

CHAMPAIGN COUNTY BOARD
COMMITTEE MINUTES

FINANCE COMMITTEE MINUTES

Wednesday, August 3, 2005

Meeting Rm. 1, Brookens Administrative Center

1776 E. Washington St., Urbana

5:30 p.m.

MEMBERS PRESENT: McGinty, Bensyl, Betz, O'Connor, Tapley, Wysocki

MEMBERS ABSENT: Avery, Doenitz, Gross

OTHERS PRESENT: Deb Busey (County Administrator), Steve Beckett (County Board Member), Joel Fletcher (Office of the State's Attorney), Michael Frerichs (Auditor), Susan McGrath (Office of the State's Attorney), Dan Welch (Treasurer), Ranae Wolken (Physical Plant), Mike Hosier (Champaign Telephone representative)

Call to Order

Chair McGinty called the meeting to order at 5:30 p.m. The Recording Secretary called the roll. Declaring a quorum present, the Chair proceeded with the meeting.

Approval of Agenda/Addendum

MOTION by Betz to approve the agenda and addendum for the meeting; seconded by Tapley. Motion carried.

Approval of Minutes

MOTION by Wysocki to approve the regular session minutes of June 9, 2005 and the closed session minutes I & II of June 9, 2005; seconded by Betz. Motion carried.

Public Participation

There was no one for public participation.

Budget Amendments/Transfers

MOTION by Betz to recommend to the County Board approval of Budget Amendment #05-00076 from Regional Planning Committee – Community Development Corporation Assistance; seconded by Wysocki. Motion carried.

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #05-00077 from General Corporate – Office on Zoning; seconded by Betz. Motion carried.

MOTION by Betz to recommend to the County Board approval of Budget Amendment #05-00078 from General Corporate – Administrative Services; seconded by Tapley. Betz wanted to be sure this budget amendment would not cause a procedural problem because a budget amendment for *is this* budget item failed at the July County Board meeting. Busey assured the committee there was no procedural issue because she drafted #05-00078 as an entirely new amendment than the amendment that went before the County Board in July. Motion carried.

MOTION by Betz to recommend to the County Board approval of Budget Amendment #05-00079 from Animal Control – Animal Control; seconded by Wysocki. O'Connor asked if there will be other increased revenue for this amendment. Busey anticipates that there will be more revenue through contracts with other villages currently being negotiated. Tapley asked how many other villages have been approached. Busey stated the County is talking to Mahomet, Broadlands, St. Joseph, and Longview. The contracts are required to enforce the villages' animal control ordinances within their municipal boundaries. Motion carried.

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #05-00080 from General Corporate – Public Properties; seconded by Betz. Motion carried.

MOTION by O'Connor to recommend to the County Board approval of Budget Amendment #05-00081 from Capital Equipment Replacement Fund – Juvenile Detention Center; seconded by Bensyl. Motion carried.

MOTION by Betz to recommend to the County Board approval of Budget Transfer #05-00015 from General Corporate – General County to General Corporate – Correctional Center; seconded by Wysocki. Motion carried.

MOTION by O'Connor to recommend to the County Board approval of Budget Amendment #05-00082 from General Corporate – Public Properties; seconded by Wysocki. Beckett explained how at last night's County Facilities Committee meeting several pieces of the Brookens Administrative Center remodel were approved. This amendment and Budget Transfer #05-00017 are to fund the remodel. A storage inventory space will be created in the current location of the Animal Control Department. Animal Control will move to the Animal Services Building. The space vacated by storage inventory will be remodeled to house the State's Attorney Support Enforcement Division. The current State's Attorney Support Enforcement Division location will be remodeled and the Supervisor of Assessments will move into that space. Planning & Zoning will move to the space vacated by the Supervisor of Assessments. A conference room will be remodeled for RPC. The conference room remodel is addressed under RPC's budget and the cost will not come out of Budget Amendment #05-00082 or Budget Transfer #05-00017.

