

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE

Thursday, October 9, 2008

**Lyle Shields Meeting Room, Brookens Administrative Center
1776 E. Washington St., Urbana**

MEMBERS PRESENT: Chris Doenitz, Claudia Gross, Brad Jones, Brendan McGinty (Chair), Alan Nudo, Steve O'Connor, Michael Richards, C. Pius Weibel, Barbara Wysocki

MEMBERS ABSENT: None

OTHERS PRESENT: Kat Bork (Recording Secretary), Deb Busey (County Administrator of Finance & HR Management), Tony Fabri (Auditor), Roger Holland (Court Administrator), Dan Welch (Treasurer)

CALL TO ORDER

McGinty called the meeting to order at 7:00 p.m.

ROLL CALL

The Recording Secretary called the roll. Doenitz, Gross, Jones, McGinty, Nudo, O'Connor, Weibel, and Wysocki were present at the time of roll call establishing the presence of a quorum.

APPROVAL OF AGENDA/ADDENDUM

MOTION by Jones to approve the agenda and addendum; seconded by Wysocki. **Motion carried.**

APPROVAL OF MINUTES

MOTION by Doenitz to approve the Finance Committee minutes of September 4, 2008; seconded by Wysocki. **Motion carried.**

PUBLIC PARTICIPATION

There was no public participation.

ANTICIPATED ACTION FROM JUSTICE & SOCIAL SERVICES COMMITTEE

Request Increase to Juror Mileage Reimbursement Fee

MOTION by Gross to increase the juror mileage reimbursement to \$0.45/mile; seconded by Weibel.

McGinty asked if anyone was present to speak about this request. Holland explained he presented the Justice & Social Services Committee with the possibility of raising the juror mileage rate. Currently, jurors are reimbursed at a rate of \$0.20/mile. Several jurors have contacted the Circuit Court to say the \$0.20 rate creates a hardship for them to serve their jury duty, especially when one considers the size of Champaign County and the distance some jurors travel to the Courthouse. This rate increase is an effort to ease the burden on jurors, especially given skyrocketing gas prices. Hearing no other questions, McGinty called for a vote on the motion.

Richards entered the meeting at 7:03 p.m.

Motion carried with three members voting against the motion.

Busey explained an increase to the juror mileage reimbursement would impact the FY2009 County Budget and asked if the motion was to direct her to add this change to the FY2009 Budget. The committee concurred the change should be added to the FY2009 Budget. Nudo stated he had some questions about the request. McGinty suggested someone make a motion to reconsider.

MOTION by Weibel to reconsider the motion; seconded by Wysocki. **Motion carried.**

Nudo appreciated that the County wants to have more juror participation and encouraged them to try some of the non-monetary ideas raised at the Justice & Social Services Committee meeting to bring more participants into jury duty before considering raising the reimbursement. In Nudo's opinion, adding \$50,000 to the County budget could not come at a worse time. Both Nudo and Wysocki asked how the figure of \$0.45/mile was selected. Busey stated the figure was a recommendation presented by Judge Difanis. A memo and spreadsheet were provided to the Finance Committee so they could view the impact on the budget. Busey recommended any approved increase in mileage reimbursement come out of the Contingent line so the FY2009 Budget would continue to be balanced.

Doenitz found it ironic this increase was being considered at a meeting where the committee is being asked to approve loans from other funds. He could not see the increase as a necessity to get jurors. Weibel calculated a reimbursement of \$0.20/mile barely covers the cost of gas and suggested finding a rate that would cover the cost of gas for jurors with varying types of vehicles. He has received a complaint about the mileage rate being low. Gross said the County Board always talks about serving citizens and she felt the jurors are treated rather shabbily. Gross stated the County Board members would not stand for a mileage rate of \$0.20 or a per diem rate of \$10 for themselves and it was bad public relations. Wysocki inquired about the mileage rate for County employees. Busey answered the County's Travel Policy directs the standard IRS rate be used, which is currently \$0.58/mile when County employees travel on County business. Weibel suggested the juror mileage rate be changed from \$0.45 to \$0.30/mile so the reimbursement would be closer to what people are paying in gas prices.

MOTION by Weibel for a substitute motion to increase the juror mileage reimbursement to \$0.30 per mile; seconded by Doenitz.

Motion carried with one vote against by Jones.

