Members Present
Mr. Washington, Ms. Polk, Mr. Whitis, Mr. Enz, Mr. Mulcahy, Mr. Dodge, Mr. Tripp, Mr. LaGesse, Mr. Vickery, and Mr. Dagnan

Members Absent
Mr. Stauffenberg, Mr. Olthoff, and Mr. DeGroot

In Attendance
- Board Members
  Mr. Bossert, Mr. Arseneau, Dr. Pagast, and Mr. Nixon
- Department Heads
  Steve McCarty, Lori Gadbois, Carl Brown, Adrianne Haley, Mark Frechette, Lynn Mackin, Debbie Woodruff, Kevin Duval, Jamie Boyd, Roger Diercks, Sandi Cianci, Ken McCabe, Bonnie Schaafsma, and Josie Snyder
- Media
  Dimitrios Kalantzis

1. Call to Order
   The meeting was called to order by the Vice-Chairman, Mr. Whitis, at 9:00 a.m. Quorum present.

2. Public Comment

3. Approval of Minutes – October 20, 2011 and November 10, 2011
   A motion to approve the minutes was made by Mr. Vickery and was seconded by Mr. Dagnan. Motion carried.

4. Presentations

5. County Auditor’s Office – Debbie Woodruff
   - Monthly Claims
     The Committee reviewed the November 2011 Highway Claims that totaled $1,437,050.07.

     The Committee reviewed the November 2011 General & Special Funds Claims. The total General Fund Claims was $1,957,902.60 and the total of the Special Fund Claims was $3,280,733.16 for a grand total of $5,238,635.76.

     The Committee reviewed the County Board Payroll and Travel Mileage for September 14, 2011 through October 11, 2011.

     Mr. Washington made a motion to combine and approve the monthly claims and Mr. Tripp seconded it. Motion carried with a roll call vote of 11 ayes and 0 nays.

     Ms. Woodruff stated that a couple of months ago she had commented that there were some policies that needed to be drafted regarding fringe benefits. Due to a little more
research, the only one that we really need is for take-home vehicles. She did get a policy for that drafted and has sent it on to Mr. Bossert so it can get reviewed and hopefully that will be something that can get moving along in the next month or two.

Mr. Bossert stated that the IRS has been making an issue out of certain things regarding local governments. For a long time they were making sure that local governments were actually issuing W-2’s and 1099’s. Counties are usually pretty good about it but many small entities like fire districts and townships, etc. are not so they were on a mass education campaign to try and bring governments up to speed. Fringe benefits are always an issue that they are worrying about. They want some assignment of value for cars and cell phones, etc. From what he has read the amount of money that they would be happy with is fairly trivial. Legitimately, it is an IRS issue that perhaps we need to pay attention to.

Ms. Woodruff stated that the IRS has finally written off cell phones. They have determined that they are a necessary part of doing business so they no longer require fringe benefits on cell phones. The big issue that they run into is that they have to have a policy in place and at least be making an attempt to enforce the policy. If they were to come in and do an audit and they didn’t have a policy or we were not making an attempt to enforce it they can go back to infinity and charge us not only the taxes that should have been charged but also the penalties and the interest. Ted Knapp from the IRS was at their summer conference and that is where this came from. She has been going back and forth with him making sure that we have all of our ducks in a row. We have very few people with take-home vehicles that this would affect. Law enforcement and animal control is exempt, as all special use vehicles are.

6. Insurance
There was nothing to report to the committee.

7. Treasurer: Mark Frechette

• County Treasurer’s Report
The Committee reviewed the County Treasurer’s Report.

• County Collector’s Report
The Committee reviewed the County Collector’s Report.

• Monthly Resolutions for November, 2011
The Committee reviewed the November Resolutions.

A motion to combine and approve the above reports and resolutions was made by Mr. Enz and seconded by Mr. Dodge. Motion carried with a voice vote.

Mr. Frechette stated that he handed out a recap of what they did this year. He did final distribution of property taxes yesterday. The handout shows the breakdown on how they collected the $160 million. About 48% of it or a little over $76 million was collected in his office compared to $69 million last year. Taxes paid at banks stay pretty consistent; it is up a couple million. The escrow payments which are electronic payments are one of the
easiest things that they collect. Last year the escrow payments amounted to about $34 million; this year it was only $28 million. He is assuming that the banks and the mortgage companies do not want to be liable for people’s taxes because by state law if they are late they are responsible for paying the interest penalties. More people paid their taxes with credit cards this year.

