

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
April 3, 2019**

The Finance Committee of the DeKalb County Board met on Wednesday, April 3, 2019, in the Administration Building's Conference Room East. Chairman Cribben called the meeting to order at 7:00 p.m. Those Members present were Mr. Scott Campbell, Mr. Steve Faivre, Mr. John Frieders, Ms. Dianne Leifheit, Mr. Jerry Osland, and Chairman Dan Cribben. Ms. Sandra Polanco was absent. A quorum was established with six Members present and one absent.

Others present included Gary Hanson, Pete Stefan, Jim Scheffers, Sheila Santos, Greg Millburg, and Jim Hutcheson.

APPROVAL OF THE AGENDA

It was moved by Mr. Faivre, seconded by Mr. Osland and it was carried unanimously by voice vote to approve the agenda as presented.

APPROVAL OF THE MINUTES

It was moved by Mr. Campbell, seconded by Mr. Frieders and it was carried unanimously to approve the minutes of the March 6, 2019 Finance Committee Meeting.

PUBLIC COMMENTS

There were no public comments.

RESOLUTION CERTIFYING IMRF PARTICIPATION FOR QUALIFIED ELECTED OFFICIALS

Mr. Stefan shared that pursuant to a Resolution the IMRF Board of Trustees adopted in 2017, the County has to re-certify every two years which elected official positions meet the hourly standard for IMRF participation. For DeKalb County, the hourly standard was 600 hours annually prior to December 1, 1993 and 1,000 hours annually thereafter. Currently, the County's six independently elected officials (Circuit Clerk, Coroner, County Clerk, Sheriff, State's Attorney, and Treasurer) all participate in IMRF. Although the County Board has no control over the hours or operation of the offices of the six independently elected officials it must, as the IMRF employer, certify that the positions do meet the required hourly standard and, therefore, qualify for IMRF participation. We have, accordingly, modified the proposed language in the IMRF Resolution template to better reflect this relationship. This recertification Resolution was first passed in 2017 and is now more of a housekeeping type of item that is required to be filed with IMRF again in 2019 and every two years thereafter.

It was moved by Ms. Leifheit, seconded by Mr. Osland and approved unanimously by voice vote.

ANNUAL FMO UPDATE

DeKalb County Facilities Management Office Director Jim Scheffers joined the Finance Committee to provide his Annual Report. The report reviewed the projects, activities, and accomplishments of the Department over the past year. Mr. Scheffers additionally shared with the Committee that the Public Safety Building chiller is installed and they are waiting for warmer weather to complete the setup. In the next couple of days he will be going out for bids on the next 3 units that are scheduled to be replaced.

TORT & LIABILITY FUND OVERVIEW

Following up on the State's Attorney's Office presentation on Tort & Liability Fund Case Management to the Law & Justice Committee last month, Mr. Hanson and Mr. Stefan provided an overview of the fund from a historical perspective and explained how the levy is developed including any tax caps the fund is subject to.

Mr. Stefan explained which viewing the data that was presented that the Tort Levy is almost a flat levy, with slight inflationary increases, on average. From year to year, the fund can swing wildly by adding \$500,000 to dipping into the fund \$500,000. The levy peaked at about \$1,050,000 in 2012-2013 and then because of the struggles the County had with the General Fund balance in the General Fund Budget, Administration reduced the levy to its long-term average, which is about \$500,000. That worked well through about 2016 but in 2017, when some of the outside counsel costs starting hitting hard and heavy, the last two years it hasn't been such a good deal. However, if you continue to look at the average of the Tort & Liability Fund, and not focus on the past two years due to it being a flow period, it will be determined that the fund is not experiencing a norm right now or for the past two years.

He continued that it would be nice to continue to add to the fund balance the law is specific in identifying that there are certain limits that you cannot let the fund exceed. *"The expenditure of funds of a local public entity to protect itself or its employees against liability is proper for any local public entity. A local public entity that has individually self-insured may establish reserves for expected losses for any liability or loss for which the local public entity is authorized to purchase insurance under this Act. The decision of the local public entity to establish a reserve and the amount of the reserve shall be based on reasonable actuarial or insurance underwriting evidence. Property taxes shall not be levied or extended if the effect is to increase the reserve beyond 125% of the actuary's or insurance underwriter's estimated ultimate losses at the 95% confidence level."* 745 ILCS 10/9-103 (a-5).