BUDGET AMENDMENTS/TRANSFERS

Budget Amendment #08-00094, Budget Amendment #08-00096, and Budget Amendment #08-00099

MOTION by Wysocki to recommend to the County Board approval of:

Budget Amendment #08-00094 from Fund 075 Regional Planning Commission – Department 680 Shelter Plus Care 1-Odd Year for increased appropriations of \$12,000 for the Regular Full-Time Employees line and \$90,000 for the Emergency Shelter/Utilities Line with increased revenue of \$102,000 from the HUD-Shelter Plus Care line;

Budget Amendment #08-00096 from Fund 075 Regional Planning Commission – Department 803 Housing Advocacy-Odd Year for increased appropriations of \$22,900 for the Regular Full-Time Employees line with increased revenue of \$22,900 from the DCFS-Housing Advocacy Grant-Odd Year line; and

Budget Amendment #08-00099 from Fund 075 Regional Planning Commission – Department 721 Transportation Simulation MDL for increased appropriations of \$18,000 for the Regular Full-Time Employees line, \$500 for the Temporary Salaries & Wages line, \$100 for the Office Supplies line, \$200 for the Postage,

UPS, Federal Express line, \$100 for the Gasoline & Oil line, \$300 for the Job-Required Travel Expense, \$100 for the Telephone Service line, \$200 for the Photocopy Services line, and \$500 for the Conferences & Training line with increased revenue of \$20,000 from the DOT-FHWA-Highway Planning. Motion seconded by Jones. **Motion carried.**

Budget Amendment #08-00090

MOTION by Weibel to recommend to the County Board approval of Budget Amendment #08-00090 from Fund 677 Juvenile Intervention Services – Department 052 Court Service/Probation for increased appropriations of \$3,000 for the Conferences & Training line with no increased revenue; seconded by Gross.

Wysocki asked what fund balance this budget amendment will be paid from. Busey explained the Juvenile Intervention Services Fund is a separate fund which currently has a fund balance of \$22,000. The fund has to be spent for specific purposes and this program is consistent with those requirements. The money is leftover from a DCFS grant. The recommendation to spend this money on conferences and training comes from Joe Gordon, who is responsible for this fund.

Motion carried.

Budget Amendment #08-00097

MOTION by Weibel to recommend to the County Board approval of Budget Amendment #08-00097 from Fund 619 Tax Sale Automation Fund – Department 026 County Treasurer for increased appropriations of \$4,000 for the Furnishing, Office Equipment line with no increased revenue; seconded by Richards.

Weibel asked about the sealer. Welch explained it is a device that seals the forms for the delinquent notices that the Treasurer's Office is required to send via certified mail. The sealer will save his office about three days in labor. Welch noted each certified envelope costs \$3.12 to mail.

Motion carried.

Budget Amendment #08-00098

MOTION by Richards to recommend to the County Board approval of Budget Amendment #08-00098 from Fund 083 County Highway – Department 060 Highway for increased appropriations of \$122,548 for the Road Improvements line with no increased revenue; seconded by Wysocki.

O'Connor asked what was the project was referred to in the budget amendment. No one from the Highway Department was present or had contacted Busey with any information.

MOTION by Doenitz to defer the budget amendment to next month; seconded by Gross. **Motion carried.**

Budget Amendment #08-00095

MOTION by O'Connor to recommend to the County Board approval of Budget Amendment #08-00095 from Fund 611 County Clerk Surcharge – Department 022 County Clerk for increased appropriations of \$6,000 for the Remit Marriage License Surcharge line with no increased revenue; seconded by Doenitz.

McGinty asked for further explanation. Shelden explained his office is using the State Death Certificate Surcharge Fund to also handle the State Marriage Certificate Surcharge. Marriages licenses now carry a \$5 surcharge. This budget amendment represents money moving in and out of the fund for the certificates. Shelden stated the marriage certificate surcharge is new and will be included in next year's budget.

Motion carried.

