

Approved 5/9/2017

**CHAMPAIGN COUNTY BOARD
COMMITTEE OF THE WHOLE MINUTES**

**Finance; Policy, Personnel, & Appointments; Justice & Social Services
Tuesday, April 11, 2017
Lyle Shields Meeting Room**

MEMBERS PRESENT: Christopher Alix, Jack Anderson, Lorraine Cowart, Shana Crews, Aaron Esry, Jim Goss, Stan Harper, Josh Hartke, Matt Hiser, Robert King, Jim McGuire, Diane Michaels, Max Mitchell, Kyle Patterson, Patti Petrie, Jon Rector, Giraldo Rosales, Stephen Summers, James Tinsley, C. Pius Weibel

MEMBERS ABSENT: Brad Clemmons

OTHERS PRESENT: John Farney (Auditor), Tami Ogden (Deputy County Administrator/Finance), Kay Rhodes (Administrative Assistant), Rick Snider (County Administrator), Dan Welch (Treasurer)

CALL TO ORDER

Weibel called the meeting to order at 6:30 p.m.

ROLL CALL

Rhodes called the roll. Alix, Anderson, Cowart, Crews, Esry, Goss, Harper, Hartke, Hiser, King, McGuire, Michaels, Mitchell, Patterson, Petrie, Rector, Rosales, Summers, Tinsley, and Weibel were present at the time of roll call, establishing the presence of a quorum.

APPROVAL OF AGENDA/ADDENDA

MOTION by Esry to approve the Agenda/Addenda; seconded by Petrie. Weibel removed the Closed Session from the agenda. **Motion carried with unanimous support.**

APPROVAL OF MINUTES

MOTION by Goss to approve the minutes of March 14, 2017; seconded by Esry. **Motion carried with unanimous support.**

PUBLIC PARTICIPATION

The following citizens all spoke regarding the Champaign County Nursing Home: Steve Moser, former County Board Chair; Jennifer Putman and Scott Tapley both former members of the Champaign County Board; Champaign County Nursing Home employees Evelyn Thomas, Dorothy Johnson, and Tee Jones; Richard Kruidenier; David Laker; Jeff Suits; Steven Herriott; Jim Clayton; Dee Giuliani; Belden Fields; Dottie Vura-Weiss; Patch Adams M.D.; Spencer

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Haydary; George Hardelede; Danielle Chynoweth; Stephanie Fortado; Adani Sanchez; Bobbie Trist; and Laura Haber.

COMMUNICATIONS

Goss read District 1 constituents statements regarding the Champaign County Nursing Home: David Parsons and Chris Doenitz, a former County Board member, both supported the sale of the nursing home.

Cowart announced funeral arrangements for former County Board member Lloyd Carter. Mitchell reviewed highlights from recently released Visit Champaign County report and noted that the full report was sent to all committee members via email.

JUSTICE & SOCIAL SERVICES

Racial Justice Task Force Update

Ryan Hughes, recording secretary for the task force, updated the committee on the progress of the Racial Justice Task Force. The task force held community events last summer to receive feedback from the public on their concerns.

As a result, the following subcommittees were created: Legal Processes; Police Practices; Community Engagement; Juvenile Justice; Restorative Justice; and Structure (housing, education, employment). The task force has also worked closely with an urban planning class at the University of Illinois. The students developed three different mock data portals using real data that the task force collected from the local court system and police departments.

The task force is utilizing these data portals to build a foundation for what the task force hopes to be a strong, open, collaborative, easily accessible community justice data portal. As a citizen group, the greatest challenge has been the consistency of data across the criminal justice system. The task force has also teamed up with two different student groups to perform statistical analysis on the data.

Hughes noted that the task force was not allotted a budget. The task force may approach the County Board to discuss a small budget for items such as printing costs and community event expenses. He noted that the task force members were concerned that they may not have enough time to finalize their report to the County Board by the end of the term, which is July 31, 2017. The task force may need an extension of three months to complete their charge and present a final report to the board later in the year.

Monthly Reports

All reports were received and placed on file.

Other Business

There was no other business.

