

*Note: These minutes are not official until approved by the Finance Committee at a subsequent meeting. Please refer to the meeting minutes when these minutes are approved to obtain any changes to these minutes.*

DeKalb County Government  
Sycamore, Illinois

**Finance Committee Minutes  
August 6, 2014**

The Finance Committee of the DeKalb County Board met on Wednesday, August 6, 2014, at 7:00 p.m. in the Administration Building's Conference Room East. Chairman Stephen Reid called the meeting to order. Members present were Mr. Cvek, Mr. Foster, Mrs. Haji-Sheikh and Mrs. Tobias. Mr. Stoddard was absent.

Also present was Gary Hanson, Pete Stefan, Jim Scheffers, Tim Kearns, Andy Vanatta, and Mark Pietrowski.

**APPROVAL OF THE MINUTES**

**It was moved by Mrs. Tobias, seconded by Mr. Cvek, and it was carried unanimously to approve the minutes of the June 4, 2014 Finance Committee.**

**APPROVAL OF THE AGENDA**

**It was moved by Mrs. Haji-Sheikh, seconded by Mr. Foster and it was carried unanimously by voice vote to approve the agenda.**

**CHAIRS COMMENTS**

Chairman Reid stated that he would like to explain something regarding the last Finance Meeting that occurred in June. He continued that according to the County Board Rules, Members can be absent and attend a meeting electronically and he feels it is important for Committee Members to be able to participate in the meetings and they have a responsibility to be there.

**PUBLIC COMMENTS**

There were no public comments.

**SELF-FUNDED HEALTH INSURANCE PLAN UPDATE**

Mr. Tim Kearns was in attendance to provide a mid-year update on the self-funded health insurance program through June. Since health insurance is such a large expenditure (\$6.4 million budget), he and Administration wanted to keep the Committee informed of how the claims year was developing since the County is now bearing much more of the claims risk. It was also explained that claims are actually coming in slightly better than expected and if the trend continues the County should be able to add \$200,000 to reserves as budgeted. Mr. Kearns also provided his recommendations on the frequency and timing of RFP solicitations for health care services such as third party administrators, reinsurance coverage, and pharmacy benefits managers.

Mr. Kearns provided the Committee with some hand-outs to give a good apples to apples comparison of the health insurance plans data and statistics. He also explained that during the transition of changing to a self-funded and with the transitions that have been occurring with the health care reform, Blue Cross and Blue Shield ran into a bit of a problem and with that the County received a nice break. The break is that the January 2014 prescription charges were not charged to the self-funded plan because it wasn't entirely set up yet, so \$85,000 was charged back to the fully insured plan. Mr. Kearns assured that the County will not actually have to pay that amount back but it will most likely be factored into the renewal.

Mr. Kearns mostly took the Committee through column G of the handout because it shows a good story and he stated that there are some very positive things happening with the plan but there are also some concerns that continue to effect the health plan in terms of where the most costs are today. He explained that the overall numbers for annualized total dollars per member are looking good and many costs are down with the first six months of the self-insured plan but he also shared that the specialty prescriptions are an area that is going to continue to get a lot of attention. This area is where the prescriptions are very costly with no generics and the amount of people utilizing these prescriptions and the costs have stayed about the same since past years and Mr. Kearns stated that this situation is concerning but not unique to the County's plan, it is like this across all plans. The greatest amount of concern Mr. Kearns shared was with the high cost claimants because they continue to be an issue. Mr. Kearns said he would anticipate with a group the size of the County he would figure there to be one high claimant (>\$50K) in the first six months and maybe two for the year but the County currently has five high claimants in the first six months.

The Committee continued to go through the utilization statistics with Mr. Kearns. They also spent some time discussing pushing the purchasing of generic prescription drugs as opposed to participants purchasing brand named drugs which can result in a large savings to the County. It was also tossed around that if the numbers don't start to look any better there may be more of a change in the employee contribution to help drive more to asking for generic brands of medications. Mr. Kearns also compared statistics between the PPO plan and the HDHP costs, with the high deductible plan being much lower, which Mr. Kearns shared is normal.

Mr. Foster indicated that Mr. Kearns gave some really good benchmarking information so far to them and asked if he were to benchmark the cost of claims per employee what that number may be. Mr. Kearns shared that pretty soon he will be able to provide the Committee with some really good benchmarking information and survey information for 2014 but he said if he had to guess he would think about \$6,000 per year is fairly typical for most plans. He also clarified that the average is about \$6,000 per year and the County is already at around \$7,000 in the first six months (claim cost per employee). Mr. Kearns reiterated that he does want to produce some benchmarking numbers because he thinks those are important and should have that information around Labor Day.

Mr. Kearns addressed a couple other topics with the Finance Committee, one being Health Care Reform. A hand-out was given to the Committee that illustrated some idea of what is going to happen 2014, 2014 and beyond. He also highlighted the areas on the hand-out that are going to affect strictly the County's self-funded plan. He noted that in 2014 there have already been many provisions with the law that have gone into effect as well as some new costs that have been implemented. He also shared that there are going to be systems in place by 2015 to be able to do

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reporting to the IRS regarding individuals who are receiving insurance through the County. Another process that will be gearing up quickly is there will have to be a new identifying number called a Health Plan I.D. Number that is going to be assigned by the Federal Government so that the Government will be able to collect information regarding your coverage. In general, Mr. Kearns explained that are many strenuous hoops that the County is going to have to go through as an employer with the new regulation that are coming up in order to comply with the Health Care Reform which will all be additional costs to bare.

