



South Central Illinois Regional Planning & Development Commission

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Serving the Illinois Counties of Clay, Effingham, Fayette, Jasper and Marion since 1972

MINUTES – MONTHLY BUSINESS MEETING TUESDAY, AUGUST 25, 2015 RYAN’S STEAKHOUSE EFFINGHAM, ILLINOIS

Commissioners Present

Dan Sulsberger	Clay County
Herb Henson	Clay County
David Johnson	Clay County
Trevor Bissey	Clay County
Ernie Garbe	Effingham County
Larry Taylor	Effingham County
Mike Brown	Effingham County
Norbert Soltwedel	Effingham County
Jeff Beckman	Fayette County
Wade Wilhour	Fayette County
John Roberts	Fayette County
Rick Gottman	Fayette County
Bill Weber	Jasper County
Tom Brown	Jasper County
Pat Burtch	Jasper County
Ken Larimore	Jasper County
Angela Fehrenbacher	Jasper County
Chet Burks	Marion County
Mark Gibson	Marion County
Erwin Hahn	Marion County
David Armbrust	Marion County

Guests Present: None

Staff Present: James Patrick, Executive Director
Jeanne Dunahee, Administrative Assistant

Chairman Sulsberger called the meeting to order at 7:00 p.m.

ROLL CALL *(Taken by signature sheet – see the list of attendees above)*

Twenty-Three voting Commissioners attended, constituting a legal quorum. Sulsberger welcomed new Commissioner, Wade Wilhour, of Fayette County, to the board. Sulsberger asked if there was any further business. There being none, he moved on to the Recognition of Guests.

RECOGNITION OF GUESTS/HEARING OF THE PUBLIC

None present.

APPROVAL OF MINUTES

Sulsberger asked if anyone present had questions concerning the July 21, 2015 Minutes. There being none, a motion was made by Taylor, and seconded by Weber, to approve the Minutes as presented (*Approved*).

BILLS & COMMUNICATIONS

Session's Welding Update

Patrick reported, as of July 23rd Jeanne compiled figures for use in the Affidavit for foreclosure and possession. On August 14th Coble & Milone's office called for updated figures for the same reason which totaled \$199,030.99. The Commission had not received any further communication from the attorney's office since. Milone relayed to the Commission staff that this process could take 60-90 days. Patrick asked if there were any questions. Sulsberger asked Gibson and Henson if that was where the Commission should be. Gibson said he was concerned about the communication between the attorney and Commission staff. Gibson asked that the staff call the attorney and see where they are with proceeding with the foreclosure.

Thompson's Sleep Stores, Inc.

Patrick reported Sleep Stores, Inc. are three months behind on their loan payments and as of August 17th they indicated they would be filing for Chapter 7 Bankruptcy. We have not received a court notice, so we are in a holding pattern on this matter. Patrick asked for discussion concerning choice of attorney's to use for the Commission's bankruptcy cases. Whether to use the same attorney for all cases or using one from the county the collateral is located in. Gibson asked who filed for bankruptcy, Patrick replied Sleep Stores as a corporation, but the loan has been personally guaranteed. Gibson asked if Thompson's indicated who their attorney was, Patrick replied no. Gibson noted that until the Commission has been served notice, the Commission can continue to move forward with a suit. Board members were told Ted and Angie Thompson have life insurance as collateral on the loan. Gibson indicated the Commission may need to pay the premiums if Thompson's do not keep the payments up, in the event they pass away the Commission would receive the money, which could be a long term investment. Gibson suggested retaining an attorney from Thompson's community. Gottman suggested the staff contact Law Group Ltd. of LeFevre Oldfield Myers Apke & Payne in Vandalia and ask for Ricky Myers. Patrick noted the staff would contact the law firm and report back at the September meeting. T. Brown brought up Attorney, Terry Sharp's name and Gibson indicated the Custom Foam case was dormant for so long, that the Commission needed somebody that was astute in bankruptcy. Sharp is semi-retired now but could use Sharp's partner John Hundley, but the Commission may not want to pay the kind of money. Brown indicated he was satisfied with what Sharp did for the Commission. Soltwedel noted he wondered if it would pay to have a conference with the borrower and see what the situation is, because after hiring a lawyer it seems like the Commission loses total control. Have we been aware Sleep Stores has been struggling for some time and what have we been doing about that? Patrick noted the staff has been staying in touch with them, but Sleep Stores have been staying up enough to hold us off. Soltwedel noted the loan is not the whole story, part of it is servicing the loan and meeting with the borrower and finding out what their difficulties are, Patrick noted the Commission staff tried that and Thompson's refused. Soltwedel asked about an organization to provide loan / debt counseling or to try to help borrowers better manage their business. Patrick replied, the Commission cannot specify they do that. Weber indicted it would be more amiable and deal with them up front and see if they might, if not then crack the whip. Soltwedel said he was on the end of working with borrowers to find a solution and make their business successful, because the Commission is going to lose money. Henson said, you can work with them but it take two to tango. Thompson's shut the Commission down letting them know they did not want to change their terms on the loan. He didn't know what more the staff could have done. He noted he understood talking with the customer and try working it out but they have their minds made up since their threatened bankruptcy. After more discussion Patrick noted the staff would contact Mr. Myers for representation in this matter. Patrick asked if there were any further questions, there being none moved on to SBA 504 Material Non- Compliance.