Mr. Frechette stated that the tax sale generated $4.1 million compared to $3.9 million last year. They sent out over 5,000 delinquent notices and 2,100 of those were sold at the tax sale, and 1,733 were sold to tax buyers where we generated $4.4 million dollars. We gained another 405 parcels for the delinquent tax program. The final distribution of $7.9 million went out to all the taxing bodies yesterday; last year it was $5.8 last year on November 15. They encourage people to pay at the banks but they are paying more at his office. They are getting ready to do the four installments for next year. About 200 more people have signed up for the program.

Mr. Enz asked if a lot of the properties going to the K3 County Trustee are unusable properties such as waterways, retention ponds, etc.

Mr. Frechette stated that they have been doing this for 20 years so after a while some of it is retention ponds, small slivers of vacant lots, etc. but every year it generates $80,000 to $100,000 at the auction which they give back to the taxing bodies. These are the parcels that the tax buyers don’t want to buy and take a risk on trying to get their money back.

8. Finance Department – Steve McCarty

- **Award of $4.5 Million Tax Anticipation Warrants**

Mr. McCarty stated that this is exactly the same thing that they did a year ago. It is a total of $4.5 million with $3.5 million being tax exempt against the general fund as a corporate fund levy and $1 million is taxable against the pension levy. This is primarily for cash flow purposes. Even though we are on pace to grow the fund balance and it looks good on paper, our cash flow does not match the same cycle as some of the other reporting. After payroll this week, the general fund will be approximately negative $4.3 million. This cash flow helps us get through the spring time in anticipation of the next property tax cycle. These tax anticipation warrants are based on the tax levy and backed by that. They ran an ad in the paper to request for proposal as they did a year ago and they also invited three of the banks that showed an interest last year. They received two back – Chase and PNC. Last year they worked with Chase on the same issue and they again sent a proposal as well as PNC. They had interest from First of American Bank but as they looked into it with the tax exempt issues they declined. They did not receive any other proposals. For the general fund, the tax exempt portion, Chase Bank proposed 1.03% and PNC proposed 1.30%. For the pension fund, the taxable portion, Chase proposed 1.54% and PNC proposed 1.96%. For both issues Chase was the lowest bidder. They worked with them last year and had good success. PNC said that their rate was variable at this point and subject to market change but it would be fixed once the date is set. The board has to vote on the actual levy before we can lock in and apply this to the levy. These would begin about December 16 after the next full board in December and will run through September 30, 2012. The approximate cost with Chase is about the same percentage as we did last year, about $35,000.
between both issues. It cost the general fund about $27,000 and about $10,000 for the pension fund. We need to award one of these vendors and send it on to the full board. He would recommend Chase because of their lower interest rate and the fact that they worked with them and did not have any problems with them this past year.

Mr. Vickery made a motion to accept Chase’s bid and Mr. Washington seconded it. Motion carried with a roll call vote of 11 ayes and 0 nays.

Mr. Enz asked if Mr. McCarty has exhausted interfund borrowing.

Mr. McCarty stated that he has. It will not take us all the way through the tax cycle.

- Property Tax Estimate for Tax Year 201FY11 General Fund Budget Amendment
  Mr. McCarty stated that we are also doing some special funds today. There are a couple of lines in special funds that need an adjustment, as well. The amendment will change the revenue in the general fund from $30.3 million to $31.6 million and the expense from $29.8 million to $31.3 million. A number of grants showed up that they were not anticipating at budget time. The property tax changed because TIF districts went off and some of that calculation came at a later time and they were able to capture more than what was anticipated because of those TIF districts expiring.

Mr. Vickery made a motion to approve the general fund amendment and Mr. Washington seconded it. Motion carried with a roll call vote of 12 ayes and 0 nays.

Mr. Washington made a motion to approve the special fund amendment and Mr. Dagnan seconded it. Motion carried with a roll call vote of 12 ayes and 0 nays.

- Property Tax Year 2011 Levy Request
  Mr. McCarty stated in today’s packet is the current request and also the documentation that goes along with it. They are expecting about a 2.2% change so they are capturing that and if the change is higher than that they would be able to capture a little bit more so they went up to 2.9%. Most of the bond lease payments are abated but they are calculated into the total. With the change in the series 2011 general obligation bond from a debt certificate to a general obligation bond, that now brings that one into this calculation which is why it was at 0 in 2010 and now we have a number representing a full year payment for 2011. That bond was converted when it was refunded and refinanced. The style of the bond changed so that brought it on to this process. Also, this year a truth and taxation hearing is not required.

Mr. Enz asked if there was a cap on the IMRF.

Mr. McCarty stated that there was not.

Mr. Bossert stated that it is in the tax cap total but there is no limiting rate on IMRF.

Mr. McCarty stated that it is subject to the big picture – to the total.
Mr. Enz stated that he thinks it would be prudent to build that up if we can.

Mr. McCarty stated that they have been. Through the budgeting process they were able to build that fund balance back up where in the past it has been going down.