Chair's Report

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There was no Chair's report.

POLICY, PERSONNEL, & APPOINTMENTS

Appointments/Reappointments

MOTION by Weibel to recommend County Board approval of a resolution appointing Brooks Marsh as a County Board member from District 1 to replace John Jay, term ending 11/30/2018; seconded by Michaels. **Motion carried with unanimous support.**

OMNIBUS MOTION by Weibel to recommend County Board approval of resolutions appointing the following to their respective Fire Protection Districts, terms 5/1/2017-4/30/2020: Broadlands-Longview – Brian Thode; Eastern Prairie – Linda Kates; Edge-Scott – Jeremy Delanty; Ivesdale – Denny Jayne; Ludlow - Rodney Loschen; Ogden-Royal – James Vickers; Philo – Kevin Chalmers; St. Joseph-Stanton – Howard Marsh; Sangamon Valley – David Bright; Thomasboro – William Kurth; Windsor Park – Ruth Mitchell; Scott – J. Chris Karr; Sadorus – William Eckerty; Tolono – Ann M. Jack Haluzak; seconded by Hartke. **Motion carried with unanimous support.**

County Board of Health

Ordinance Amending Fees

MOTION by Petrie to defer item until the Committee of the Whole meeting on May 9, 2017; seconded by Goss. **Motion carried.**

Sheriff

MOTION by Rector to recommend County Board approval of a resolution designating the week of May 7th as National Correctional Officer Week; seconded by Anderson. **Motion carried with unanimous support.**

MOTION by Anderson to recommend County Board approval of a resolution designating the week of May 14th as National Police Week; seconded by Summers. **Motion carried with unanimous support.**

County Clerk

The March 2017 report was received and placed on file.

County Administrator

Monthly HR Report

The March report was received and placed on file.

Other Business

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MOTION by Weibel to recommend County Board approval of a resolution appointing Jon Rector to the County Facilities Committee to replace Jim Goss; seconded by Esry. **Motion carried with unanimous support.**

Chair's Report

There was no Chair's report.

Designation of Items to be Placed on the Consent Agenda

Items A2; C1-2; F1 were designated for the Consent Agenda.

FINANCE

Treasurer

Welch stated that the real estate tax bills would be mailed on time for the fifteenth year in a row. He thanked the members of the Tax Cycle Committee: the Board of Review; the Supervisor of Assessments; Township Assessors; County Clerk; Information Technology and the Treasurer's office. The Treasurer's report of March 2017 was received and placed on file.

MOTION by Goss to recommend County Board approval of a resolution authorizing the County Board Chair to Assign Mobile Home Tax Sale Certificate of Purchase, Permanent Parcel 14-023-0094; seconded by Rosales. **Motion carried with unanimous support.**

OMNIBUS MOTION by Cowart to recommend County Board Approval of resolutions authorizing the execution of deeds of conveyance of the County's interest or cancellation of the appropriate Certificates of Purchase on real estate, permanent parcel numbers: 30-21-03-304-014, 015; 91-21-10-382-029; and 92-21-16-329-002; seconded by Hartke. **Motion carried with unanimous support.**

Auditor

Report and Update Concerning CCHN Accounts Payable

The Auditor's report of March 2017 was received and placed on file.

Farney discussed his memo to the committee concerning the Champaign County Nursing Home's accounts payable. As of March 31, 2017, the nursing home owes a total of \$2,883,797.67 to vendors. This is a reduction of \$34,086.53 from February 28, 2017.

The nursing home is also obligated in the form of a loan from the General Corporate Fund for \$226,802. This loan was used for boiler repair/replacement. This amount is reduced from the February report due to receipt of a State grant of \$56,000 to assist in purchasing energy efficient equipment. These funds were applied to the loan during March. The nursing home has not made its FY2016 debt service reimbursement to the General Corporate Fund for \$262,114.

This brings the total obligation of the nursing home due Champaign County to \$947,970.50. This total is a decrease of \$20,953.69 from February 28, 2017. If the nursing home

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had not received the State grant money, it would have increased its debt to the County by \$35,046.31.