Mr. Kearns also shared that everyone is required to have open enrollment prior to the 2015 start to their plan year. He indicated that there has been open enrollment in the past and he doesn't anticipate much of a change. Lastly he touch on renewal and he shared that after seeing some numbers and talking to Mr. Stefan, their recommendation is things are running well with the current Blue Cross and Blue Shield Plan and to stay with them. But he added if something isn't to the County's satisfactory during the time of renewal, then they can look in the Market Place for a different reinsurance carriers. Looking ahead, if the County wants to go out for a full RFP in the Market Place, he suggested that a good time to do that would be in April 2015. The Committee finished their conversation with Mr. Kearns by discussing the RFP process and thanked him for his update.

#### **SEMI-ANNUAL IMO UPDATE**

Mrs. Joan Hanson, Director of the Information Management Office, introduced Andy Vanatta, Network Security Specialist to provide the Finance Committee with an IMO Network Security Update. Mr. Vanatta gave a Power Point presentation that outlined IMO security focuses, perimeter defenses, the County's Network Security Center, recommendations from the security audit, IMO Backup Policy, challenges, and looking ahead. The Power Point presentation is attached to these minutes and the Committee found the information to be very informative and well received and the Committee seemed very pleased with the work Mr. Vanatta has done in the past eight months as the County's Network Security Specialist.

#### **EQUAL EMPLOYMENT OPPORTUNITY & AFFIRMATIVE ACTION POLICY STATEMENT**

Mr. Hanson noted that the County last updated its Equal Employment Opportunity and Affirmative Action Policy in 1988. Having such a policy is a condition of most, if not all, grants and the Committee was presented with an updated policy to bring it current with all the various laws added or amended over the years.

Mr. Cvek asked that in page 3 of 5 in the policy if Illinois Executive Order 15 was not just recently shot down by the U.S. Supreme Court. Mr. Hanson indicated that he would look into that before the Full County Board Meeting and provide the Committee with a response.

**It was moved by Mr. Foster, seconded by Mr. Cvek and passed unanimously to forward the resolution to the Full County Board for approval with verification of the wording in Illinois Executive Order 15.**

## **IDOT REMEDIATION AGREEMENT**

Hr. Hanson explained that this agreement that requires approval to allow IDOT to close out the project for the underground storage tank remediation for the Legislative Center site. It will be a permanent part of the deed to the property and will allow the release to be closed without having to pursue the contaminants under the highway by conventional means such as digging up the contaminated soil.

**It was moved by Mrs. Tobias and seconded by Mr. Foster and passed unanimously by voice vote to forward the resolution to the Full County Board for approval.**

## **MUNICIPAL ADVISOR RULE**

Mr. Stefan shared that the Securities and Exchange Commission Municipal Advisor Rule went into effect July 1, 2014. This is a rules that regulates any firm or individual that provides financial advice to municipal clients regarding debt proceeds. In essence, it prohibits them from providing advice without first being engaged for a project. This can be accomplished via a number of methods such as having a contract with a financial advisor for financial advice on any project that is being considered, or engaging a firm strictly for a specific project. To that end, in order for BMO Capital Markets to continue to project the County with projections and schedules for the Jail Expansion Project, the County entered into a non-binding agreement with them for the specific project. This will allow them to continue to answer the County's project specific questions such as running new debt service to maturity schedules and calculating how much a particular scenario will generate in project funds new of interest and fees. Long term, the plan would be to issue an RFP for financial advisor services after the budget process winds down so that relationship could be developed and maintained with a firm without having to enter into a new agreement for each project that may surface in the future.

## **FREE CLASSIFICATION FOR FINANCE COMMITTEE COST CENTERS**

Mr. Stefan shared that this item is a follow-up from the June meeting to further refine the classifications of revenue for Finance Committee cost centers. He explained that additional columns have been added to the report to identify which revenues are internally paid and would merely result in one County agency charging another County agency a different rate if the rate were to be changed with no underlying change to the County's net revenue, and which revenues are paid by external entities that would result in a change to the County's net revenue if the rate were to be changed.

Mrs. Haji-Sheikh thanked Mr. Stefan for the additional information to the costs centers.

## **FY 2015 BUDGET STATUS UPDATE**

Mr. Stefan explained this agenda item is to provide an update on the FY 2015 budget process. Budget requests were due from departments and outside agencies on August 4<sup>th</sup> and they are in the process of compiling the information and developing the Administrative Recommendation for presentation on September 3<sup>rd</sup>.

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Also, per the direction provided by the Finance Committee over the course of the past year to have any major costs or staffing requests discussed by the respective Oversight Committee in advance of the Administrative Recommendation, Mr. Stefan asked for feedback from the Committee for him requesting a staffing change in the Finance Department in connection with the upcoming retirement of the Accounting Supervisor in November. He added that whenever staff turnover occurs, it's always an ideal time to review the department structure to determine whether or not any improvements could be made.

Mr. Stefan further explained that with the upcoming retirement of the Accounting Supervisor he thought it may be a good opportunity to make an upgrade as well as maintain the level of service the department is providing. His thoughts were to not recruit an individual at the starting level and train them through the whole process but to upgrade the position to an Assistant Finance Director position. Mr. Stefan explained he would do that by looking at what the current compensation is to the Accounting Supervisor position and add about \$7-\$8,000 more in compensation that would be taken from internal fees and providing additional services to other departments and consolidation of other services. He also mentioned that there will be additional work coming to the department with the health care reporting requirements that could produce possible revenues as well as savings in overtime that is currently being generated during audit time. He reiterated that the concept is instead of bringing someone in at the beginning of the pay range and training them along the way, he is wanting to maintain the level of service, maybe provide some additional services, and be able to assume these additional responsibilities through the Affordable Care Act by bringing on a seasoned individual that would require a little more compensation.