**Mr. LaGesse made a motion to approve the tax levy and Mr. Mulcahy seconded it. Motion carried with a roll call vote of 12 ayes and 0 nays.**

9. **Other Business**

Mr. Bossert stated that with the controversy surrounding the sales tax issue in Kankakee versus our neighbors to the north, an informal group in town has been examining how perhaps we take advantage of the discussion about sales tax rates. The sign displayed in front of the room is one idea they came up with – a billboard campaign. They may be placed strategically – perhaps some display ads and some radio advertising. It is almost too late for this holiday season but they are thinking ahead to next year. Is this something that might be interesting to pursue?

Mr. Enz stated that he thinks that it would be a good idea. He is wondering if we could work with the Alliance and the Chambers on this.

Mr. Bossert stated that is kind of where some of this came from. The county Chamber and the Alliance helped to organize this. The mayors and some of their economic development people are also involved. In a way, we are thumbing our nose at the City of Chicago. Strategically, is that what we want to do and if so is this the way to go about it? He is just throwing the idea out to the committee for their comments.

Mr. Washington stated that we may be looked at as the small town folk but we still have to do everything that we can to keep our economy stabilized and to grow our taxing situation as well as we possibly can so he does not see any major objection to running an ad like this. Chicago is going to do what they want to do whenever they want to do it so we need to take advantage of every opportunity that we can.

Mr. Bossert stated that recently there has been some discussion about municipal aggregation in the paper. The City of Kankakee is moving ahead with a question on the ballot in March where the citizens would vote to allow themselves to be aggregated for electric rates. He, along with other county officials, has been talking about this and getting educated on the issue. Until we all are comfortable with the issue and the board is informed on the issue, we will not be ready to move on it. It is something that we probably need to bring to the board in the next few months. We are going to watch Kankakee and see how it goes.

Mr. Whitis asked if it was an opt-in, opt-out program.

Mr. Bossert stated that once the citizens vote everybody is in unless they opt out which they can do. There is a whole process to picking rates and picking a consultant to help with that. The hitch is that every municipality has to vote so each board or council would have to adopt a resolution to put it on the ballot along with the county board for the unincorporated parts of the county. Referendums could be running every election from
now until everyone is covered, if everybody goes along with it. The thought was “Could we all coordinate and get a single event where all communities vote at the same time so there would be one educational process to go through?” Kankakee jumped ahead and is going to move ahead on it now. The object is to get a lower rate. They are touting 20% - 30% reduction in the electricity cost, not the delivery cost. Delivery is fixed.

Mr. Whitis asked if everybody does approve it do they all get consolidated together in one buying power or does Kankakee do their own, Bourbonnais do their own, etc. or is there a provision to have a municipal committee that would buy for everyone.

Mr. Bossert stated that they say that there might not be an advantage to having that big of pool. It may be better to have it broken up to some extent.

Mr. Arseneau stated that our population is 130,000 to 135,000 but we have to get to 250,000. What the consultant or whoever we work with could do is get us with another city, county, or municipality to get to that 250,000 mark. It does not cost us any money and it won’t cost the taxpayers any money which is the good thing about this. It is just an advantage for the taxpayers to save on electricity. The only thing that ComEd cares about is that the fee is going to go to them.

Mr. Whitis stated that ComEd wants their distribution money and they are going to get that either way.

Mr. Enz asked if all the savings goes to the individual or does the county or city get some.

Mr. Arseneau stated that it all goes to the individuals. He would like to work it through the Alliance because that is where all the mayors are at and he thinks that will work out well for us. At some point and time, they may need to come and do a presentation to the full board.

Mr. Bossert reminded the committee that the Community Services Committee meeting scheduled for next Monday has been cancelled. Several of our department heads will be in Chicago at a conference. Next week the Executive Meeting was scheduled for Wednesday the day before Thanksgiving and there are conflicts there so the consensus was that it would be ok to move it up to Tuesday right after the PZA meeting.

Mr. Boyd suggested posting the notice for the Executive Meeting for 9:15. That way it can start as soon as PZA is over and not have to wait until 10:00. By law, you can’t start early but you can always start late.

Mr. Whitis stated that he has been on this board for five years and he always gets asked several questions. Many of them have been discussed but there is one that he has been asked several times and he was asked to bring it before this committee for discussion. We have gone through the budget process and have gone through difficult times and have asked our department heads to make a lot of sacrifices. There are some difficult decisions that he thinks that this board needs to at least discuss. Is there anything that we can do to consolidate to be more efficient and more budget conscious?
We have a few departments that have some redundancies and what he wants the committee to discuss is “Is there anything to do to look into consolidation of the Finance Department and the Auditor’s Department?” He knows it is a difficult topic but he thinks it is one that needs to be discussed. He knows that we can’t do anything as a board to do that because it needs to go before the people. Is that something that we need to discuss and research to put before the people to ask? We have asked our department heads to do a lot and he thinks that this body needs to do some more to see what we can do as a board to help that process, also.