Due to receipt of an IGT payment of \$181,753, received March 15, 2017, the nursing home did not require access to funds authorized as a loan from the General Corporate Fund to the Home (Resolution 9892), nor did it access funds offered by the County Treasurer in advance of the normal tax distribution.

The nursing home's cash balance, following payroll, on March 31, 2017, was \$157,259.37. Had it not been for the unexpected payment from the State, the nursing home would have required loaned monies to meet payroll obligations.

The Auditor, Treasurer and County Administrator continue to meet on a regular basis to monitor the nursing home's financial situation. Procedures recommended by the County Administrator at the March Committee of the Whole meeting to review the accounts payable transactions have been implemented.

Anderson was concerned that if vendors cease doing business with the nursing home it would ultimately affect the quality of care and the ability to provide services to the residents. He asked if there was a sense of the vendor's willingness to continue the business relationship.

Farney stated that while he was not aware of any pending lawsuits, there were certainly vendors that the County no longer orders from because the debt limit has been over extended. He could not predict the tipping point at which any formal actions would be taken against the County. Farney noted that the MPA contract for management of the nursing home ends June 30, 2017 and it is of great concern that at this point there is no one in place who has a relationship with the vendors. Anderson agreed and said that steps need to be taken to have someone in place as soon as possible for a smooth transition.

Nursing Home Financial Report

The Nursing Home monthly financial report was received and placed on file.

Snider noted that the census had dropped from the date of the report. The census had been 155 at the end of February and it is now 147. He explained that the numbers reflected lower admissions. Separations were still high, but not at extraordinary rate. He also stated that the accounts payable had risen by approximately \$600,000 to date.

Petrie noted a contradiction in the staffing level between what is being reported by MPA and what family members and residents are reporting. Snider stated that inspectors from the Illinois Department of Public Health have not found any violations in staffing levels.

McGuire inquired about the percentage of Medicaid residents. Snider reported that it was currently at approximately 75%. King inquired about the star rating error, in which the State of Illinois had inaccurately listed the nursing home with a one-star rating when it should have been

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a three-star rating. Snider answered that the State had apologized for the error and corrected it, but there would not be a special report issued.

Snider explained the CMS star rating is a combination of a facility's health inspection rating, which can then be increased by a high rating on quality measures and/or staffing levels.

Discussion of Action Plan

Snider gave a presentation on the necessary actions moving forward for the Champaign County Nursing Home. As a result, of the vote, the County does not have any additional revenue to support nursing home operations and the County Board has the authority to decide on the disposition of the nursing home and how best to approach it.

Hartke left the meeting at 8:45 p.m.

There are two critical items that need to be decided upon as soon as possible: 1) Stabilization of the nursing home finances and management; 2) Disposition evaluation and approval of process.

The immediate challenges are cash flow-\$100,000/month Medicaid shortfall; accounts payable increasing; declining census impacting revenue; consolidation and wing closure almost complete (all except six); and employee and resident uncertainty. The stabilization issues are Financial-business operations and Management-compliance, patient services, and employee assistance (crisis management). MPA is willing to continue after June 30, 2017 to provide compliance services for the nursing home.

Snider announced that he had identified an individual who could assist in the management of the nursing home on a short-term basis. This individual is a licensed nursing home administrator with experience in management of distressed nursing home properties. Alix asked if this individual would be on-site. Snider affirmed that this individual would work full-time at the nursing home.

Welch presented a financial history of the nursing home to committee members. He began with an explanation of the property tax to be collected in 2017. The nursing home has a 3-cent levy, which will raise an estimated \$1,212,067, and the nursing home has already borrowed 85% (\$1,021,757) through Tax Anticipation Warrants (TAW). The warrants were received on December 17, 2016. Today, the County advanced another \$150,000 for anticipated payroll shortages. The remainder is approximately \$30,000 before reaching the full amount of the 2017 levy (\$1,212,067). The TAW is paid back to the County over a five-month period beginning in late May 2017 as the first real estate tax distribution is made.