Mr. Stefan noted that about a year ago when the County started getting hit with multiple tax objections, he went out and requested quotes for what it would cost to have an Actuary give an exact number that the Tort & Liability can accumulate and that cost came in at about \$8-10,000. Administration decided that it wasn't worth the cost at the time to pay to have that number provided. If there is a strong feeling to stay self-funded that the Board would like that comfort level, that may be a cost the Board would be willing to incur, Mr. Stefan explained.

Mr. Stefan also explained to the Committee that in general there are two different caps on a levy. A rate cap, which the Tort Fund has none, so it can go as high as you need it to be. The second is the Property Tax Extension Limitation Act (PTEL) cap, which looks at all of the County's levies as a whole and can only go up by the rate of inflation plus new construction and the Tort Fund is

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.

included in those calculations. He also added that the budget drives the levy. From a budget perspective, the fund actually came out pretty good. Mr. Stefan reviewed the current budget page of the Tort & Liability Fund with the Committee and explained how the revenues and expenditures in 2018 came out to be relatively where projected.

INSURANCE CONSULTANT RFP

Mr. Stefan shared that the County currently has a consultant for health insurance purposes (medical/dental/life) but does not have a relationship established for any liability or workers compensation insurance. Currently, all liability and workers compensation claims are handled in-house, however, the County does utilize the services of a workers compensation attorney and third party administrator to process payments to medical service providers and for other expenses and settlements. Additionally, there is no excess or umbrella coverage currently in place for liability or workers compensation coverage as the County has been self-insured since 1988. The Committee discussed whether the timing was right to issue an RFP for a liability/workers compensation insurance consultant as the first step in considering whether or not to move away from being self-insured and moving more towards a fully-insured commercial model or perhaps even to an insurance pool.

The Committee spoke for a while on the current fund balance of the Tort Fund and what would happen if a catastrophic event (major liability or lawsuit were filed against the County) were to occur and how they would pay for it.

The Finance Committee directed staff to reach out to their current resources to get an idea of what a Consultant would cost in order to provide general advice on what level the Tort & Liability Fund Fund Balance should be as well as determine if the timing is right for the County to move away from being self-insured and move more towards a fully-insured commercial model or perhaps even to an insurance pool.

COURTHOUSE OFFICE SPACE ARCHITECT

Mr. Hanson provided a possible timeline for securing approval to engage an architect in connection with the build-out project of the third floor of the Courthouse. Those proposed timeline is as follows:

04/03/2019 Finance Committee receives time-line for the project and a financing option for the first major step, which is hiring an architect.

Source of Funds: The County has received just over \$500,000 from the close-out of the City of DeKalb's TIF #2. An additional \$150,000 is expected to be received within the next year.

04/22/2019 Law & Justice Committee tours Courthouse spaces contemplated for office shuffling and construction (County Board invited). Committee gives approval to re-location plan.

05/01/2019 Finance Committee recommends funding amount and source for hiring an architect. Architect will be charged with designing the space, estimating the construction cost, and preparing documents up to the point of obtaining construction bids, but not actually bidding out the project.

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.

- 05/15/2019 County Board approves funding for architect.
- 06/01/2019 Architect begins design meetings with Departments Heads.
- 10/01/2019 Architect submits design and cost projections for County review by Department Heads and County Board members.
- 10/28/2019 Law & Justice Reviews architects plans and recommends action to the County Board to seek bids for the project.
- 11/06/2019 Finance Committee recommends financing plan.
- 11/20/2019 County Board approves Courthouse project and financing method as well as assigns the project over-sight to the Public Building Commission.
- 12/01/2019 Construction bids are released.
- 01/15/2020 Bids are received and awarded by the Public Building Commission.

The Committee agreed to move forward with the timeline as presented.

CLAIMS REVIEW

Mr. Stefan highlighted the significant expenditures included in the March Claims List including any items that were unusual from either a dollar amount perspective or due to the nature of the expenditure.

ADJOURNMENT

It was moved by Mr. Osland, seconded by Mr. Faivre, and it was carried unanimously to adjourn the meeting at 8:53 p.m.