Mr. Tripp stated that he thinks that it ought to be explored.

Mr. Whitis stated that we have asked the department heads to do a lot and he thinks that we can see if there is more that we can do. He is not advocating it one way or the other but it is one thing that he has been asked over the five years that he has been here. We have two departments that are perceived to do the same duties. He is not saying that they do the same duties but to our constituents they are perceived to have a lot of overlap and there is some efficiency that could be gained if they were to be consolidated together. Whether there is savings or not, he does not know but is it something that we at least want to look into?

Mr. Enz stated that he has no objection to looking into it but his thought is that an auditor is kind of the checker and he has some qualms if we merge those two offices. Will our auditor be as independent as they are now? There could be some conflict between the two. He doesn’t think that it is a good idea.

Mr. DeGroot stated that he would give the greatest weight to the opinion of our public accountants. He would like to hear their insight on it for procedural issues. There might be some redundancy but there is suppose to be redundancy. He would like to hear their opinion.

Mr. Bossert stated that he is not sure that we are going to get a comment from our outside auditors. They have to be very careful about commenting and giving advice on our organizational issues because then they have to come in and audit it after the fact. He thinks that they can talk informally but in terms of a public presentation he is not sure we will get that. That might involve talking to an outside firm that we do not have engaged in our audit process. We may seek out some input from others and get some advice that way. Mr. Washington just asked if the office of auditor is mandated. It seems to him that we need to go back and do some reading if we are going to talk about this. It seems to him that population dictates whether a county has an elected auditor or not but once it is established a public referendum could do away with the office. That has happened in the state. He recollects that Champaign County recently had a question on the ballot and they were asking the public what to do and the question failed but nevertheless it was thoroughly discussed and it was on the ballot. There might be some other examples around the state that we need to do some research on.

Mr. Washington stated that personally he believes that as a county grows, and we are growing, they need as many checks and balances as they can get. Combining these crucial offices would be eating into that check and balance situation.
Mr. Whitis is not saying that he disagrees. He just brought it up because it is one question that he gets asked. People remember back to the day when we did not have a Finance Department and it was all underneath the Auditor’s Department so they ask that question and he thinks we need to discuss it. He does not apologize for bringing it up because it is something that gets asked and he thinks that we need to discuss it. If the public asks, we need to at least discuss it as a body so that we can say we have discussed it.

Mr. Arseneau stated that maybe we could table this and put it on the Executive Committee agenda on Tuesday to have some discussion on it.

Mr. Whitis stated that whatever the wish of the body is. He doesn’t think that we can do anything officially but he wanted to at least bring it up to have a discussion to see if there was anything to discuss. He is not advocating one way or the other because he does see a lot of valid points both ways. He does think that we are growing and there is some weight to more checks and balances. He thinks we need to at least talk about issues and not shy away from issues when they are difficult issues.

Mr. Bossert stated that three weeks ago at a UCCI meeting where there was a panel discussion on issues about county finances and the moderator of the discussion is a lawyer who is on retainer with UCCI who provides opinions and background information from time to time. His take on the financial structure of counties is that we are probably in need of an update to the county code. There are many features in the financial structure of counties that are a bit antiquated perhaps or are not up to the modern standards dictated by the accounting world and post Enron environment. There is a need for separation of checks and balances but also a need for streamlining and better organization. Monday he is going back to UCCI and he thinks that a topic for discussion is over the concept of perhaps forming a statewide commission to look at the issue of revamping the county code in certain areas, financial being one of them. This is just a discussion point to get going but it is along the same lines as our talk today – Are there features in the county code that are a bit out of date?

Mr. Vickery stated that there has not been an update of the constitution and the government process of the State of Illinois for quite some time. The electronic world has accelerated and changed our life drastically the last quarter of a century, particularly in the last ten years. He thinks that exploring that issue down at UCCI is a good move and he is glad to see us involved in it. We spend $55,000 or $65,000 on an outside auditor every year and we get a through report and a through look at our procedures and our process and a hard look at the books so there may be some redundancy and some expenses that can be alleviated.

Mr. Vickery made a motion to send this issue onto Executive Committee for discussion and Mr. Dagnan seconded it. Motion carried with a voice vote.

10. Old/New Business

11. Adjournment
A motion to adjourn the meeting at 9:50 was made by Mr. LaGesse and was seconded by Mr. Mulcahy. Motion carried.

Matt Whitis, Vice-Chairman
Joanne Langlois, Executive Coordinator