Budget Amendment #08-00107, Budget Amendment #08-00106, and Budget Amendment #08-00105

MOTION by O'Connor to recommend to the County Board approval of:

Budget Amendment #08-00107 from Fund 670 County Clerk Automation Fund – Department 022 County Clerk for increased appropriations of \$22,500 for the Furnishings, Office Equipment line with increased revenue of \$22,500 from the Election Grant Fund 628 line;

Budget Amendment #08-00106 from Fund 628 Election Assistance/Accessibility – Department 022 County Clerk for increased appropriations of \$69,581 for the General Corporate Fund 080 line and \$22,500 for the County Clerk Automation Fund 670 line with increased revenue of \$92,081 from the Election Commission-Help America Vote line; and

Budget Amendment #08-00105 from Fund 080 General Corporate – Department 022 County Clerk for increased appropriations of \$23,000 for the Election Judges & Workers line, \$69,581 for the Election Supplies line, and \$5,000 for the Overtime line with increased revenue of \$28,000 from the State Reimbursement line and \$69,581 from the Election Grant Fund 628 line. Motion seconded by Doenitz.

Wysocki inquired if this money was coming from the state or federal government. Shelden clarified the County is receiving \$71,350 from the federal government through the State Board of Elections for upgrades to the voter registration system and \$20,000 from the Phase Two grant. The printing of the voter guide was covered this year. The state legislature passed a \$20 pay raise for Election Judges last year and then declined to fund it. The raise has been funded this year, so one budget amendment reflects the receipt and payment of this money to Election Judges. Wysocki specifically asked about Budget Amendment #08-00107 because it seemed late for capital expenses when it is a month before the election. Shelden expressed the County Clerk Automation Fund expense was the recipient of money that has already been spent.

Motion carried.

Budget Amendment #08-00108

MOTION by Gross to recommend to the County Board approval of Budget Amendment #08-00108 from Fund 670 County Clerk Automation Fund – Department 022 County Clerk for increased appropriations of \$5,000 for the Regular Full-Time Employees line with no increased revenue; seconded by Weibel.

Richards wondered what the unforeseen payroll expenses were in the County Clerk's Office. Shelden explained he hires temporary staff out of his automation fund and this amendment covers the pro-rated Social Security and IMRF costs for those employees. This is coming out of the dedicated automation fund.

Motion carried.

Budget Amendment #08-00100

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #08-00100 from Fund 080 General Corporate – Department 071 Public Properties for increased appropriations of \$177,205 for the 1701 Main Building Construction/Improvement line with no increased revenue; seconded by Weibel.

Doenitz thought the budget amendments for this project were complete. Busey said there were some building infrastructure issues, including chiller and natural gas pipeline problems that were unforeseen. This budget amendment represents everything the County Administrator is now aware of with regard to this project.

Richards asked if this expense was covered under previously received grants. Busey stated the County has spent \$2,925,594 on the ILEAS Remodeling Project including this budget amendment. The total revenue received by the County through the three-year lease with ILEAS was \$2,892,443. The remodeling of the facility has cost \$33,150 more than what was received in the lease agreement for the three-year term, which goes through 2009. Nudo asked if there was anything in the contract to cover contingencies, such as cost overruns. Busey answered no. She believed the original construction budget for the remodeling project was about \$1.9 million, not including the architect fees. There were problems with the facility that were not anticipated or included in the original construction project budget, which brings the County to this point. Nudo asked if there were any anticipated future costs. Busey suggested the committee would have to ask Denny Inman or Alan Reinhardt for that information.

Weibel said he was willing to talk to Jim Page about ILEAS compensating the County for this expense in the current or proceeding agreement. Gross asked for verification that the County is not making any profit on the three-year lease agreement. Busey wanted the committee to understand that they still own a building that has been substantially improved. McGinty said this was the concept that was presented to the County Board regarding this project. Gross asked if the next contract would be more like a lease instead of a reimbursement for construction. Busey confirmed the next lease should take into consideration the cost of utilities to operate the building. Gross asked if the County was still losing money on the building. Busey said that was correct. O'Connor reminded the committee it would have been expensive if the County had just kept the building without leasing it because demolishing the building would have been a huge expense. Busey stated the estimated cost of demolishing the building was \$1 million. O'Connor said the County was not in the hole, it was ahead when the demolition cost was taken into account. Nudo asked if this was a net lease or a gross lease, in other words was ILEAS paying the utilities when they occupied the building. Busey replied that ILEAS was not paying for the utilities. Busey thought that arrangement was for the initial lease term because of the substantial remodeling project that went along with ILEAS leasing the facility and it would be reviewed when the lease is up for renewal. Nudo asked for an estimated cost of utilities. Busey reported the initial estimate made a year ago for utilities was about \$110,000/year for the building. Nudo suggested the County write a net lease instead of a gross lease for next time.

