 50% of their calculated economic value, so there is a great disparity that is impacting mostly the southern third of the state, which is down to virtually no value with their farmland. Mr. Kahman stated that in an attempt to address it, the Legislature has said that the cap will now be based on the median soil for the

entire state, which means that they are trying something new and, until it has been in place for five years, we won't know if it works or not. He added that they are already seeing problems with it.

Mr. Kahman advised that the problem is that the market has immediately reacted and interest rates are beginning to go up a little. He indicated that he does not expect the farmland value to go up forever. Mr. Kahman noted that the best soils are not going to increase as fast and the poor soils, under the new Legislation, will increase faster in an attempt to catch up.

Mr. Kahman referred to the Farm Homestead chart, which shows that the County is not losing farmstead at a fast rate at all. He noted that the County continues to lose some farmland, but we are still over 680,000 acres of raw farmland in the County, down from about 704,000 back in 1986.

Mr. Kahman reviewed the chart "Breakdown of Parcels by Property Class and EAV." He indicated that this graph and chart, updated through 2012, demonstrates the relative nature of property classes and the absolute impact in terms of tax (assessment) dollars. He indicated that right now, because of the 10% increase we have had over the last ten years in farmland assessed values, farmland is at 5.6%. He indicated that Farm B is talking about things directly related to the farm and farm buildings and not farm homesteads.

Mr. Soeldner asked if the Wind Farms will begin to depreciate and how will that affect our EAV. Mr. Kahman replied that the depreciation is built right into the valuation formula which is statutory. He indicated that the value has actually be appreciating because the CPI is built in as part of the formula and so they have actually been going up on value even as we are taking depreciation off.

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

Ms. Becky McNeil, County Treasurer, reviewed her Financial Reports for the period ending June 30, 2013.

Ms. McNeil reviewed the Summary of Tax Receipts through June 30, 2013 Report. She stated that this report captures the first six months of the year, which will provide a picture of how 2013 will play out. Sales Tax numbers for the month of June were \$412,824.02, which is down -5.2% compared to the prior year. Ms. McNeil advised that the June figures are trending down, but June is typically a slower month after coming off

the high of the previous few months, particularly May. She noted that the total amount of taxes received for June 2013 was \$596,558.93 as compared to \$638,347.56 a year ago. Ms. McNeil stated that the comparative year-to-date is \$5,106,013.17 as compared to \$4,663,125.05 in 2012, which is an increase of 9.5%.

Ms. McNeil indicated that comparing the budget and considering these revenue sources, we would like to see the budget at \$4,779,938.50, and actual vouchers are at \$5,106,013.17, which is 6.8% above the budget.

Ms. McNeil referred to the graph that shows how these receipts have changed since 2007. She pointed out that there was a huge dip between 2008-2009 and receipts have continued to climb back up from that time, with 2013 being higher than we have been since 2007.

Ms. McNeil reviewed the Property Tax Receipts to date, noting that the Extension is \$32,728,434.92 and the total Distribution made to date was \$17,108,590.60, which is about 52.3% receipted on revenue. She noted that distributions will continue to come in in August and two more in September, and we will finalize the year in November.

Ms. McNeil advised that the Investment Report continues to show very low return. She indicated that she remembers when the Illinois Funds used to be at 6% and they are now at 0.03%. Ms. McNeil stated that it is very difficult currently to find banks that will take money. She added that CD rates are at .01%. Ms. McNeil noted that things are beginning to change and should show an improvement over the next 12-24 months.

Ms. McNeil stated that she was able to take that first installment tax revenue and put it into money markets to keep it liquid because the funds need to be used throughout the year.

Ms. McNeil indicated that the total of all funds is \$74,738,035.55.

Ms. O'Connor asked how that number compares to last year. Ms. McNeil replied that she will provide that information next month. She did point out that last month the CAFR showed that the Governmental Funds ended with \$14,069,000 in Fund Balance, with \$11,000,000 in cash compared to \$10,000,000 the year before.

Ms. McNeil noted that the 2011 Fund Balance was \$12,177,000 and the 2012 Fund Balance was \$14,069,000 for an increase of \$1.8 million, but the actual cash increased by only \$935,000.

Ms. McNeil reviewed the McLean County Revolving Loan Fund Quarterly Report. She pointed out that there are five active loans that are all current in payments. Ms. McNeil stated that there is \$638,638.86 available in the fund to lend to help improve the economic situation in the community. She indicated that the fund started out in 1990 with a grant of \$500,000, which has allowed the County to make \$1.7 million in loans.

Ms. McNeil reviewed the Employee Benefit Fund as of June 30, 2013. She stated that this is the Fund where the employer and employee contributions funnel in and out of to pay the premiums for the employee health fair and employee benefits. Ms. McNeil reported that in the first six months of 2013, \$3,072,897.69 has been received in Revenue. She noted that Expenditures were \$3,307,626.72. Ms. McNeil pointed out that the difference in the Expenditures and the Revenue was the result of the premiums being paid in June for July coverage. She reported that the beginning Fund Balance is \$1,510,242.53 and the ending Fund Balance is \$1,275,513.50.

