

**DRAFT**  
**Finance Committee**  
**Minutes**  
**October 7, 2009**

The Finance Committee of the DeKalb County Board met on Wednesday, October 7, 2009 @ 7:00p.m. in the Administration Building's Conference Room East. Chairman Michael Haines called the meeting to order. Those present were Ken Andersen, John Hulseberg, Scott Newport, Paul Stoddard, Michael Stuckert, Ruth Anne Tobias and Mark Todd. Others present were Ray Bockman, Gary Hanson, Riley Oncken, Joan Berkes Hanson, James Scheffers, Margaret Whitwell, Christine Johnson, Sheriff Roger Scott, Kevin Hickey, Judge Klein, Linda Klein, Elena Grimm, Kevin Hoecker and Pat Vary.

**APPROVAL OF THE MINUTES**

Mr. Andersen asked if two small grammatical corrections could be made to the minutes. One was on page one for Ms. Hanson, and page 2, second paragraph add "it" to the 3<sup>rd</sup> sentence.

**Moved by Mr. Stoddard, seconded by Mr. Stuckert, and it was carried unanimously to approve the amended agenda.**

**APPROVAL OF THE AGENDA**

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

**FINANCING PLAN FOR THE COURTHOUSE AND JAIL EXPANSIONS**

Mr. Ray Bockman said that there will be two presentations from Mr. Kevin Heckler from Scott Balice and Associates. One will be now and the second will be at the full board meeting in October. He said that this is the Capital Plan that this committee asked Mr. Hanson and him to come back to the committee with some months ago. It calls for the financing of both the Courthouse and the County Jail. The Plan at this point is to present this Plan in October for a vote in November. He believes that it would be helpful if the Finance Committee takes a position on this plan. He then introduced Mr. Kevin Hoecker of Scott Balice & Associates to the committee.

Mr. Hoecker, introduced himself as the Vice President of Scott Balice & Associates and talked about his company. They are located in Chicago and they have been in business for six years. They currently have nineteen employees. They are the number one financial advisors in the State of Illinois and ranked number seven in the nation.

Mr. Hoecker said that the timeline right now for these projects would be approval by November 2009. The courthouse plans start with architects, bonds to be sold by April 2009 and then begin construction as early as June 2009. The Jail plans are to begin by

July 2011, jail bonds sold by June 2012, and then construction finished on the Jail by July 2014. What it says to him as a financial advisor is the DeKalb County is very forward thinking.

Mr. Hoecker presented a handout to the committee (on file in the county board office and attached to these minutes) and discussed whether or not this is a good time to begin construction projects. He said that the interest rates are low now but are expected to rise by 2010 around the summertime. Inflation will be minimal in 2009, but will rise in 2010. This will be important when it comes to construction costs.

He continued by discussing project costs. The cost of materials for construction are under control currently and contracting costs are lower due to increased bidding wars for fewer projects, see page 8. This could prove to be a benefit to the County, Mr. Heckler explained. By utilizing Build America Bonds, the current bond yield falls below AAA-rated tax exempt General Obligation Bond yields 100% of the time. Traditional tax-exempt yields are below current levels 34.13% of the time since 1991. Thirty year Treasury yields are lower than the current level 30.39% of the time since the beginning of 2006. Since Build America Bonds are priced off of the Treasury market it is an appealing time to issue.

Mr. Hoecker then explained where the money will come from. The County has unobligated Sales Tax Revenues of around \$1.2 million annually from the County Farm Site. Given the current market and certain credit assumptions this revenue stream can accommodate a \$14 million bond issuance. This money can be used by the County to pay for the Courthouse expansion which is estimated to cost between \$10 - \$12 million. Mr. Hoecker also mentioned that by expanding now, sooner than later, will help with the unemployment numbers in the County by hiring local workers for the project.

The County is working with Waste Management to enter into a contract starting in December of 2012 that will produce roughly \$120 million for the County over 30 years. Given the current market and certain credit assumptions this revenue stream can accommodate a bond issuance in excess of the \$30 million estimated project costs for the Jail expansion.

Mr. Hoecker highlighted page 12 where it states that American Recovery and Reinvestment Application (ARRA) monies expire by December 31, 2010. There are several types of new tax exempt bonds created by ARRA. We will be concentrating on the Build America Bonds and the Recovery Zone Bonds. They have to be issued before January 1, 2011. He explained that Build America Bonds are a taxable bond that allows issuers to receive a 35% reimbursement of interest paid from the federal government.