Welch explained the current financial situation of the nursing home. He stated that as of April 11, 2017 the cash balance was \$315,775, which includes the TAW and the \$150,000 advance. Monthly payroll for the nursing home is \$480,000. The nursing home's outstanding bills as of April 10, 2017 total \$2,927,756. The State of Illinois owes the nursing home approximately \$1,100,000 in pending payments for current residents.

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MPA reported today that nineteen Medicaid applications have been approved, but the money has not yet started to flow. Each approved application is equal to \$4,000 per month or in this case \$76,000.

Hiser asked if the accounts payable would continue to increase if the State of Illinois paid what is due the nursing home. Welch indicated that there might be a slight improvement, but he estimated that overall the situation would remain the same.

Welch indicated that while the nursing home cash flow is not part of the Treasurer's focus, he did perform a simple analysis. There are three figures to note when trying to understand the nursing home's cash flow: 1) Monthly Payroll - \$480,000; 2) Estimated Monthly Accounts Payable - \$470,000; 3) Estimated Monthly Revenue - \$875,000. Obviously, the result is a deficit. Welch extended his projection through to December 2017, creating an estimated deficit of -\$750,000. He noted that there were many variances effecting this projection and cash flow analysis is a snapshot.

Alix asked if MPA included the IGT in their monthly accounts payable estimate. Welch said he entered \$100,000 every quarter into his cash flow analysis. Snider would contact Mr. Gima for clarification.

Welch continued that as of today, the nursing home owes the County General Fund \$262,114-Debt Service payment; \$226,802 – nursing home boilers; \$447,137 – unpaid bills, for a total of \$936,053.

Welch noted that there are only two ways per statute 50 ILCS 420/2 for the nursing home to borrow money. The first is TAW - borrow up to 85% of tax levy, which must be repaid with current real estate tax collections. This marks the ninth year of borrowing. The amount borrowed this year is \$1,021,757 and the interest rate is 1.45%. The interest expenses over the last eight years total \$50,085.14. The TAW is normally used to make debt service payment and/or help with cash flow. The 2016 TAW was used to repay the County for \$1,027,000 in pension and social security payments on behalf of the nursing home.

Welch discussed the nursing home debt service of 2015, 2011, and 2005. The 2015 nursing home construction bonds were issued for \$2,543,388 (18 semi-annual payments). An interest payment of \$21,335 is due June 15, 2017 and a principal payment of \$261,335 is due December 15, 2017. These are paid by the General Corporate Fund and then reimbursed by the nursing home.

The 2011 nursing home construction bonds were refinanced and the total was \$4,940,200 (10 semi-annual payments). These are paid from the nursing home debt service fund (Champaign County Tax Levy). Lastly, the 2005A nursing home construction bonds totaled \$2,536,632 (4 semi-annual payments) and are paid from the nursing home debt service fund as well. Discussion followed.

Welch reviewed the General Corporate Fund (GCF) balance for the committee members. He explained that the County Board set the fund balance goal at 12.5% of the expenditure budget, approximately \$4,500,000. The fund balance should be enough money to make it from January 1 to May 31, when real estate money starts to flow. The General Fund typically needs to borrow up

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to \$1,500,000 from the Public Safety Sales Tax Fund in April and it has not been necessary yet. Any money transferred or loaned to the nursing home comes from the General Corporate Fund and if not repaid, it creates a hole and lowers the GCF for next year. The GCF cash balance as of today is \$1,813,009 and the GCF monthly payroll expense is \$1,700,000. Esry recalled that it had been suggested in the past that the GCF goal should be set at 15%.

Harper left the meeting at 9:21 p.m.

Cowart asked how much the County would pay MPA to stay on at the nursing home. Snider clarified that MPA would only provide compliance services and that number had not been negotiated yet.

Welch continued that from 2005-2007 the County Board approved transfers of \$1,583,000 to the nursing home, only \$100,000 was repaid and the County Board decided that any further aid to the nursing home would be in the form of loans. From 2007-2008 the County Board loaned \$2,108,000 and received only \$775,000 in reimbursement. In 2009, the County received a \$1,000,000 from legal settlement with a contractor over a mold issue at the nursing home and the funds were placed in the GCF. The grand total from 2005-2009 of loans/transfers/settlements comes to \$1,816,000 of funds given to the nursing home, which were never repaid and eventually formally forgiven by the County Board.