Mr. Foster indicated that he can appreciate what Mr. Stefan is saying and wanting to do, but he did see problems with the shifting of the funds for the compensation of the position and he know from experience there are many individuals coming out of college that with very good financial backgrounds and CPAs that are looking for jobs. Mr. Foster shared he is not shutting out what Mr. Stefan is presenting but there are too many maybes and a lot of uncertainties which raises an uncertainty with him and he would like to see more information and some clearer information that would help measure what the benefits would be to have a more experienced person verses training a younger individual out of college.

Mr. Cvek shared, he didn't think he could full subscribe with the idea that more work can get done with giving someone more pay and a title when the workload has been done flawlessly in the past with less individuals.

Mr. Reid shared that he felt \$7,000 was not that much money in the scheme of things if the department would be able to get something very valuable out of it that they don't currently have.

The Committee further discussed their thoughts about Mr. Stefan's request and they determined that they would like to see more information regarding exactly what Mr. Stefan is looking for in a seasoned individual and younger (out-of-college) individual and what the cost implications and benefits would be for each.

**ADJOURNMENT**

It was moved by Mrs. Haji-Sheikh, seconded by Mrs. Tobias, and it was carried unanimously to adjourn the meeting.

Respectfully submitted,

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Stephen Reid, Chairman

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Tasha Stogsdill, Recording Secretary

Health Insurance Plans Data and Statistics

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1 )			<u>2012</u>	<u>2013</u>	<u>01/2013-06/2013</u>	<u>01/2014-06/2014</u>	<u>01/2014-06/2014*</u>	
2 )	A	Medical Paid	\$ 5,269,064	\$ 3,891,236	\$ 2,084,147	\$ 1,775,426	\$ 1,775,426	
3 )	B	RX Paid	\$ 783,790	\$ 797,013	\$ 395,994	\$ 392,540	\$ 477,540	
4 )		Dental Paid	\$ 178,508	\$ 163,288	\$ 84,910	\$ 70,698	\$ 70,698	
5 )		Total Claim Expense	\$ 6,231,362	\$ 4,851,537	\$ 2,565,051	\$ 2,238,664	\$ 2,323,664	
6 )		Avg Number of Subscribers	334	310	318	303	303	
7 )		Avg Number of Dependents	402	369	377	352	352	
8 )		Average Members	736	679	695	655	655	
9 )		Medical \$/Member	\$ 7,159	\$ 5,731	\$ 2,999	\$ 2,711	\$ 2,711	
10 )		RX \$/Member	\$ 1,065	\$ 1,174	\$ 570	\$ 599	\$ 729	
11 )		Dental \$/Member	\$ 243	\$ 240	\$ 122	\$ 108	\$ 108	
12 )		Total \$/Member	\$ 8,467	\$ 7,145	\$ 3,691	\$ 3,418	\$ 3,548	
13 )		Annualized Total \$/Member			\$ 7,381	\$ 6,836	\$ 7,096	
14 )	C	Premium Paid Medical & RX only	\$ 4,662,545	\$ 5,159,902	\$ 2,613,227	\$ 2,968,272	\$ 2,968,272	
15 )	(A+B)/C	Loss Ratio Medical & RX only	129.8%	90.9%	94.9%	73.0%	78.3%	
16 )		<b>Specialty RX</b>	<u>2012</u>	<u>2013</u>	<u>01/2013-06/2013</u>	<u>01/2014-06/2014</u>	<u>01/2014-06/2014*</u>	
17 )		# Members Utilizing	13	14	13	12		
18 )		# Prescriptions	110	125	68	52	62	
19 )		\$ Paid	\$ 256,189	\$ 298,040	\$ 148,183	\$ 141,617	\$ 168,851	
20 )		Avg Plan Cost/RX	\$ 2,329	\$ 2,384	\$ 2,179	\$ 2,723	\$ 2,723	
21 )		<b>High Cost Claimants Medical Only</b>	<u>2012</u>	<u>2013</u>	<u>01/2013-06/2013</u>	<u>01/2014-06/2014</u>		
22 )		Total Claimants	663	688	561	558		
23 )		# > \$50K	20	15	9	5		High
24 )		Total Dollars Paid	\$ 6,052,854	\$ 4,688,249	\$ 2,480,141	\$ 2,167,966		
25 )		Total \$ Paid for Large Claimants	\$ 2,921,585	\$ 1,840,733	\$ 977,168	\$ 585,033		
26 )			48%	39%	39%	27%		
27 )		* January 2014 RX charged to Fully Insured Plan = \$85,000						