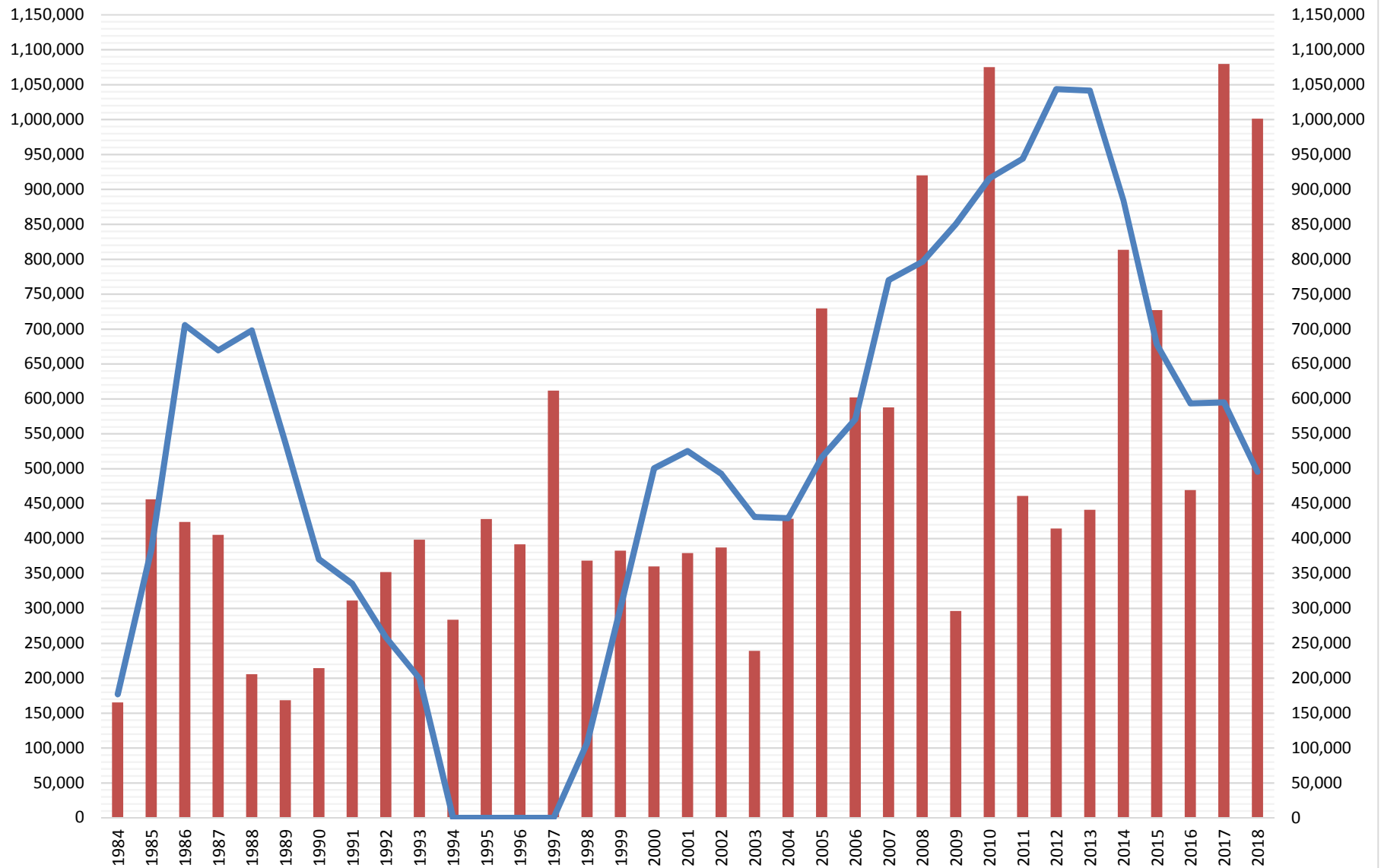
Respectfully submitted,

Dan Cribben, Chairman

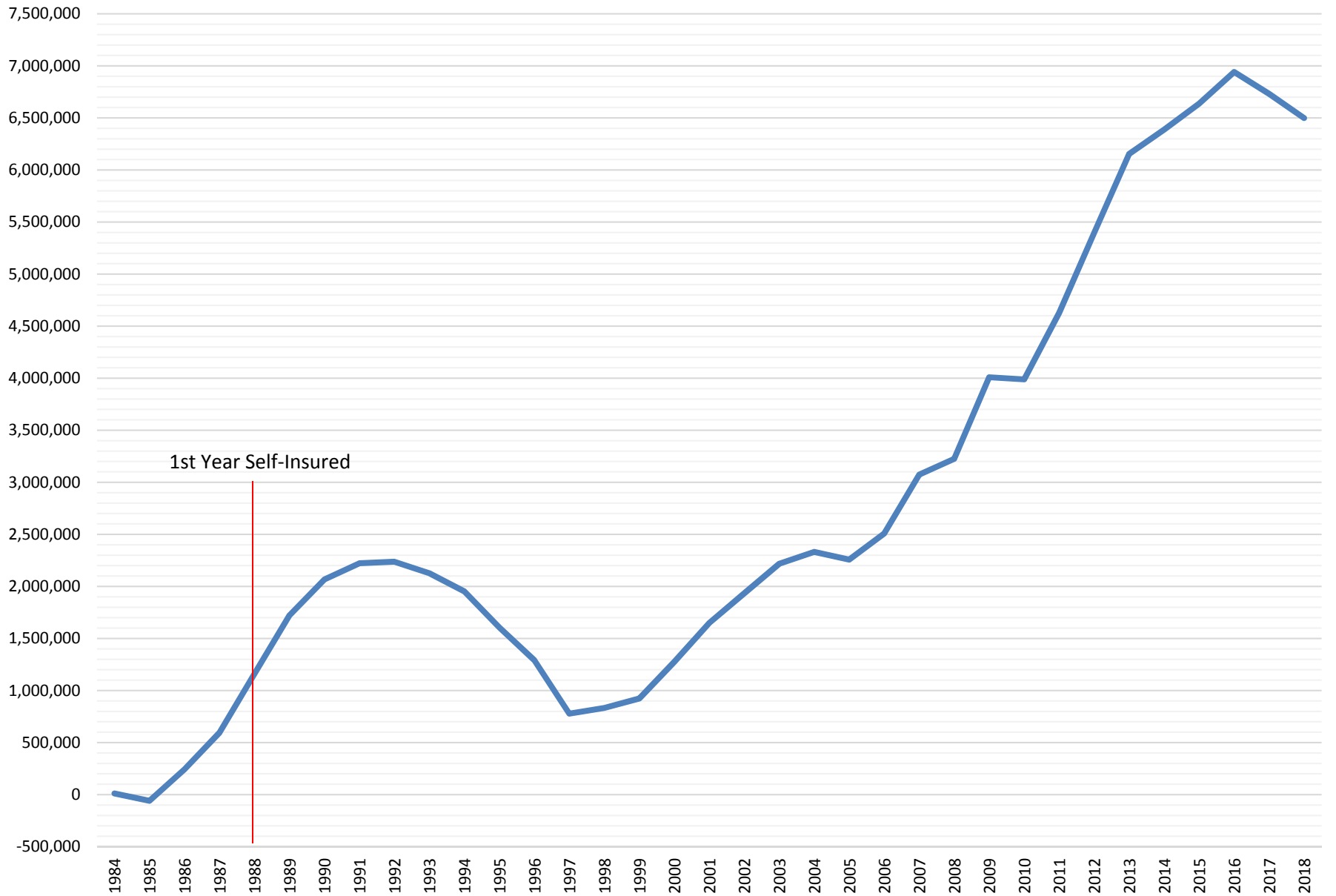
Tasha Sims, Recording Secretary

Tort & Liability Fund Expenses/Property Taxes

■ Total Expenses — Property Taxes



Tort & Liability Fund Fund Balance



MULTI-YEAR RECAP OF TORT LIABILITY INSURANCE FUND

Fiscal Year	Tax Rate	Property Taxes	Other Revenues	Total Revenues	Expenses	Fund Balance	Status
1981	0.05900	281,647	0	281,647	188,015	0	Audited
1982	0.04940	258,975	0	258,975	166,368	0	Audited
1983	0.04860	260,603	0	260,603	128,107	0	Audited
1984	0.03490	177,213	0	177,213	165,324	11,889	Audited
1985	0.07750	384,368	677	385,045	456,109	(59,175)	Audited
1986	0.14680	705,952	19,052	725,004	423,711	242,118	Audited
1987	0.13360	669,576	87,826	757,402	405,203	594,317	Audited
1988	0.13640	698,057	72,700	770,757	205,731	1,159,343	Audited
1989	0.10080	537,543	192,070	729,613	168,255	1,720,701	Audited
1990	0.06510	370,536	190,092	560,628	214,392	2,066,937	Audited
1991	0.05300	335,039	131,716	466,755	311,308	2,222,384	Audited
1992	0.03770	258,634	108,246	366,880	352,050	2,237,214	Audited
1993	0.02620	199,539	87,611	287,150	398,243	2,126,121	Audited
1994	0.00000	0	109,646	109,646	283,626	1,952,141	Audited
1995	0.00000	0	81,790	81,790	427,958	1,605,973	Audited
1996	0.00000	0	77,237	77,237	391,663	1,291,547	Audited
1997	0.00000	0	97,800	97,800	611,633	777,714	Audited
1998	0.01030	107,322	315,374	422,696	368,224	832,186	Audited