The loans and transfers to the nursing home wiped out the GCF balance and created the necessity for loans to the GCF: 2007 - \$1,150,000; 2008 - \$2,625,000; 2009 - \$3,765,000, borrowed from various County departments in order to keep the GCF operating.

Welch pointed out that from 1999 – 2005, the nursing home had a depreciation fund, starting at \$863,962, which dwindled down to \$25,983 in 2005 and from 2006 to present, the fund no longer exists. Hiser pointed out that the necessity for loans to the GCF was not solely due to the financial assistance given to the nursing home. Welch agreed, and added that during this period the County also faced a great recession. Discussion followed.

Snider continued with his presentation on the nursing home action plan. He explained the steps needed in order to sell the nursing home: issue an RFP/RFI for broker; an evaluation process for bids received, which would also require defined objectives and employee involvement; not-for-profit option; may need debt issuance to finance wind-down; sale conclusion approximately 9-12 months.

Goss asked if the potential interim nursing home administrator had gone through a sales process. Snider would discuss this with the candidate later this week when he visits the nursing home.

Snider continued that the estimated valuation if the nursing home were sold is \$9.9 million to \$12.7 million. The proceeds would be used to pay \$3 million in accounts payable; \$500,000-\$1million-IMRF/FICA; \$250,000-employee benefits; \$6.6 million principal (construction bond); \$2.5 million principal (remediation bond); and the broker's commission. Snider surmised that the County would not have any excess revenue from the sale of the nursing home.

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McGuire, Michaels, and Goss agreed that it was very important to release and RFP/RFI as soon as possible, because this will not be an easy or fast process. King was concerned with the message it would send to the nursing home employees and the impact on the residents. Snider met with nursing home department heads last week and will meet with employees next week.

Anderson felt that delays would only cause employees uneasiness because they do not know what will happen. If an RFP/RFI is released the County can begin to get some answers for the employees and residents.

Rector left the meeting at 9:40 p.m. and Tinsley left the meeting at 9:48 p.m.

Alix summarized that 9% of the voters chose to support the nursing home through increased taxes, 11% chose to support the sale of the nursing home, and 80% of the Champaign County voters did not participate. The rural vote and urban vote were almost diametrically opposed on the issue. However, the County does not have additional revenue to work with and probably will not for a very long time. The County does have the authority to look at other operating models. We need to serve the interest of the County and the taxpayers as well as create a plan that will be approved by at least 15 members of the County Board. The County Board must work together for an agreeable resolution.

County Administrator

Five-Year Financial Forecast for General Corporate & Public Safety Sales Tax Funds

The presentation was deferred due to the late hour until the County Board meeting on April 20, 2017.

Cable/Video Service Provider Fee

MOTION by Esry to recommend County Board approval of an ordinance establishing a cable/video service provider fee; seconded by Anderson. **Motion carried with unanimous support.**

Cowart left the meeting at 10:20 p.m.

Resolution Abating Taxes

MOTION by Michaels to recommend County Board approval of a resolution abating taxes on file for refunded and retired bonds; seconded by Goss. **Motion carried with unanimous support.**

Other Business

There was no other business.

Chair's Report

There was no Chair's report.

Designation of Items for the Consent Agenda

Items A2-5; D2-3; were designated for the Consent Agenda.

OTHER BUSINESS

MOTION by Esry to approve the Closed Session minutes of March 14, 2017 as amended; seconded by Rosales. **Motion carried with unanimous support.**

Item X-B., Closed Session pursuant to 5 ILCS 120/2©11 to consider litigation which is pending on behalf of Champaign County was removed from the agenda.

ADJOURNMENT

Chair Weibel adjourned the meeting at 10:25 p.m.

Respectfully submitted,

Kay Rhodes,
Administrative Assistant

Please note the minutes reflect the order of the agenda and may not necessarily reflect the order of business conducted at the meeting.