Health Insurance Plans Data and Statistics

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
1 )	<b>Utilization Statistics</b>	<b>2012</b>	<b>2013</b>	<b>01/2013-06/2013</b>	<b>01/2014-06/2014</b>	<b>01/2014-06/2014*</b>	
2 )	Admissions/1000 members	106.1	73.1	91.7	70.2		High
3 )	Days/1000 members	151.5	330.5	410.5	354.2		High
4 )	Outpatient Visits/1000 members	1785.8	1611.7	N/A	N/A		
5 )	Professional Visits/member	11.5	10.9	N/A	N/A		
6 )	Professional Services/member	26.1	26.1	N/A	N/A		
7 )	Prescriptions per Member/Year	12.6	12.9	11.6	9.2	11.0	
8 )	Generic Dispensing Rate	74.7%	78.4%	80.0%	79.0%		Low
9 )	Paid per Prescription	\$ 84	\$ 90	\$ 90	\$ 100		High
10 )	Total Medical Paid PMPM	\$ 592	\$ 472				
11 )	<b>PPO Plan</b>	<b>2012</b>	<b>2013</b>	<b>01/2013-06/2013</b>	<b>01/2014-06/2014</b>	<b>01/2014-06/2014*</b>	
12 )	Medical	\$ 5,269,064	\$ 3,767,982	\$ 2,068,455	\$ 1,725,541	\$ 1,725,541	
13 )	RX	\$ 783,790	\$ 777,929	\$ 388,198	\$ 390,242	\$ 475,242 *	
14 )	Dental	\$ 178,508	\$ 141,934	\$ 73,404	\$ 62,649	\$ 62,649	
15 )	Totals	\$ 6,231,362	\$ 4,689,858	\$ 2,530,057	\$ 2,178,432	\$ 2,263,432	
16 )	Average # Employees	334.0	281.3	285.7	274.0	274.0	
17 )	Claim Cost/EE	\$ 18,657	\$ 16,672	\$ 8,856	\$ 7,950	\$ 8,261	
18 )	<b>HDHP</b>						
19 )	Medical	\$ -	\$ 123,254	\$ 15,692	\$ 49,885	\$ 49,885	
20 )	RX	\$ -	\$ 19,083	\$ 7,795	\$ 2,297	\$ 2,297	
21 )	Dental	\$ -	\$ 21,354	\$ 11,506	\$ 8,049	\$ 8,049	
22 )	Totals	\$ -	\$ 163,691	\$ 34,993	\$ 60,231	\$ 60,231	
23 )	Average # Employees	-	28.8	29.0	29.0	29.0	
24 )	Claim Cost/EE	\$ -	\$ 5,684	\$ 1,207	\$ 2,077	\$ 2,077	
25 )	<b>Total</b>						
26 )	Medical	\$ 5,269,064	\$ 3,891,236	\$ 2,084,147	\$ 1,775,426	\$ 1,775,426	
27 )	RX	\$ 783,791	\$ 797,013	\$ 395,994	\$ 392,540	\$ 477,540 *	
28 )	Dental	\$ 178,508	\$ 163,288	\$ 84,910	\$ 70,698	\$ 70,698	
29 )	Totals	\$ 6,231,363	\$ 4,851,537	\$ 2,565,051	\$ 2,238,664	\$ 2,323,664	
30 )	Average # Employees	334.0	310.1	314.7	303.0	303.0	
31 )	Claim Cost/EE	\$ 18,657	\$ 15,645	\$ 8,151	\$ 7,388	\$ 7,669	

32 ) \* January 2014 RX charged to Fully Insured Plan = \$85,000





# What Employers Need to Know Right Now About Health Care Reform

## Self-Funded Plans and PPACA (Updated April 2014)

PPACA brings numerous responsibilities and options to employers. Below is a summary of the PPACA provisions that apply to group health plans and whether the provision applies to self-funded plans.

### Provisions Effective 2014 or Later

Requirement	Applies to Small Group Plans (less than 50 Employees)	Applies to Mid-size Group Plans (50-99 Employees)	Applies to Large Group Plans (100 or more Employees)	Effective Date
Eligibility waiting period maximum of 90 days	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Pre-ex not permitted on anyone	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Annual dollar limits prohibited on essential health benefits	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Protections for those in clinical trials*	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Dependent to age 26 exception for grandfathered plans expires	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Modified community rating applies	No	No	No	Plan year beginning on or after 1/1/2014
Essential health benefits (EHBs) must be offered	No	No	No	Plan year beginning on or after 1/1/2014
Out-of-pocket may not exceed \$6,350/12,700*	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Must meet metal levels (60%, 70%, 80%, 90%)	No	No	No	Plan year beginning on or after 1/1/2014

Requirement	Applies to Small Group Plans (less than 50 Employees)	Applies to Mid-size Group Plans (50-99 Employees)	Applies to Large Group Plans (100 or more Employees)	Effective Date
Guaranteed issue and renewal apply	No	No	No	Plan year beginning on or after 1/1/2014
Single risk pool	No	No	No	Plan year beginning on or after 1/1/2014
SHOP exchange available	No	No	No	Plan year beginning on or after 1/1/2014
Revised wellness program rules	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
HRAs must integrate with a group medical plan	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Health FSA must qualify as an "excepted" benefit	Yes	Yes	Yes	Plan year beginning on or after 1/1/2014
Health insurer provider tax (indirect obligation)	No	No	No	2014
Transitional reinsurance fee	Yes	Yes	Yes	Reporting due Nov. 2014, first fee due Jan. 2015
Penalties apply if don't offer coverage to employees who average 30 or more hours/week	No	1/1/2016 <sup>#</sup>	Yes - plan year beginning on or after 1/1/2015 <sup>+</sup>	Varies
Penalties apply if don't offer affordable, minimum value (60%) coverage to employees who average 30 or more hours per week	No	1/1/2016 <sup>#</sup>	Yes - plan year beginning on or after 1/1/2015 <sup>+</sup>	Varies
Report to IRS and employees if providing minimum essential coverage	Yes	Yes	Yes	First report due 2/1/2016
Report to IRS and employees regarding affordable, minimum value coverage	No	Yes	Yes	First report due 2/1/2016
Cadillac tax	Yes	Yes	Yes	1/1/2018
Quality of care reporting*	Yes	Yes	Yes	TBD
Nondiscrimination (highly compensated)	Yes	Yes	Yes	1988
Auto-enrollment	No	No	Yes (only if have more than 200 full-time employees)	TBD