Motion carried.

COUNTY CLERK

Request to Increase to the Election Judges' Daily Compensation

MOTION by Richards to increase the Champaign County Election Judges' daily compensation by \$20; seconded by Gross.

Doenitz asked what this would cost the County. Sheldon explained the increased compensation costs would be covered by the State of Illinois. The committee approved a budget amendment earlier in the meeting to reflect this.

Motion carried.

COUNTY ADMINISTRATOR

General Corporate Fund FY2008 Revenue/Expenditure Projection Report

Busey distributed her reports to the committee. Busey reported the revenue projections do not show a lot of change from previous months and it is anticipated that 99% of budgeted revenue will be received. She pointed out that with the move to the JANO System, the fees and fines revenue are not being posted by the Circuit Clerk's Office, though they are being collected. Busey has been told this information will be posted by the end of the fiscal year. Her estimate in the General Government line is based on the revenue received in the first half of the fiscal year. There may be some flexibility in the actual numbers when the actual revenue is reported. The General Corporate Fund is projected to end the fiscal year \$406,000 behind where the revenue was budgeted. A substantial reason for this is the slowdown in real estate transactions.

On the expenditure side, the County Board increased the expenditure budget substantially during FY2008. Busey projected the amended budget containing those increased expenditures would be underspent. Based on current projections, there are expenditures exceeding revenue in the amount of \$527,773 in the amended FY2008 Budget. The FY2008 Budget was amended for additional expenditures in utilities and various other areas. In summary, the General Corporate Fund balance is not good and is projected to end the fiscal year with a fund balance of \$1 million or 2.76%.

Nudo noted the 1% and ¼% sales taxes are holding up well in these economic times on the revenue side. It appears people are still spending dollars in Champaign County, which is surprising based on the national economic picture. This amazes Nudo and he expressed concern as the County Board goes forward with its finances. Busey said they would see a flattening of the sales tax revenue. The County received the July receipts and the ¼% sales tax was 6% ahead of last year's receipts. She thought this caused by the economic incentive package released in May and June. She agreed with Nudo that these kinds of increases will not be seen three months from now. Nudo asked if there was a contingency plan for FY2009. Busey explained the sales tax revenue for FY2009 is conservatively projected at 3% growth. She is supportive of the County Board keeping as much money in the Contingent line as possible because it may be needed next year. Wysocki asked if Busey had a Plan B in the back of her head of major budget adjustments that could be made to the FY2009 budget. Wysocki thought major changes would need to be made and asked where the committee could start making adjustments or freezing expenditures. Busey reported the capital expenditures have already been frozen and they have maximized the availability of the Public Safety Sales Tax Fund to supplement the General Corporate Fund. The next step is talking to department heads about recommendations for how they will cut expenditures. The FY2009 Budget is currently balanced. Busey noted the County Board increased its expenditures by 5.3% this year and there is no ability to do this in FY2009. The County Board does not have the ability to approve any budget amendments or capital projects next year. Busey thought it would be a good idea for each department to develop a plan within the next 60 days for how they would cut expenses by 3% in their FY2009 budgets.

Nudo asked if there would be any labor contract negotiations in FY2009 other than the Champaign County Nursing Home (CCNH) contracts. Busey stated the Head Start contract expires March 2009, but it is completely funded by the federal government and they work within the grant. Seven other labor contracts expire on November 30, 2009, so the County Board will be negotiating labor contracts in FY2009. The County did have a nearly 7% increase in personnel expenses in FY2009 and they County will not be able to do this in FY2010. Nudo noted the newspaper reported the Champaign teachers will be receiving a 4.5% salary increases in their next contract. He stated the County Board has to be realistic about employees' expectations in the current environment and acknowledge that the County cannot give away the farm. Gross said the County has been generous to bargaining employees in its labor contracts and with non-bargaining employees. She stated the County Board has approved rather generous increases for some non-bargaining employees recently. She wanted the committee to be aware that they might not be able to provide such pleasant salary increase for all employees.

O'Connor gave his opinion that the County is also extremely generous to its vendors and the people who bill the County twice a month for services.

General Corporate Fund Budget Change Report

The budget change report was provided to the committee.