Motion by Rankin/Wollrab to accept and place on file the Month-end Financial Reports from the County Treasurer's Office for the month ending June 30, 2013, as submitted.
Motion carried.

Ms. McNeil presented a report on a "Request for Proposals" (RFP) for tax payment processing lock box services. She indicated that the Treasurer's Office will be writing and releasing an RFP for tax payment processing lock box services. Ms. McNeil stated that before releasing the RFP, the County Administrator and Civil State's Attorney will review the document and offer their input. After the RFP has been released and the deadline for proposals passes, the responses will be reviewed and a recommendation will be made to the County Administrator's Office and the Finance Committee.

Ms. McNeil advised that billing, collecting, and distributing nearly \$290 million in property taxes annually is an extensive process. The goal of this effort is to gather information to compare the current process against a potential change in the process. Ms. McNeil noted that this is an opportunity to assess how resources are currently being allocated and meeting the demands of the McLean County taxpayers and taxing bodies.

Ms. Wollrab asked for an explanation of what the lock box service is. Ms. McNeil replied that the lock box is where we would set up a P.O. Box for property tax payments to go to, and to enter into a contract with a lock box processing center, which is a big electronic payment processing center.

Ms. McNeil reviewed the process currently in place where everything is processed by the Treasurer's Office staff. She also reviewed the process that the lock box service would provide.

Mr. Wasson pointed out that we have been able to rely on some retired individuals with extensive experience in the office for the last several years, which has been helpful as staffing has been reduced in the Treasurer's Office. He added that while we have supplemented with other seasonal staff, it is difficult to get them trained and prepared without spending a large amount of time beforehand. Ms. McNeil pointed out that Mr. Wasson has also shared Administrator's Office interns.

Ms. McNeil noted that there are currently three distributions to taxing bodies, but she is hoping that eventually there will only be two distributions, which would be really good for everyone.

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

Chairman Owens presented the County Recorder's Monthly Report as submitted by Mr. Lee Newcom, County Recorder. There were no questions on the report.

Mr. Wasson presented a request for approval of a Resolution amending the Funded Full-time Equivalent Positions Resolution for 2013. He explained that this is funding for a Public Defender Attorney. Mr. Wasson noted that this Resolution and the appropriate Budget Amendment were passed by the Justice Committee this week. He added that Ms. Kim Campbell, Public Defender is available to answer any questions.

Mr. Rankin asked if this additional position will be enough or will there be another request in the future. Ms. Campbell replied that she believes this will be adequate at this time, but it may be a possibility sometime in the future if the caseloads continue to increase.

After additional discussion, Chairman Owens called for a motion.

Motion by Rankin/Wollrab to Recommend Approval of a
Resolution Amending the Funded Full-time Equivalent
Positions Resolution for 2013.

Motion carried.

Ms. Eisner reviewed the critical personnel position requests which have been received by the County Administrator's Office since May 8, 2013. All positions listed below are budgeted and funded through the end of FY 2013.

1) Public Defender - Request to fill a 1.0 FTE Legal Assistant I position.

The Public Defender's Office is requesting approval to fill a vacant Legal Assistant 1 position. The vacated position primarily assists two attorneys in the Felony Division and one attorney in the Misdemeanor Division. Current personnel cannot redistribute or assume these duties due to current caseloads. Past reductions of two 1.0 FTE Legal Assistant I and one 0.43 FTE Clerical Assistant remain vacant. This most recent vacated position has taken on a portion of the redistributed workload of these FTE reductions/vacancies.

2) Health Department - Request to fill a .50 FTE Office Support Specialist I position.

The Health Department is requesting approval to fill a vacant part time Office Support Specialist I position in the Communicable Disease Clinic. The Communicable Disease Clinic provides direct client services Monday through Friday and is also responsible for communicable disease reporting and surveillance mandated by the State of Illinois. The part time Office Support Specialist I works during the busiest clinic days. The duties of the position include receiving clinic clients, scheduling appointments in person and on the phone, chart preparation, ordering supplies, phone work and check-out/collection of payment. With changes in fee structures and Medicaid rules, it is anticipated that the position will be required to assist in screening clients for eligibility and processing third party billing. Beyond the regular duties, the position may also be called upon to assist in an investigation of food borne illness. This position is vital to maintaining the level of client services provided by the clinic.

Nursing Home

1) The following positions were vacated and refilled pursuant to the patient care exemption: 2.0 FTE Food Service Assistants.

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

Motion carried.

Mr. Wasson advised that items c) and d) are requests of approval of a Tax Abatement Agreement between the County of McLean, Illinois and Green Building, LLC, and a Resolution of the County of McLean, Illinois, abating County Property Tax. He noted that Mr. David Hales, Bloomington City Manager, Ms. Justine Robinson, director of the Economic Development Department, City of Bloomington, and Ms. Elizabeth Au, National Development Council, are available to answer any questions.

Mr. Wasson distributed a corrected copy of the Agreement, which had a couple of typographical errors.