Beckett stated one of the major reasons for the passage of the Pre-Qualified Vendor Ordinance was to address a disparity in small businesses in Champaign County. Efforts to increase small business participation in County projects have not met with a large degree of success, largely because the small firms could not meet bonding requirements and did not have insurance. Under the pre-qualified vendor concept, the County would be allowed to identify firms that do not meet traditional prime contractor status and do business with them. The hope is by addressing the disparate issues; the County will increase *MBE/FBE* ~~NBE/FBE~~ as a natural product of the effect of the Pre-Qualified Vendor Ordinance. Funding for these projects comes in part from money set aside to address racial disparity within the County. The money will be used under the Pre-Qualified Vendor Ordinance to address racial disparity. The disparity money alone is not enough to cover the remodel. The budget amendment is to fund the remainder of the money from the General Corporate Fund.

MOTION by Tapley to include the recommendation to the County Board of approval of Budget Transfer #05-00017 as a friendly amendment to the previous motion. Busey explained the resolution for budget amendments and the resolution for budget transfers are voted on separately at a County Board meeting. Tapley withdrew his friendly amendment.

Tapley said he completely agreed with the appropriateness of using disparity funds for this project. However, he had a question about whether other issues at Brookens would be addressed in the remodeling package, such as roof leaks and peeling paint. Beckett stated the other issues are not included in the remodel. These are Physical Plant service items addressed on a priority basis. Tapley would like to see the maintenance issues dealt with in a future budget amendment. Beckett thought the maintenance issues have been given a dollar amount by Alan Reinhart and will be part of the FY2006 budget presentation.

Motion carried.

MOTION by Wysocki to recommend to the County Board approval of Budget Amendment #05-00084 from General Corporate – Recorder; seconded by Tapley. Betz asked whether the \$200,000 difference between appropriation and revenue was profit. Busey confirmed the difference was profit for the General Corporate Fund. Revenue stamps is a revenue item that is exceeding the projected revenue budget because real estate transactions continue to occur at a high rate. Motion carried.

MOTION by Wysocki to recommend to the County Board approval of Budget Transfer #05-00016 from General Corporate to Emergency Management Agency; seconded by Bensyl. Betz asked the reason for the deficit. Busey said the shortfall was in temporary salaries and wages. Motion carried.

MOTION by Tapley to recommend to the County Board approval of Budget Transfer #05-00017 from General Corporate – General County to General Corporate – Public Properties; seconded by Wysocki. Motion carried.

County Administrator

General Corporate Fund FY2005 Revenue/Expenditure Projection Report

Busey presented her report as of June 30th with some updates during the month of July. This is not the July report. The revenue is still projected to come in at 104% of the total budget or about \$1 million. This excess is with two large one-time revenue items: the revenue tax stamps and inheritance tax. The expenditure outlook remains substantially the same. There looks to be about a \$100,000 shortfall in SLEP Salaries & Overtime. Regular Salaries & Wages looks to come in at about 95%, so there could be substantial savings *in that line*. There are *positive variances* ~~shortfalls~~ in Commodities, Gas Service, and Electric Service, *with an appropriate savings of \$469,000 relative to budget*. Compared to the total budget, there looks to be savings of \$469,000. This budget is projected to come in at 98.3%.

If 100% of the budget is spent and only budgeted revenue is received, there would be a shortfall of \$256,000, *however, based on revenue and expenditure projections, the fiscal year could end with about a \$1.2 million surplus.* ~~The budget has a deficit on paper. Based on revenue and expenditure projections, the fiscal year could end with about a \$1.2 million revenue in excess of expenditure.~~ This could leave the County at a 17% fund balance *based against* the 2005 budget. A 15-16% fund balance is more likely, *according to Busey*.

General Corporate Fund Budget Change Report

This report showed the changes to revenue and expenditure throughout the year.