MOTION by Gross to receive and place on file the County Administrator's reports; seconded by Wysocki. **Motion carried.**

Accept and Place on File FY2009 Budget

Busey asked for the committee's feedback on the Budget in Brief document which was mailed to the committee with the agenda packet. She prepared the Budget in Brief to give them an overview of the major funds and list the revenue/expenditures of every single fund for the three-year reporting period. Busey provided the committee to an additional orange sheet listing the changes to the FY2009 Budget since the Budget in Brief was sent to the committee. After implementing all the corrections and personnel updates, the General Corporate Fund saved \$75,836. There were some additional expenses that had to be added to the commodities and services charges and transfers in two of the State's Attorney's budgets. The bottom line was the balance of the savings was added to the Contingent Expense line. Busey will add the increased juror mileage reimbursement to the Circuit Court budget. The Contingent line will be \$210,761 in the FY2009 Budget. Other changes included RPC learning of a number of grants since its budget was prepared (for a total expenditure increase of \$727,878) and the Animal Control Department cutting a part-time position plus other offsetting revenue coming in for savings of \$17,760. There is a \$712,070 increase from the Budget in Brief to the FY2009 Tentative Budget as of today. The current total of all expenditures is \$119,936,004. The changes in revenue include the grants from RPC adding \$722,133 and Animal Control expects to receive \$20,600 in increased revenues from villages. The current total of all revenue is \$113,327,313. Of the \$6 million difference between revenue and expenditure, \$5 million is in capital projects for which the County has previously received the revenue to pay for the projects. Most of the balance of the difference is in Special Revenue Funds, particularly RPC and Head Start funds. RPC and Head Start budgets in excess of what will be needed because they do not know the amount their grants will be and the grant fiscal years are offsetting with the County's fiscal year.

MOTION by Gross to receive and place on file the FY2009 Budget; seconded by Weibel.

Nudo inquired if money was moved from the Public Safety Sales Tax Fund to cover the true cost of utilities in the public safety buildings. Busey stated the reimbursement from the Public Safety Sales Tax Fund was increased in FY2008 by \$1.1 million and there is a \$500,000 increase in the FY2009 Budget to offset the cost of maintenance and utilities for the public safety facilities.

Wysocki said she liked the Budget in Brief because it was wonderfully readable. She praised Busey for making this huge improvement happen. Busey explained the County is still required by state statute to produce a big budget book, but she will only produce a few copies to save printing costs. There will be one at the County Board meeting. The full FY2009 Budget will be available to departments on disk and will be posted on the County's website to save money, while still allowing the public to review it.

Busey further pointed out that Weibel prepared a memo about the County Board per diems. County Board members elected to terms beginning on December 1, 2008 will receive a per diem of \$100 per meeting and all other County Board members will continue to receive a per diem of \$45 per meeting until December 2010. Weibel's memo explains the reasons behind this. Doenitz stated he found it to be extremely bad policy to pay County Board members different per diem rates and he wanted to rescind the increase. Busey informed the

committee that it could not be rescinded. The recommendation to change the County Board per diem was brought to the Finance Committee in January 2006 and the committee did not approve an increase with all the other the salary increases for the elected officials. The County Board approved increasing the County Board per diem in November 2006. The County Board can only increase an elected official's compensation 180 days before the term of office begins. The law changed in 2005 and this caused the discrepancy. The County Board members cannot change their per diem rate during their term of office. By 2010, all County Board members will be paid a per diem of \$100. Busey noted from a budget perspective the County Board is easing into the increase. Weibel supplied some history on the votes taken on this issue. The first vote taken at a committee meeting failed and the second vote passed. The two committee members who consistently voted against the increase were O'Connor, who will receive the increase if he is re-elected, and Tom Betz, who is no longer on the Finance Committee. Nudo strongly felt the County Board needs to make some sacrifices and asked if the State's Attorney's Office could investigate if there was any way to prevent the increase from taking place. Weibel looked into this and was informed the Board was stuck with it. Gross said the County Board members can always return the additional \$55 to the County as a tax deductible donation.

ADDENDUM

Resolution Rescinding Resolutions Numbered 5891, 6481, 6073, 6330, and 6583 – Resolutions Authorizing Loans from the General Corporate Fund to the Nursing Home Fund

Busey stated the resolution rescinding the resolution granting loans from the General Corporate Fund to the CCNH is being presented because the CCNH is not in a financial position to repay the loans within 12 months.