1999	0.02650	300,771	172,754	473,525	382,436	923,275	Audited
2000	0.04220	500,629	212,094	712,723	360,076	1,275,922	Audited
2001	0.04210	525,339	227,338	752,677	379,248	1,649,351	Audited
2002	0.03761	493,048	178,829	671,877	387,105	1,934,123	Audited
2003	0.03127	430,918	91,577	522,495	238,911	2,217,707	Audited
2004	0.02930	429,098	112,608	541,706	428,035	2,331,378	Audited
2005	0.03363	516,150	139,714	655,864	729,331	2,257,911	Audited
2006	0.03365	571,114	280,628	851,742	601,836	2,507,817	Audited
2007	0.04089	769,911	384,289	1,154,200	587,604	3,074,413	Audited
2008	0.03837	795,980	274,557	1,070,537	919,839	3,225,111	Audited
2009	0.03901	850,461	229,345	1,079,806	296,019	4,008,898	Audited
2010	0.04125	915,899	138,437	1,054,336	1,074,865	3,988,369	Audited
2011	0.04426	943,947	155,953	1,099,900	460,927	4,627,342	Audited
2012	0.05175	1,043,611	138,864	1,182,475	414,128	5,395,689	Audited
2013	0.05640	1,041,478	157,726	1,199,204	441,080	6,153,813	Audited
2014	0.05148	883,975	163,329	1,047,304	813,436	6,387,681	Audited
2015	0.04012	677,812	297,682	975,494	726,889	6,636,286	Audited
2016	0.03423	593,582	180,780	774,362	469,126	6,941,522	Audited
2017	0.03211	595,038	274,205	869,243	1,079,643	6,731,122	Audited
2018	0.02536	495,672	273,831	769,503	1,001,120	6,499,505	Unaudited

DEKALB COUNTY GOVERNMENT
COURTHOUSE OFFICE RE-LOCATION & CONSTRUCTION TIME-LINE
April 3, 2019

- 04/03/2019 Finance Committee receives time-line for the project and a financing option for the first major step, which is hiring an architect.
- Source of Funds: The County has received just over \$500,000 from the close-out of the City of DeKalb's TIF #2. An additional \$150,000 is expected to be received within the next year.*
- 04/22/2019 Law & Justice Committee tours Courthouse spaces contemplated for office shuffling and construction (County Board invited). Committee gives approval to re-location plan.
- 05/01/2019 Finance Committee recommends funding amount and source for hiring an architect. Architect will be charged with designing the space, estimating the construction cost, and preparing documents up to the point of obtaining construction bids, but not actually bidding out the project.
- 05/15/2019 County Board approves funding for architect.
- 06/01/2019 Architect begins design meetings with Departments Heads.
- 10/01/2019 Architect submits design and cost projections for County review by Department Heads and County Board members.
- 10/28/2019 Law & Justice Reviews architects plans and recommends action to the County Board to seek bids for the project.
- 11/06/2019 Finance Committee recommends financing plan.
- 11/20/2019 County Board approves Courthouse project and financing method as well as assigns the project over-sight to the Public Building Commission.
- 12/01/2019 Construction bids are released.
- 01/15/2020 Bids are received and awarded by the Public Building Commission.