Request Approval to Release RFP for Financial Auditing Services for the County of Champaign

The RFP was provided in the agenda packet. A letter from Joel Fletcher suggesting some changes to the RFP was placed on committee members' desks for their review. Busey, Frerichs, and Carol Wadleigh approve of Fletcher's suggestions. Busey stated Fletcher's changes will be incorporated into the RFP along with the following changes:

1. At the bottom of the second page of Fletcher's memo, he refers to the U.S. General Accounting Office. This should be the Governmental Accountability Office,
2. On the third page of the memo, Fletcher refers to Section 5(1) 4th paragraph. This should be the 11th paragraph.
3. One the fourth page of the memo, under the section on Insurance, it is recommended that the automobile liability be stricken from this contract. It is unnecessary. It is also recommended that the Comprehensive General Liability Single Limit be changed to \$500,000 instead of \$1,000,000. This is consistent with similar RFPs issued by other counties for similar services.

MOTION by Wysocki to approve the release of the RFP for Financial Auditing Services for the County of Champaign with changes suggested by the County's legal counsel and County Administrator; seconded by Betz. The committee discussed the RFP process and schedule. Motion carried.

Request Approval to Release RFP for Proposed \$231,000 General Obligation (Limited Tax) Debt Certificates, Series 2005 (Not "BANK QUALIFIED"), of the County Board of Champaign County, Illinois, in Champaign County, Illinois

Busey explained the remodeling of the Animal Services Facility has been paid for out of the General Corporate Fund Public Properties budget, always with the anticipation that the Animal Control fund would obtain a loan to be paid back over time for the remodeling of their facility. Direction from the Finance Committee is needed on this matter. Busey pointed out that the debt certificates would be considered not "bank qualified" because a bond issuance was done this fiscal year with the refunding of the other bonds. If this RFP is issued in this fiscal year, the interest rate is likely to be fifty to one hundred basis points higher than it would be if the debt certificates were "bank qualified". Busey stated the committee could wait and issue the RFP next year. The concern then is that if the RFP is issued next fiscal year, then the General Corporate Fund will end this fiscal year without the \$231,000 paid back. The General Corporate Fund's FY2005 ending fund balance would be impacted and increase the revenue picture for the FY2006 General Corporate Fund. Busey recommends if the RFP is issued in FY2006 then the General Corporate Fund budget should be \$231,000 less than the revenue in FY2006.

The General Corporate Fund might be able to provide the loan to Animal Control and be paid back over time with interest, but Busey will have to discuss the legality with the County's legal counsel. Busey is not asking the committee to act on this matter tonight; she would like some direction on the approach.

Betz asked about the definition of "bank qualified" and how it affects the RFP. Tapley and Busey explained the regulations and gave hypotheticals regarding interest rates. Busey recommended deferring this matter until September.

MOTION by Betz to defer this issue until September to await a more encompassing opinion from the County Administrator; seconded by Wysocki. Motion carried with Tapley abstaining.

Request Approval for Additional Positions in Physical Plant Division

A budget amendment was approved this evening to accommodate the funding portion of this request for the remainder of this fiscal year. Busey explained the County would hire its own in-house custodians rather than contracting for custodial services. The request is to add four part-time custodian positions effective October 1st, one full-time lead custodian position effective October 1st, and additional funds of \$6,500 for uniforms, etc. to the Physical Plant budget. The estimated annual savings over the current services contract is approximately \$16,631.

MOTION by Wysocki to approve request for additional positions in Physical Plant Division; seconded by Bensyl. The committee discussed the current Physical Plant staffing. The new positions would all be AFSCME General Unit bargaining positions. Motion carried.