MOTION by O'Connor to approve the Resolution Rescinding Resolutions Numbered 5891, 6481, 6073, 6330, and 6583 – Resolutions Authorizing Loans from the General Corporate Fund to the Nursing Home Fund; seconded by Weibel.

Doenitz understood that the Finance Committee was advised six months ago to keep these loans in order for the General Corporate Fund to get its money back at some point. He asked why the committee should change the loans to gifts now when the General Corporate Fund needs to be in a position to recapture the money. He felt the General Corporate Fund would never recapture any of the money if the loans are not kept as loans. Busey stated that the County Board controls the Nursing Home Fund and the General Corporate Fund budgets. In December the Board will have to adopt another resolution to readopt the same loans for a third year although the loans are only allowed to be for twelve months by statute. The County Board, Treasurer, and County Administrator of Finance know that CCNH was granted nearly \$3 million from the General Corporate Fund over a three-year period, so if Nursing Home starts to do well and establishes a fund balance for itself, it would be reasonable to repay the loans. CCNH also has a debt of \$4 million for additions to Nursing Home Construction Project that is being paid each year by the General Corporate Fund in the amount of \$300,000. Busey recommended that the Nursing Home Fund assume that debt in 2010 at least.

Weibel stated the County Board could always rescind the resolution on the floor so those payments would become loans again. Busey disagreed that the County Board could rescind a resolution gifting this money to CCNH, but the Board could authorize an expenditure from the Nursing Home Fund to General Corporate Fund to replenish the General Corporate Fund balance that was depleted by CCNH. But she did not advise authorizing such an expenditure until CCNH has at least a \$1.5-\$2 million fund balance so it can manage its cash flow.

Nudo felt the timing was bad for the County to be considering wiping out CCNH's debt when they are going into labor contract negotiations. He wants to make it clear to all sides that the loans were not free money and the Nursing Home has to repay the General Corporate Fund. Richards thought rescinding the loans would be sweeping the Nursing Home's financial problems under the rug. He wants the loans to remain as a reminder

to all of the County Board about what has happened at the Nursing Home and encourage the Board to provide better oversight of the Nursing Home. Richards stated that he has been hearing promises for his entire term that the Nursing Home's finances would be okay with the next loan, when it has not happened. He wants the Board to focus on how it will finally fix the Nursing Home even if it looks ugly on the books.

McGinty asked if keeping the loans could affect how the County is rated for bonds. Busey said the County already has its bond rating for the bonds it current holds. She would not advise issuing any debt at this time due to the County's financial position.

Jones thought it would be disingenuous to gift these loans now when the County Board approved the resolutions on the premise that the transfers were loans. Wysocki asked what the harm would be in keeping the loans. Busey's concern was that the General Corporate Fund balance in reported as being \$1.3 million better than it really is in the Comprehensive Annual Financial Report (CAFR) and the annual budget when this is not a true reflection of where the fund balance stands. Wysocki asked if any of the anticipated judgments in the cases against the vendors for the mold and architectural errors at the Nursing Home Facility were reported in the budget. Busey said potential litigation settlements that may or may not be received are not speculated about in the budget document. She hopes any money received will be used to rebuild the General Corporate Fund's depleted balance. Gross thought it was better to keep the loans in long-term because if the loans are forgiven the repayment will be harder to collect. She wants it listed as a liability on the Nursing Home's books. Busey stated the County Board will be approving loan resolutions that state each loan is not to exceed one year. Busey wanted to be on record saying that the committee will be approving a resolution granting a loan that under law shall not exceed one year and she does not believe that is true. The County Board will have to pass resolutions reapproving the loans to the Nursing Home throughout the next several fiscal years on at least four occasions. Weibel agreed with Nudo's and Richards's remarks, but there is no reason to go through this with every loan renewal. Richards said he wanted the money back and he wanted the Nursing Home to have a reminder that the money needs to be repaid. Even if it looks messy on the books, he wants the Nursing Home to focus their minds on how to repay the loans even if it takes several years.

Welch agreed with Busey on this issue. Businesses typically recognize underperforming loans and do something about them. He could not imagine anyone on this County Board or a succeeding Board would forgot the General Corporate Fund gave the Nursing Home almost \$3 million and the Nursing Home still owes \$1.3 million in loans. Welch said it is a lot cleaner on the General Corporate side to show the exact position of the fund.