### Provisions Effective 2010 – 2013

Requirement	Applies to Small Group Plans (less than 50 Employees)	Applies to Mid-size Group Plans (50-99 Employees)	Applies to Large Group Plans (100 or more Employees)	Effective Date
Lifetime dollar limits prohibited on EHBs	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
Annual dollar limits restricted on EHBs	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
Must cover dependents to age 26*	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
First dollar coverage for preventive care*	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
Pre-ex not permitted on children	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
Patient protections on choice of provider and emergency room*	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
Claims and appeals requirements*	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
Rescissions of coverage generally prohibited	Yes	Yes	Yes	Plan year beginning on or after 9/23/2010
Small employer tax credit available	No	No	No	2010 tax year
Restrictions on covering over-the-counter drugs	Yes	Yes	Yes	Tax year beginning on or after 1/1/2011
MLR rebates must be distributed	Not applicable	Not applicable	Not applicable	8/1/2012
Summaries of Benefits and Coverage (SBCs) required	Yes	Yes	Yes	First open enrollment or plan year on or after 9/23/2012
Health FSA limited to \$2,500	Yes	Yes	Yes	Plan year beginning on or after 1/1/2013
W-2s must include the cost of health coverage	No	No	Yes, if issued 250 W-2s in prior calendar year	2012 tax year (W-2s issued January 2013)
PCORI fee due	Yes	Yes	Yes	Plan year beginning after 10/1/2012
Exchange notices due	Yes	Yes	Yes	10/1/2013



Requirement	Applies to Small Group Plans (less than 50 Employees)	Applies to Mid-size Group Plans (50-99 Employees)	Applies to Large Group Plans (100 or more Employees)	Effective Date
Inquiries from exchanges to employers	Yes	Yes	Yes	October 2013

\* Does not apply in whole or part to grandfathered plans

# For an employer with 50-99 employees to qualify for the delay to 2016, the employer may not reduce the size of its workforce or the overall hours of service of its employees so that it falls below 100 full-time and full-time equivalent employees unless there is a change in its business. It also may not materially reduce its contribution level, reduce plan benefits so that they fall below minimum value, or reduce the classes of employees or dependents eligible for coverage from what was in place on Feb. 9, 2014.

+ An employer with a non-calendar year plan does not need to comply at the start of the 2015 plan year if it had a non-calendar year plan on Dec. 27, 2012, did not move the plan year to a later month in the year, offers affordable and minimum value coverage to most employees as of the start of the 2015 plan year, and either one quarter of its total employees or one third of its full-time employees were covered on Feb. 9, 2014, or one half of its total employees or one third of its full-time employees were offered coverage during the last open enrollment before Feb. 9, 2014.

4/11/2014



This information is general and is provided for educational purposes only. It is not intended to provide legal advice. You should not act on this information without consulting legal counsel or other knowledgeable advisors.



Shared Wisdom. Powerful Results.®

# IMO NETWORK SECURITY UPDATE

PRESENTED TO THE FINANCE COMMITTEE  
AUGUST 6, 2014

ANDY VANATTA, NETWORK SECURITY SPECIALIST



## IMO SECURITY FOCUS

- Perimeter Defenses
  - E-mail and Web Filtering
  - Firewalls
  - Remote Access
  - Guest Wifi
- Application Layer Defenses
  - Kaspersky Anti-Virus
- Internal Defenses
  - Local Security Policy
  - Password Policy
  - NTFS Permission Structure

## PERIMETER DEFENSES

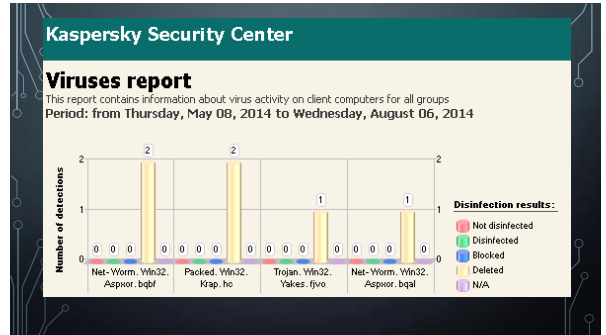
<p><b>BARRACUDA SPAM FIREWALL</b></p> <ul style="list-style-type: none"> <li>➢ Removal of most unwanted messages before they enter our private network</li> <li>➢ Ability to whitelist/blacklist</li> <li>➢ Content and attachment filtering</li> <li>➢ Virus Checking</li> </ul>	<p><b>EDGEWAVE IPFSM</b></p> <ul style="list-style-type: none"> <li>➢ Web filtering at group level</li> <li>➢ Blocks known malware/phishing spyware</li> <li>➢ Ability to block based on category</li> </ul>	<p><b>JUNIPER SA 2500</b></p> <ul style="list-style-type: none"> <li>➢ Provides *middle man* access to private LAN</li> <li>➢ Allows remote access on user level</li> <li>➢ Allows private resource access without physically connecting to private LAN</li> </ul>
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### BARRACUDA E-MAIL STATISTICS SINCE JUNE 2014

• TOTAL INCOMING MESSAGES • TOTAL ALLOWED MESSAGES

• **565,623** • **131,965**

ONLY 23% OF INCOMING E-MAIL IS CONSIDERED DESIRABLE, MEANING 76% OF ALL RECEIVED E-MAIL IS GARBAGE



#### General Options

Deny all access to the web

Force browsers to use safe search

#### Access Denied Page Options

Show these options when a page is blocked:

Override link  Request access link

Category	Monitor	Block	Category	Monitor	Block
sex	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
questionable activities	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
security exploits	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
society	<input type="checkbox"/>	<input type="checkbox"/>			
internet	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
business	<input type="checkbox"/>	<input type="checkbox"/>			
health	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
recreation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>			
education	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

### SIKICH STRATEGIC PLANNING INITIATIVE FINDINGS & RECOMMENDATIONS

*"WE ARE PLEASED TO REPORT OUR FINDINGS REVEALED A VERY DEDICATED, HIGHLY COMPETENT, AND SECURITY AWARE IMO TECHNICAL TEAM. THIS GROUP IS ACUTELY AWARE OF THE SECURITY THREATS AND VULNERABILITIES WHICH EXIST IN TODAY'S INTERNET CONNECTED WORLD AND HAVE IMPLEMENTED MANY CONTROLS DESIGNED TO ISOLATE AND INSULATE EACH DEPARTMENT FROM ONE ANOTHER AND MANAGE ACCESS CONTROL WHILE ADDRESSING AND PROVIDING ALL REQUESTED DEPARTMENTAL SERVICES."*