Chairman Owens stated that the information on the proposal was available in the packet and asked if Mr. Hales had any comments.

Mr. Hales pointed out that the Downtown Bloomington area has many old, historic buildings and it is much more expensive to repair and renovate these buildings than to raze them and build new buildings. He indicated we have a great opportunity to restore some of the historical significance of these buildings. Mr. Hales advised that Bloomington has an overall process of carefully evaluating this and future applications to properly determine if there is a need for financial assistance. He added that it is important to point out that, in the past, there was a tax increment financing district in the entire downtown which was closed. Mr. Hales indicated that they are trying to focus on, to the benefit of all taxing entities, a much more specific project, shorter in term, and to have more pass-through of a revenue stream with the property tax. He noted that the risk is low to all taxing entities and if the developer does not produce what they say they will, there will not be the incentive for them. Mr. Hales stated that if we don't participate or provide this incentive, we will all continue to receive very low property tax revenue from basically a vacant building.

Mr. Hales indicated that this is a positive change from the past to require much more documentation, justification for the project and to ensure that the taxing bodies see that increase in assessed valuation much sooner than during the old tax increment district.

Mr. Hales noted that Ms. Justine Robinson, Economic Development Coordinator, can provide specifics of the project and Ms. Elizabeth Au who is here with the National Development Council can provide information on evaluating the financial justification of projects such as this.

Chairman Owens asked if the developers only constructed ten residential units instead of the 15 they proposed, would that mean they would default on the agreement. Ms. Robinson replied that the application submitted by the developers is what they would be held accountable for. She indicated that they will collect receipts from the developers that must be submitted by a certain date certifying that they spent the \$1.6 million investment and making sure that they complete the project as promised by December 31, 2014. Ms. Robinson stated that all of this will be taken into consideration before any abatement is granted. She advised that she will provide project updates to Mr. Wasson and Ms. Eisner.

Chairman Owens advised that this proposal is coming from the City of Bloomington and not the EDC.

Mr. Soeldner asked if this is the same type of abatement as Bridgestone and Wirtz. Mr. Wasson replied that they are proposals for tax abatement and this is a similar type of proposal. However, this is different in that it is targeted more as a restoration and renovation project than a job creation project.

Mr. Soeldner stated that approving this project may open the door to dozens of requests such as this. Mr. Hales responded that if the incentive is not justified, the City Economic Development Department would not come forward with a recommendation. Ms. Au stated that when putting this application together one of the key components that the City of Bloomington wanted to emphasize was the “but for” argument, such as “but for this incentive the development would not proceed.” She indicated that when looking at this in the vein of a residential project, she is looking to see if there is a gap in funding from private financing, from equity the developer is putting in and what it actually costs to get the project done.

Mr. Rankin commented that he believes that it would be a good thing for developers to want to revitalize downtown Bloomington.

Mr. Wasson advised that there is a component of additional tax revenue to the bodies during the five-year abatement period, so it is not the case where the entire increase in assessed valuation is lost for that period of time. He added that approximately 76% of current assessed valuation is extended for that five-year period where we would receive \$842 annually.

After additional discussion, Chairman Owens asked for a Motion for approval of a Tax Abatement Agreement between the County of McLean, Illinois and Green Building, LLC.

Motion by Rankin/O'Connor to Recommend Approval of a
Tax Abatement Agreement between the County of McLean,
Illinois and Green Building, LLC.

Chairman Owens asked for a roll call vote.

Member Soeldner:	Yes
Member Rankin:	Yes
Member Wollrab:	Abstained
Member O'Connor:	Yes
Chairman Owens:	Yes

Motion carried.

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Mr. Wasson presented a request for approval of a Resolution of the County of McLean, Illinois, Abating County Property Tax.

Motion by Soeldner/O'Connor to Recommend Approval of a Resolution of the County of McLean, Illinois, Abating County Property Tax.

Chairman Owens called for a roll call vote.

Member Soeldner:	Yes
Member Rankin:	Yes
Member Wollrab:	Abstained
Member O'Connor:	Yes
Chairman Owens:	Yes

Motion carried.

Chairman Owens presented the June 30, 2013 Finance Committee bills for review and approval as transmitted by the County. The Finance Committee bills include a Prepaid Total of \$2,263,122.88 and a Fund Total that is the same.

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Motion by Wollrab/Rankin to recommend approval of the Finance Committee bills as of June 30, 2013 as recommended by the County Auditor.
Motion carried.

Chairman Owens presented the June 30, 2013 Nursing Home bills for review and approval as transmitted by the County Auditor. The Nursing Home bills include a Prepaid Total of \$314,911.58 and a Fund Total that is the same.

Motion by Rankin/Wollrab to recommend approval of the Nursing Home bills as of June 30, 2013 as recommended by the County Auditor.
Motion carried.

There being nothing further to come before the Committee at this time, Chairman Owens adjourned the Finance Committee at 5:39 p.m.

Respectfully Submitted,

Judith A. LaCasse
Recording Secretary

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