Wysocki said she would almost be thrilled if the General Corporate Fund could realize a token payment of \$100 each month from CCNH to demonstrate a realization that repaying the loans has to be a part of CCNH's budget, though it would be a bookkeeping nightmare. She disagreed with Welch because the farther the County Board gets from this point in time it will be more difficult for future County Board members to understand what this Board went through on behalf of CCNH. She was not sure the reminders to CCNH will be there as strongly embedded in their consciousness as it is with the current Board. McGinty asked if there was way to be creative in order to have accurate and realistic books while still holding CCNH's feet to the fire in some formal way so any future Board or Nursing Home administration cannot forget what transpired. Doenitz expressed that the loans should be left as they are. He would entertain returning next month to see what suggestions someone might have because he did not want to see the loans written off.

Busey noted that one of the loans was past time for renewal and asked for consideration to renew the loan made in Resolution No. 6073 in an amount \$61,015.

MOTION by Richards to authorize the renewal of the July 2007 loan from the General Corporate Fund to the Nursing Home Fund; seconded by Doenitz. **Motion carried.**

Busey said she would continue to report to the committee monthly showing the outstanding loans and the true financial condition of the General Corporate Fund balance. The true General Corporate Fund balance will not be evident from the CAFR or from the annual budget. Doenitz said that was fine, but he also wanted that information before the full County Board so those not on the committee do not forget. Busey said it was up to the Finance Committee if they wanted the report to be presented to the County Board each month. Weibel asked if there was any way to consolidate the loans. Busey there was not because of the time the loans were granted.

Nudo said there were encouraging signs of increased patient base and Medicare in the Scavatto report. If CCNH hits its goals the way Management Performance Associates is shooting for, he agreed with Wysocki that there should be some payments made based on cash flow projections. If CCNH is projected to have a \$100,000 profit next year, then \$50,000-\$75,000 should be extracted for a loan payment, if it is on a safe basis. Busey reminded the committee that CCNH would issue tax anticipation warrants for about \$800,000 next year and will continue need tax anticipation warrants in following years until it establishes a fund balance. Nudo asked if it was feasible to use a portion of any potential CCNH profit towards repaying the loans once the tax anticipation warrants are paid off. Busey said that is one approach, the other approach is to allow the Nursing Home Fund to re-establish so CCNH does not have to continue issuing tax anticipation warrants. Nudo would like to see some nominal payments to keep the heat on CCNH. He acknowledged that Welch's statements turned the tables for him because a loan is written off when one assumes the business is dead, but CCNH's business is ongoing. If the County Board truly wants CCNH to break even then the Board has to keep CCNH's feet to the fire. McGinty ordered a roll call vote. O'Connor and Weibel agreed for a friendly amendment extracting Resolution No. 6073 from their original motion. O'Connor asked if a positive vote was a vote for rescinding the loans. McGinty said a positive vote was for approving the resolution as it reads with the exemption of Resolution No. 6073.

Motion failed with a roll call vote of 3 to 6. McGinty, O'Connor, and Wysocki, voted in favor of the motion. Doenitz, Gross, Jones, Nudo, Richards, and Weibel voted against the motion.

Budget Amendment #08-00109

This item was withdrawn.

Authorization for Loans to the General Corporate Fund from the Public Safety Sales Tax Fund, Probation Service Fees Fund, Recorder Automation Fund, GIS Fund, Courts Automation Fund, and Solid Waste Management Fund

MOTION by Gross to approve the authorizations for loans to the General Corporate Fund from the Public Safety Sales Tax Fund, Probation Service Fees Fund, Recorder Automation Fund, GIS Fund, Courts Automation Fund, and Solid Waste Management Fund; second by Weibel.

Doenitz asked if these loans will enable the General Corporate Fund operate without issuing tax anticipation warrants. Busey confirmed that was accurate and these loans will be repaid within twelve months. Richards asked what the combined loans total. Busey answered the loans add up to \$1.1 million.

Motion carried.

NURSING HOME

Financial Report on the Nursing Home – Current Outstanding Accounts Payable

Doenitz asked if the Finance Committee would hear ever personally from Mike Scavatto again. Busey offer to communicate the request to Scavatto if the committee requested it. Doenitz wanted to hear from Scavatto next month to find out exactly where CCNH is at financially. Busey stated there would be a quarterly report from the Nursing Home Board of Directors at the October County Board meeting.