### TECHNICAL FINDINGS & RECOMMENDATIONS

- Telnet/FTP insecure Protocols
  - IMO has disabled all Port 23 Telnet communication across our Infrastructure
  - FTP not used in-house
  - SSH enabled network wide where applicable vs. Telnet open authentication
- Password Policy
  - Implemented complex password requirements
  - Passwords at least 10 characters long
  - Must be changed every 45 days

### IMO BACKUP POLICY

#### 2 WEEKS CONSISTING OF FULL AND DIFFERENTIAL BACKUPS TO REMOVABLE MEDIA

- LOCAL WORKSTATIONS NOT BACKED UP
- REMOVABLE MEDIA STORED BETWEEN CAMPUSES FOR SECURITY AND DISASTER RECOVERY
- DEPARTMENT'S POLLED FOR INPUT - 2 WEEKS FOUND ADEQUATE
- CONSULTED SAO

### IMO SECURITY CHALLENGES

- Balancing 20+ **Departments'** Individual needs
- Granting Users enough access to do their job without allowing free reign of the network
- Securing network resources from outside vendors
- New Technology
- Mobile Devices



### RECAP

- IMO PROTECTS DIVERSE DEPARTMENTS
- THREATS ARE BOTH INTERNAL AND EXTERNAL
- HARDWARE AND SOFTWARE IS IN PLACE TO MINIMIZE THREATS
- PASSWORD POLICIES HAVE BEEN STRENGTHENED

### LOOKING FORWARD

- A COUNTY-WIDE COMPUTER USE POLICY WILL BE CREATED
- FURTHER NETWORK MONITORING



IMO NETWORK SECURITY UPDATE

FEEEL FREE TO CONTACT ME WITH QUESTIONS  
ANDY VANATTA, NETWORK SECURITY SPECIALIST  
815-899-0713  
AVANATTA@DEKALBCOUNTY.ORG



June 18, 2014

Gary Hanson  
DeKalb County Administrator/Finance Officer  
DeKalb County Government  
200 N. Main St.  
Sycamore, Illinois 60178

Re: DeKalb County, Illinois  
General Obligation Alternate Revenue Source Bonds related to financing the jail expansion (the  
“Bonds”)

Dear Mr. Hanson,

This letter is to confirm that DeKalb County, Illinois, the (“Issuer” or the “County”) is aware of the “Municipal Advisor Rule” of the Securities and Exchange Commission (effective July 1, 2014) and the underwriter exclusion from the definition of “municipal advisor” for a firm serving as an underwriter for a particular issuance of municipal securities.

The Issuer hereby designates BMO Capital Markets GKST Inc. (the “BMO”) as an underwriter for the captioned bond issue (the “Bonds”) that the Issuer currently anticipates issuing. The Issuer expects that BMO will provide advice to the Issuer on the structure, timing, terms, and other matters concerning the Bonds.

It is the Issuer’s intent that BMO serve as an underwriter for the Bonds, subject to satisfying applicable procurement laws or policies, formal approval by the Issuer, finalizing the structure of the Bonds and executing a bond purchase agreement. While the Issuer presently engages BMO as the underwriter for the Bonds, this engagement letter is preliminary, nonbinding and may be terminated at any time by the Issuer, without penalty or liability for any costs incurred by the underwriter, or BMO.

Furthermore, this engagement letter does not restrict the Issuer from entering into the proposed municipal securities transaction with any other underwriters or selecting an underwriting syndicate that does not include BMO.

Sincerely,

BMO CAPITAL MARKETS GKST INC.



Neil Pritz  
Managing Director  
(312) 845-4027

ACKNOWLEDGED AND ACCEPTED:

DeKalb County, Illinois

By   
Its FINANCE DIRECTOR

June 18, 2014

Gary Hanson  
DeKalb County Administrator/Finance Officer  
DeKalb County Government  
200 N. Main St.  
Sycamore, Illinois 60178

Re: Disclosures by BMO Capital Markets GKST Inc. Pursuant to MSRB Rule G-17  
General Obligation Alternate Revenue Source Bonds related to financing the jail  
expansion (the “Bonds”)

Dear Mr. Hanson,

We are writing to provide you, as County Administrator/Finance Officer of DeKalb County, Illinois (the “Issuer”), with certain disclosures relating to the captioned bond issue (the “Bonds”), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012).

The Issuer has engaged BMO Capital Markets GKST Inc. (“BMO”) to serve as an underwriter, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds.

As part of our services as senior managing underwriter, BMO may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds. This letter only addresses the Bonds and does not address any separate series of bonds.

**I. Disclosures Concerning the Underwriter’s Role:**

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) The underwriter’s primary role is to purchase the Bonds with a view to distribution in an arm’s-length commercial transaction with the Issuer. The underwriter has financial and other interests that differ from those of the Issuer.
- (iii) Unlike a municipal advisor, the underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.

- (iv) The underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.
- (v) The underwriter will review the official statement for the Bonds in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.<sup>1</sup>

**II. Disclosures Concerning the Underwriter's Compensation:**

The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

**III. Conflicts Disclosures:**

The underwriter has not identified any additional potential or actual material conflicts that require disclosure.

**IV. Disclosures Concerning Complex Municipal Securities Financing:**

Since BMO has not recommended a "complex municipal securities financing" to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.


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<sup>1</sup> Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect or sign and return the enclosed copy of this letter to me at the address set forth above. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and the Issuer in connection with the issuance of the Bonds. Thank you.

