

**FINANCE COMMITTEE  
MINUTES  
August 5, 2009**

The Finance Committee of the DeKalb County Board, met on Wednesday, August 5, 2009 @7:30p.m. in the Administration Building's Conference Room East. Chairman Michael Haines called the meeting to order. Members present were Ken Andersen, Michael Stuckert, Paul Stoddard, Ruth Anne Tobias and Mark Todd. Mr. Hulseberg and Mr. Newport were absent. Others present were Gary Hanson, Joan Berkes-Hanson, Greg Millburg, Elena Grimm, Riley Oncken and Aaron Ruder.

**APPROVAL OF THE MINUTES**

Moved by Ms. Tobias, seconded by Mr. Andersen and it was carried unanimously to approve the minutes from July 1, 2009.

**APPROVAL OF THE AGENDA**

Moved by Mr. Todd, seconded by Mr. Andersen and it was carried unanimously to approve the agenda.

**UPDATE ON THE IMRF FUNDING – Mr. Gary Hanson**

Mr. Gary Hanson, Deputy County Administrator, said that the committee has discussed, for the last two months, the IMRF funding and what we will set our rate at, which we have to do by the end of August. There is the actual rate and the phase-in rate that is allowed as shown in the handout (on file in the Finance Office and the County Board Office). The columns at the top show the 3 different pension accounts that we have and the IMRF account is for the regular county employees. The other one, SLEP is for the Sheriff's Law Enforcement Personnel and FP is the Forest Preserve, which is similar to the regular county employees have. The Pension rate for IMRF will jump from 8.65% in 2009 to 11.06% in 2010. The County will see a pension increase in IMRF to \$464,542.00 and then include SLEP, which adds another \$280,498.00.

The Phase-In rate determined by the IMRF Board equals 9.52% as opposed to the full rate of 11.06%. If we should decide to do this then the costs would equal \$187,215.00. The difference between the full rate and the phase-in rate equals \$277,327.00. We would have to pay the 7.5% interest too, which equals about another \$21,000.00.

The committee asked Mr. Hanson how long would the delay take on this phase in?

Mr. Hanson said that the County would pay it until the actuaries say our account balance is at an appropriate funding level.

Mr. Hanson continued by stating that if the County paid the 9.2% it would take about 5 years, that is, if IMRF makes at least 7.5% on their investment (which is the goal). If they don't do that then everything else gets recalculated for another set of years.

If IMRF makes more than that, then you may be better off not paying them so much money. The true sources of revenue for IMRF is going to be the interest, the return on their investment, and what we take for contributions from taxpayers. One thought is to delay what the County has to put in and hope that the investments will generate the returns.

Chairman Haines said that we would be talking about a difference of \$400,000, which would be a shift in our budget. We have a fund balance and this would be a hit on our budget of \$400,000.00. Why would we want to borrow money at that rate?

Mr. Hanson said that it would depend on whether you think that the risk is higher. You know that the rate is 7 1/2 % minus the 2% we made so you are looking at 5 1/2 %. But last year if you had put that money in there you would have lost 30% of that \$400,000.00. So you have some time to see if the market will recover.

Ms. Tobias asked if we would be able to change this at all at any time?

Mr. Hanson said yes, the County would be able to change it every year.

**After a brief discussion it was moved by Ms. Tobais, seconded by Mr. Todd, and it was carried to follow the advice of the Deputy County Administrator as prescribed by State Law to pay the IMRF Phase-In rate and then re-evaluate it next year. Mr. Stoddard voted no.**

#### **UPDATE ON FINANCING FOR BUILDING PROJECTS**

Mr. Hanson then approached the committee about taking a small step now regarding the combined project of the County Courthouse and the County Jail.

He explained that the Stimulus Act establishes a new category of tax-exempt bonds to finance both governmental and privately owned or operated projects. The total amount of Recovery Zone Bonds that a County may issue is limited based on decreases of individuals employed in our County. The IRS has now issued final allocations of the amounts of Recovery Zone Bonds that may be issued in the State of Illinois. Based on the final allocations provided by the State of Illinois, up to \$5,973,000 Recovery Zone Economic Bonds and up to

\$8,959,000 in Recovery Zone Facility Bonds are available for issuance for our County. We will have to create a Recovery Zone first. The advice that he has received is that the County has to adopt a resolution to do this. Mr. Hanson said the first step now is to create the Recovery Zone. The Recovery Zone would include the entire county as that keeps all options open for whoever may opt to use the bonding authority. He also said that the bonds would need to be issued by January 2011. He will need a resolution to do this.

Can you create several zones? Asked Mr. Stuckert

Mr. Hanson said that he does not know, but if we simply designate the entire county then we have all options available to us.

**After a brief discussion it was moved by Mr. Stoddard, seconded by Mr. Todd, and it was carried unanimously to direct Mr. Hanson to draft a resolution that creates a Countywide Recovery Zone in DeKalb County, Illinois.**

**ADJOURNMENT**

Moved by Mr. Andersen, seconded by Mr. Todd, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

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Michael Haines, Chairman

MH:mcs