New Recovery Zone Bonds authorizes \$10 billion of taxable bonds by the Federal Government and that state and local government to receive a 45% reimbursement. Page 14 of his report explains the Build America Bonds (BABS) Provisions. He said that there is a huge market out there now for BABs.

Mr. Hoecker said that on page 16 it explains the Recovery Zone Bonds. They operate similar to the Build American Bonds with taxable bonds providing state/local government issuers with a direct federal subsidy payment equal to 45%. They are generally used to finance capital and working capital expenditures that promote development of other economic activity in a Recovery Zone, including infrastructure and public buildings, job training and education and new money. The DeKalb County Recovery Zone Bonds allocation equals \$5.973 million.

Page 17 shows the comparison of interest rates. The ARRA bond options create value for the County, but go away after 2010.

Mr. Hulseberg asked if both plans for the courthouse were the same square footage?

Judge Klein said that they both were around 40,000 square feet.

Mr. Newport asked what are the possibilities of issuing the jail bonds early in order to capture lower interest rates?

Mr. Hoecker said that you would have to come up with a referendum and come up with a source in order to pay for the \$30 million project. He said that \$1.2 million has been determined enough for a \$14 million bond issuance. He said that he would have to come up with an additional \$1.6 or \$1.8 million annually.

Mr. Bockman said that this was the main driver for this proposal because there was a lack of an identified revenue source. He said another thing that will happen soon is that all of the judicial offices in the County will begin discussions on jail alternatives.

Chairman Haines said that if the bonds must be issued before January 1, 2011, why not do financing for the jail now since there are cheaper interest rates.

Mr. Bockman said that the hearings for the landfill will begin in early March, if there are no appeals filed, then it could take 15 to 18 months for the State to approve the application. It will be up to Waste Management about when to start making guaranteed payments to the County. They will probably state "pending no appeals."

Mr. Andersen asked if the County will be receiving monies from taxes on the turbines being constructed?

Mr. Bockman said yes, but not a lot of money will be received by the County. He reminded the committee that this proposal from Mr. Hoecker would be for the expansion of the courthouse and the jail and all of it to be financed without a referendum or raising property taxes.

Mr. Bockman said that Mr. Hoecker will return to answer any more questions that you or the full county board may have at our October County Board Meeting.

Chairman Haines reminded the committee that there does not have to be any action taken on this proposal this evening or if the committee wants - you could send it on.

Mr. Bockman explained that this committee would be sending on a recommendation to the full County Board to approve this proposal as presented this evening in October. We would need to write a resolution, appoint a committee, define the costs more and select the exact sources of funding. We would be selling bonds in the spring for the courthouse.

**It was moved by Mr. Stoddard, seconded by Mr. Stuckert, and it was carried unanimously to forward this proposal as presented to the full board for approval.**

#### **FY2010 BUDGET DISCUSSION**

Mr. Gary Hanson passed out the appeals that have come through on the FY 2010 Budget. The committee agreed to look at the appeals that they have now and just discuss them tonight. They will take action on them at their November meeting.

Chairman Haines said that he does agree with the appeal filed on item #8 and believes that it should be dismissed. Ms. Tobias agreed.

Chairman Haines said that the County should wait and see what happens nationally with the health insurance issue (item #11).

As far as item #27, Mr. Bockman said that Evergreen Village could be funded by a new source, a Community Services Block Grant (CSBG). He is not sure if this will be accepted by them. Relocation assistance is also allowed with the grant. The amount need

is about \$7 million dollars. He doesn't know when the County will hear about this grant just yet. He will let the committee and board know as soon as he hears something.

Mr. Andersen said that he would like the Evergreen Village issue on the front runner.

#### **EXEMPT EMPLOYEE EVALUATIONS**

Mr. Bockman said that the IMO Director and the Deputy County Administrator both had met their Standard Work Plans and their Professional Development Plans for FY2009. He said that he seeks the committee's concurrence in the completion of their Standard Work Plans.

The committee concurred with Mr. Bockman's recommendation and that the IMO Director and the Deputy County Administrator met the completion of their Standards Work Plans.

Mr. Gary Hanson reminded the committee that the Elected Officials Salary will need to be decided. The Finance Committee decided to do that at their November meeting.

Chairman Haines reminded the committee that last year the county board agreed to give increases to two elected officials and carry on to 2010. They were hefty ones, he continued, 5% each year and at least one was for 8%. This raise was for four years, 2009 - 2012. We will be discussing the raises for the other elected officials for 2011 and 2014 at our November meeting.

Mr. Bockman said that the board has until May of next year to make a decision.

#### **ADJOURNMENT**

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

Respectfully submitted,

Michael Haines, Chairman

MH:mcs