Recommendation for Phones for Circuit Court and Public Defender

Busey gave history on this situation. For over a year, the Circuit Court has been experiencing problems with their phone system. The Public Defender has a shortage of phone lines. The County is currently under a Centrex Service Agreement until June 30, 2007 that mandates the County maintain a certain number of lines and pay the monthly line charges. There is new technology in the phone services area the County would like to explore, but it was not known if the new technology, called an ISBN PRI line, could be employed before the expiration of the contract without incurring penalty fees. By working with Champaign Telephone, it has been determined the Circuit Court and

Public Defender lines can be converted to ISBN PRI lines without falling below the minimum required lines specified in the contract. The conversion would generate substantial savings in the elimination of the current thirty-seven lines for the two offices. The Circuit Court and Public Defender offices will have greater access to phone lines because the ISBN PRI line accommodates a higher volume of usage than individual phone lines. It will remedy the offices' problems and enable the County to update the offices' equipment to what is anticipated will be done for the remainder of the County in two years when the entire phone system is updated. At that time the current phone system will be well over twenty years old. There will be substantial savings in the monthly maintenance costs because of the transition to the new technology. Within forty-six months the new equipment will have paid for itself by generating these savings. The new equipment is expected to last ten-fifteen years at least. Busey recommended approving the purchase of the new system for the Circuit Court and Public Defender offices and adjust the FY2006 budget to reflect the savings. Mike Hosier from Champaign Telephone was present to answer any technological questions.

Busey answered Betz's questions about the Courts Automation fee. The new technology is also *September 11th 9/11* compliant, while the current system is not.

MOTION by Betz to direct the preparation of a budget amendment to be presented to the County Board in the amount of \$27,927.95 for the purchase of a new phone system for the Circuit Court and Public Defender Offices and further direct the change to the FY2006 budgets for the Circuit Court and Public Defender to reflect savings of \$7,357.00 over the previously approved budget figures for phone services for those offices; seconded by Tapley. Motion carried.

Discussion Regarding Issuance of \$2 Million Taxable Weekly Floating Rate Securities

Busey has spoken with bond counsel about issuing bonds to pay the County's ERI obligation with IMRF to achieve a better interest rate for the repayment, as she was directed to do by the Finance Committee at a previous meeting. This issue is somewhat unique, so an RFP for underwriting services cannot be issued. Bond counsel recommended working with a local institution, for example J.P. Morgan, with the capacity and experience to handle such an obligation. In the past, the County has always worked with a combination underwriter/financial advisor in its bond issues. Busey learned at the Government Finance Officers' Association Conference this year that it is common to separate those two functions. For a bond issuance, there are usually three separate prongs of support: the financial advisor, the financial underwriter, and bond counsel. The financial advisor is someone hired on different issues of debt. Busey stated the committee has two options with regard to the ERI repayment obligation:

1. an institution could be hired to manage the issue, or
2. a financial advisor could be hired for Champaign County.

An RFP would be issued for financial advisor services if the second option is chosen. The proposals would then be evaluated. Busey listed the scope of work for a County Financial Advisor and requested the committee's direction with regard to this issue.

The committee discussed the possibility of cost and firms who are qualified to submit a proposal. Tapley asserted part of the rationale for a financial advisor is the same reason why one seeks outside advice when dealing with any salesman; it ensures the financial advisor has only the client's best interests in mind. In past bond issues, the County has paid for financial advisory services from the underwriting firm handling the bond issue. The underwriting firm has a motivation to convince a client to perform a transaction because the firm is paid for the transaction. An independent financial advisor is paid for giving advice, whether the client completes a bond issuance or not. Tapley thought Williams Blair did a fantastic job on previous bond issues, enabling the County to save a lot of money. But an independent financial advisor might find better opportunities.

MOTION by Tapley issue an RFP to solicit financial advisory services dealing with bond issues; seconded by Betz. Discussion continued over the financial advisor's scope of work. An independent financial advisor is another set of checks and balances. Motion carried.

Treasurer
Monthly Report

Welch passed out a partial monthly report to the committee members. Term investment rates continue on an upward trend. The Treasurer's Office has collected over 54% of the real estate taxes. These collections reflect about \$110 million. Collections continue to go well.

MOTION by Betz to receive and place on file the Treasurer's report; seconded by Wysocki. Welch answered Wysocki's questions about the number of distributions. Tapley asked if anything is skewing the income tax payments. Welch and Busey have discussed this issue and have no answer. The state is still a month behind in sending the County its portion of the income tax money. The Public Safety Sales Tax collection is very strong with another 7% collected in this month.