MOTION by Wysocki to receive and place on file the Management Report on the Champaign County Nursing Home dated October 1, 2008; seconded by Gross. **Motion carried.**

TREASURER

Monthly Report

Welch distributed his report to the committee. He stated that he has a lot of respect for everyone who voted to not write-off the loans and he understands their opinions. He noted that the County Board has felt differently about loans to CCNH depending on the time and the amount of money because the Board has waived other loans granted to CCNH. He viewed rescinding the loans as a way to consolidate the issues and treat them the same all the way through.

He wanted to make sure the committee understood the budget amendment to purchase a sealer for his office came out of his Tax Sale Automation Fund, not the General Corporate Fund. The Tax Sale Automation Fund gets \$10 for every tax sale item and money for duplicate tax bills. This fund has a balance of \$53,000. In his monthly report, he noted CCNH has repaid the \$775,000 loan from the Working Cash Fund and the Capital Improvement Fund. The Illinois Funds average monthly rates are at 2% when a year ago the rates were at 4% or 5%. On Page 14, Welch provided information on how the County has no investment exposure in any of the institutions that are being written about in the national news. The County will see a diminishment in interest earnings by about 40% from last year. He highlighted a page out of his investment policy that states mortgage-backed collateral will not be accepted. One place the County could have exposure in the current economic times is in investments in institutions that exceed \$100,000. Welch asks the banks to collateralize these investments to the tune of at least 110%. At no time does Welch accept mortgage-backed securities, which flux greatly in value.

MOTION by Jones to receive and place on file the Treasurer's September 2008 monthly report; seconded by Wysocki.

Wysocki asked if the banks that hold the County's funds are solid because the listing in Sunday's paper ranked some of those banks lower than others. Welch said he was confident the County's holding are solid because the only thing the banks like Strategic Bank do is collect real estate taxes for the County. Welch watches the small banks to make sure the balances do not exceed \$100,000. If the balances exceed \$100,000, then part of the balance is moved to another bank. Banks like Central Illinois Bank does some investment business for the County and those are collateralized 110% above \$100,000. This is watched at least every thirty days to avoid exposure. Wysocki asked if the deposits were covered by FDIC. Welch stated they were.

Nudo asked if the County has any bonds or concerns about the investment companies holding the bonds. Welch said he did not have as much involvement with the bonds as Busey does. Busey agreed to look into it. Wysocki asked if the County's underwriter was doing okay. Busey confirmed they were.

Motion carried.

AUDITOR

Purchases Not Following Purchasing Policy

Fabri distributed the list of purchases not following the Purchasing Policy. He stated most of the list consisted of FY2007 expenditures paid in FY2008.

Monthly Report – August 2008 & September 2008

MOTION by Jones to receive and place on file the Auditor's August 2008 and September 2008 monthly reports; seconded by Gross. **Motion carried.**

Jones exited the meeting at 8:25 p.m.

CHAIR'S REPORT

Closed Session Pursuant to 5 ILCS 120/2 (c) 1 to Consider the Employment, Compensation, Discipline, Performance, or Dismissal of an Employee

MOTION by McGinty to enter into closed session pursuant to 5 ILCS 120/2 (c) 1 to consider the employment, compensation, discipline, performance, or dismissal of an employee. He further moved the following individuals remain present: the County Administrator and the Recording Secretary. Motion was seconded by Wysocki. **Motion carried with a roll call vote of 8 to 0.** Doenitz, Gross, McGinty, Nudo, O'Connor, Richards, Weibel, and Wysocki voted in favor of the motion. The committee entered into closed session at 8:28 p.m.

Jones re-entered the meeting during the closed session at 8:29 p.m.

The committee resumed open session at 8:32 p.m.

OTHER BUSINESS

There was no other business.

DESIGNATION OF ITEMS TO BE PLACED ON COUNTY BOARD CONSENT AGENDA

McGinty designated agenda items 7A-E & G-L, 8A, 9C, and 9F-K for the consent agenda.

ADJOURNMENT

Meeting adjourned at 8:33 p.m.

Respectfully submitted,

Kat Bork
Administrative Secretary

Secy's note: The minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.