Sincerely,



Neil Pritz  
Managing Director  
(312) 845-4027

Acknowledgement:

  
Mr. Gary Hanson

Date: 6-27-2014

**FY 2014 Revenue Line Items  
Finance Committee Cost Centers  
08-06-2014**

Line Item	Description	FY 2014 Budget	External Fee (External Party to County Agency)	Internal Fee (County Agency to County Agency)	Licenses Taxes & Permits	Inter- Governmental	Charges for Services	Fines & Forfeits	Investment Income	Miscellaneous	Interfund Contributions
<b>Finance</b>											
1210-5978	Contribution From Data Fiber Network	10,000		X							X
<b>Non-Departmental Services</b>											
1290-3011	Current Property Taxes	11,755,000	X		X						
1290-3012	Interest on Current Property Taxes	1,000	X		X						
1290-3013	Penalty on Current Property Taxes	275,000	X		X						
1290-3014	Property Tax-FICA/IMRF	200,000	X		X						
1290-3031	Mobile Home Tax	10,000	X		X						
1290-3041	TIF Surplus	215,000	X			X					
1290-3311	State Income Tax	1,600,000	X			X					
1290-3321	Sales Tax (1.0%)	260,000	X		X						
1290-3322	Sales Tax (0.25%)	4,960,000	X		X						
1290-3324	Local Use Tax	275,000	X		X						
1290-3327	Games Tax	1,000	X		X						
1290-3331	Replacement Tax	625,000	X		X						
1290-3524	Franchise Fees	50,000	X		X						
1290-5511	Sale of Property	2,000	X							X	
1290-5521	Land Rentals	2,000	X				X				
1290-5522	Building Rentals	3,000	X				X				
1290-5602	Telephone/Data Lines	35,000		X			X				
1290-5711	Unclaimed Fees	5,000	X							X	
1290-5899	Miscellaneous	1,000	X							X	
1290-5941	Contribution From Nursing Home	54,500		X							X
<b>Information Management Office</b>											
1310-4519	GIS Recording Fee	218,000	X				X				
1310-4554	E-911 Contract	25,000	X				X				
1310-5914	Contribution From Micrographics	20,000		X							X
1310-5918	Contribution From Court Automation	5,000		X							X
1310-5931	Contribution From Health	8,000		X							X
1310-5941	Contribution From Nursing Home	40,000		X							X
1301-5956	Contribution From GIS Development	15,000		X							X
<b>Facilities Management Office</b>											
4810-5531	Copying Services	1,200	X				X				
4810-5541	Sale of Stock Paper	10,000		X			X				
4810-5542	In-House Copies	28,000		X			X				
4810-5543	In-House Printing	36,000		X			X				

**FY 2014 Revenue Line Items  
Finance Committee Cost Centers  
08-06-2014**

Line Item	Description	FY 2014 Budget	External Fee (External Party to County Agency)	Internal Fee (County Agency to County Agency)	Licenses & Permits	Inter- Governmental	Charges for Services	Fines & Forfeits	Investment Income	Miscellaneous	Interfund Contributions
<b>Community Outreach Building</b>											
4910-5522	Building Rentals	83,000		X			X				
<b>Retirement Fund</b>											
5220-5501	Interest	500	X						X		
<b>Tort &amp; Liability Insurance</b>											
5230-3011	Current Property Taxes	1,050,000	X		X						
5230-4901	Employees-Medical Health Premium	1,000	X				X				
5230-4906	Rate Stabilization	60,000		X			X				
5230-5501	Interest	4,000	X						X		
5230-5622	Insurance Claims	5,000	X							X	
5230-5633	Settlements	1,000	X							X	
5230-5899	Miscellaneous	1,000	X							X	
5230-5901	Contribution From General Fund	13,000		X							X
5230-5933	Contribution From Community Services	2,000		X							X
5230-5941	Contribution From Nursing Home	40,100		X							X
<b>PBC Lease Fund</b>											
5210-3011	Current Property Taxes	775,000	X		X						
5210-4451	City of DeKalb	120,000	X			X					
5210-5501	Interest	1,000	X						X		
5210-5521	Land Rentals	53,000	X				X				
<b>GIS Development Fund</b>											
5260-5501	Interest	2,000	X						X		
5260-5532	Sale of Tax Maps	5,500	X				X				
<b>Special Projects Fund</b>											
5240-5501	Interest	2,000	X						X		
<b>County Farm Land Sale Fund</b>											
5270-5501	Interest	2,000	X						X		
<b>Opportunity Fund</b>											
5288-4451	City of DeKalb	370,000	X			X					
5288-5501	Interest	3,000	X						X		



**FY 2014 Revenue Line Items  
Finance Committee Cost Centers  
08-06-2014**

Line Item	Description	FY 2014 Budget	External Fee (External Party to County Agency)	Internal Fee (County Agency to County Agency)	Licenses & Permits	Inter- Governmental	Charges for Services	Fines & Forfeits	Investment Income	Miscellaneous	Interfund Contributions
<b>Asset Replacement Fund</b>											
5530-4520	SA Records Automation Fee	-	X				X				
5530-4539	Tower Rental	22,000	X				X				
5530-5047	Vehicle Acquisition Fee	15,000	X				X				
5530-5501	Interest	10,000	X						X		
5530-5511	Sale of Property	-	X							X	
5530-5899	Miscellaneous	-	X							X	
5530-5901	Contribution From General Fund	339,000		X							X
5530-5905	Contribution From Veterans Commission	4,000		X							X
5530-5921	Contribution From Highway Fund	7,000		X							X
5530-5931	Contribution From Health Fund	39,000		X							X
5530-5932	Contribution From Mental Health Fund	1,000		X							X
5530-5933	Contribution From Community Services	4,000		X							X
5530-5941	Contribution From Nursing Home	73,000		X							X
5530-5953	Contribution From Probation Services	7,000		X							X
<b>DATA Fiber Optic Network Fund</b>											
5570-4641	Participation Fees	165,000	X				X				
5570-4642	Connection/Materials/Labor	-	X				X				
5570-4644	Subscriber Fees	10,000	X				X				
5570-5501	Interest	-	X						X		
5570-5937	Contribution From Special Projects	50,000		X							X
<b>Jail Expansion Fund</b>											
5590-5501	Interest	-	X						X		
<b>Build America Bonds Fund</b>											
5710-4009	Federal-Interest Rebate	98,000	X			X					
5710-4451	City of DeKalb	765,000	X			X					
5710-5501	Interest	1,000	X						X		
<b>Recovery Zone Bonds Fund</b>											
5730-4009	Federal-Interest Rebate	127,000	X			X					
5730-4451	City of DeKalb	225,000	X			X					
5730-5501	Interest	200	X						X		