Welch described the situation with the tax appeal by Provena Hospital. All but \$6,000 of the money from Provena goes to one district in Urbana. Welch contacted the City of Urbana about the potential liability. The refund would come from Urbana. Tapley had asked Fletcher to put together some numbers regarding the refund should Carle win its appeal. Fletcher said the amount the Nursing Home would be required to refund is well under the amount currently in reserve in the Debt Service Fund. Busey reported the cost to General Corporate would be about \$56,000. Welch and Busey reported several months ago on the amount the levies would have to repay. Busey is letting the entities with individual levies, such as Cooperative Extension and Highway, know about the situation.

Motion carried.

Auditor
Purchases Not Following Purchasing Policy

Frerichs passed out this report for information only.

Monthly Reports for May and June 2005

MOTION by Betz to receive and place on file the Auditor's report; seconded by Wysocki. Motion carried.

Recorder
Request Approval of Resolution Imposing a Tax on the Privilege of Transferring Real Estate and Beneficial Interest in Real Estate

Busey explained this resolution was from the Recorder, who was not present at the meeting. The resolution is for a new state tax law signed by the governor because the County cannot begin collecting the tax until the County Board approves the resolution.

MOTION by Wysocki to approve Resolution Imposing a Tax on the Privilege of Transferring Real Estate and Beneficial Interest in Real Estate; seconded by Betz.

The committee wanted an explanation of the resolution. McGrath explained this was a permissive piece of legislation that would allow the imposition an additional amount of revenue tax stamp collection funds on all the real estate transfers in the County. Real estate transactions are already taxed; this motion would increase the amount of the tax. Betz asked if there was a specific purpose for the increased tax. No specific purpose is known.

MOTION by Betz to defer this item to the September Finance Committee meeting for more information; seconded by Tapley. McGrath informed the committee as a point of information that no opportunity would be lost by deferring the resolution until the September meeting. The County does not lose the ability to collect the funds if the resolution does not pass this month. Busey stated the committee would have a much better picture of the General Corporate Fund budget at the September Finance meeting. The committee discussed the reasoning for an increase and how the resolution would affect the State's and County's portion of the tax revenue. McGrath provided a brief history on transaction taxes. McGrath clarified that the County would not lose money by not passing the resolution this month because the state's share of the tax will be collected at the time of the real estate closing. Betz withdrew his motion to defer.

Betz requested a roll call vote on the original motion. Betz, McGinty, and Wysocki voted aye. Bensyl, O'Connor, and Tapley voted nay. Motion failed. Betz requested the resolution be placed on next month's agenda.

Chair's Report

Appointment of Audit Selection Committee

MOTION by McGinty to appoint Barbara Wysocki, Scott Tapley, Michael Frerichs, Carol Wadleigh, Deb Busey, and himself to the Audit Selection Committee; seconded by Betz. Motion carried.

Other Business

Semi-Annual Review of Closed Session Minutes

Fletcher recommended the closed session minutes remain closed.

MOTION by Betz to concur with the recommendation of the County's legal counsel that all closed minutes remain closed; seconded by Tapley. Motion carried.

Designation of Items to be Placed on County Board Consent Agenda

The Chair designated all budget amendments except #05-00079 and #05-00082, all budget transfers except #05-00017, and Item VI E & F for the Consent Agenda. Budget Amendment #05-00082 and Budget Transfer #05-00017 were removed from the consent agenda at the request of Betz.

Beckett informed the committee he attended several revenue-related workshops during the NACo Conference. Details were in the report Beckett filed with the County Board. He has met with Busey to discuss the topics of debt collection of outstanding fees & fines and a self-funding initiative regarding health insurance.

McGrath brought cake for McGinty's birthday. The Finance Committee sang 'Happy Birthday' to the Chair.

Adjournment

Meeting was adjourned at 6:51 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.

Changes approved on 9/8/05 are noted in italics and strikethrough font.