**FY 2014 Revenue Line Items  
Finance Committee Cost Centers  
08-06-2014**

Line Item	Description	FY 2014 Budget	External Fee (External Party to County Agency)	Internal Fee (County Agency to County Agency)	Licenses & Permits	Inter- Governmental	Charges for Services	Fines & Forfeits	Investment Income	Miscellaneous	Interfund Contributions				
<b>Employee Health &amp; Life Insurance Fund</b>															
5250-4801	Financial Services	1,000	X				X								
5250-4901	Employees-Medical Health Premium	1,460,000	X				X								
5250-4902	Non-Employees Medical Health Premium	200,000	X				X								
5250-4903	Employer-Medical Health Premium	4,620,000		X			X								
5250-4904	Employer-Life Premium	60,000		X			X								
5250-5501	Interest	2,000	X						X						
5250-5633	Settlements	-	X							X					
<b>History Room Fund</b>															
6530-5701	Donations	1,000	X							X					
6530-5901	Contribution From General Fund	12,000		X							X				
<b>Renewal &amp; Replacement-Sycamore Campus Fund</b>															
7410-5501	Interest	-	X						X						
7410-5913	Contribution From PBC Lease Fund	175,000		X							X				
7410-5967	Contribution From PBC Capital Imp. Res.	40,000		X							X				
<b>Renewal &amp; Replacement-Community Outreach Building</b>															
7440-5501	Interest	1,000	X						X						
7440-5901	Contribution From General Fund	50,000		X							X				
<b>Renewal &amp; Replacement-Health Facility Campus Fund</b>															
7450-5501	Interest	5,000	X						X						
7450-5913	Contribution From PBC Lease Fund	325,000		X							X				
<b>Renewal &amp; Replacement-Public Safety Building Fund</b>															
7460-5501	Interest	500	X						X						
<b>Totals</b>					<b>\$ 32,254,500</b>	<b>65</b>	<b>32</b>	<b>12</b>	<b>1</b>	<b>8</b>	<b>25</b>	<b>0</b>	<b>17</b>	<b>10</b>	<b>24</b>

**DEKALB COUNTY GOVERNMENT**  
**FY 2015 BUDGET**  
**January 1, 2015 thru December 31, 2015**

**CALENDAR & PROCESS**

- June 4, 2014      Finance Committee adopts budget calendar and process.
- June 20, 2014      Budget request forms distributed to all departments along with approved FY 2015 budget parameters. County Board members also receive a form to submit for areas that they feel should be specifically addressed and/or studied.
- July 9, 2014      County Administrator and Finance Director begin to meet with County Board members (one at a time), for those who so desire, to discuss the budgets for their Committees and any special areas of interest.
- Aug 4, 2014      Budget request forms are due back to the Finance Office. Departments are expected to submit budgets in accordance with the direction provided. Narratives may be included which outline any concerns the Department has with the direction provided.
- Sept 3, 2014
  1. Budget workbooks are electronically distributed to County Board members. This workbook will include copies of all documentation submitted by Departments.
  2. Finance Committee receives a recommendation on the entire budget from the County Administrator and Finance Director. The proposal will include recommendations for department staffing and line items which could be changed through an appeal process open to both Board members and Department Heads.
  3. Finance Committee sends the budget recommendation to the County Board to place it on file for public inspection.
- Sept 17, 2014
  1. County Administrator and Finance Director hold a “Question & Answer Forum” for County Board members to further clarify the rationale behind the budget recommendations. This will be at 6:00 p.m. prior to the monthly County Board meeting.
  2. County Board places the budget recommendation on file for public inspection.

**DEKALB COUNTY GOVERNMENT  
FY 2015 BUDGET**

**CALENDAR & PROCESS - CONTINUED**

- Sept 30, 2014      Last day for County Board members or Department Heads to file an appeal concerning Administrative budget recommendations. Appeals will then be reviewed by the appropriate Board Committee. If the Committee concurs with the appeal, it will then be forwarded to the Finance Committee for a decision in November.
- Oct 1, 2014        Board Committees begin budget discussions. Focus will be primarily on areas which are appealed from the Administrative recommendation.
- Oct 25, 2014      Publish first notice of public hearing on proposed Budget and Tax Levy.
- Oct 29, 2014      Publish second notice of public hearing on proposed Budget and Tax Levy.
- Nov 4, 2014       Board Committees complete reviews of any appeals which were filed concerning budgets for which they have oversight.
- Nov 5, 2014       Finance Committee hosts public hearings on the proposed Budget and on the proposed Tax Levy. Any appeals successful at the Standing Committee level are decided at this meeting. Overall final budget adjustments are made at this time, and the entire budget is forwarded to the County Board for adoption.
- Nov 19, 2014      County Board adopts the Annual Budget and the Tax Levy Ordinance prior to the start of the fiscal year on January 1, 2015.