SBA 504 Material Non-Compliance

Patrick stated a Appendix A was being passed to the board along with the attendance sheet for all to sign. Appendix A will show SBA that the board members are aware that the Commission is in material non-compliance with SBA C.F.R. 120.828 code stating the Commission must maintain a loan volume of two SBA 504 loans per fiscal year. He noted out of concern he contacted Valerie Ross, SBA's Branch Manager for Illinois, and she stated that hundreds of these non-compliance letters were sent out across the state and nation and that the notice is not of a punitive nature, but to get the CDC's to concentrate on SBA loans. The notice requested the Commission to submit a marketing plan to the D.C. facility and Ross requested a copy as well. Ross noted she understood the economic hurdles in rural communities, but that does not remove the rules of SBA. Patrick then noted he contacted Kim Chuday of NADCO and obtained an outline of what SBA prefers

in the marketing

within a marketing plan. Patrick stated he will be submitting no later than September 30th. Patrick then read the Resolution to adopt a FY-2015 SBA 504 Marketing Plan for SCIRPDC. Patrick reported he signed up for an SBA marketing seminar. T. Brown noted the Commission had gone through the same situation when Walker was at the Commission. He was wondering if something could be found to use from that time of reporting. Patrick commented that staff had searched for that report, but wondered if it was lost when the server crashed. Sulsberger asked if the marketing plan would explain how they were going to promote SBA loans. Patrick noted that Chuday indicated the Commission needs to send SBA timelines from previous loans to present, list of prospects and reason why they did not choose to use SBA, current economic situations and what corrections can be made to correct those situations. Sulsberger asked if there were any questions, there being none he asked for a motion to approve the Resolution of the Board of Commissioners Adopting a FY-2016 SBA 504 Marketing Plan for the SCIRPDC, a motion was made by M. Brown and a second by Garbe (*Approved*).

Legislative Updates

Patrick directed those present to page 7, noting that House Bill 2042 has been signed by the governor, allowing the state to pass through federal funds which is very important to the Commission's operations. CDAP grant funds are federal money, so they are able to pass through the state. The Commission has a significant portion of operation that comes from CDAP grant funds and grant writings. Shaw has drawn down a significant amount of funds for operation which will reflect on next month's financial report. Patrick noted he talked with two Illinois representatives Friday, August 21st who indicated it could be as late as March 2016 before they have a budget if this continues. Soltwedel asked if there will be money released even if there is no budget, Patrick answered, as long as it is federal money. Money is slowly being released for education and some social services.

Upcoming Grant Deadlines and Submissions

Patrick referred to page 8, noting the CDAP Economic Development and Infrastructure Emergency Set-Aside programs have an open application process. He noted one housing rehabilitation and four public infrastructure grant applications were submitted and it may be November before hearing if awarded. He noted the Open Space Land Acquisition applications will be coming up May 1, 2016 along with the Boat Access Area coming up July 1st and that now is the time to start planning for those. The three IDNR grants will be due March 1, 2016. The US Economic Development Administration at present uses a quarterly submission deadline cycle. They are trying to remove the quarterly deadline cycle and revert to using an open cycle submission. He noted, under the USDA Rural Development line item it has 35 grant programs if anyone has use of these programs to call him. The Illinois Department of Transportation Enhancement Program will more than likely not be released again till August 2017, the Safe Routes to School Program was not funded in FY-2015 but hope is funded in FY-2016, and the IDOT Park and Recreational Facilities Grant due March 1st, 2016 and the Firefighters Staffing for Adequate Fire & Emergency Response Grant will be coming up in November and December 2015 and will try and keep you up to date on those. The Commission just learned that any fire department (under the umbrella of the county) needing scuba gear, fire trucks, ambulances, etc. are available for a loan or grant, depending on the median of household incomes. The submission process is open, but USDA prefers to have them in before May 31st.

Interested Party in Vacant Office Space

Patrick noted that the Commission has had one serious inquiry on the vacant office space. The prospect picked up a copy of the lease information, said he was in early planning stage, Patrick has stayed in contact with him to see if he had any further questions.

TREASURER'S REPORT

July 22, 2015 –August 14, 2015 Commission Financial Reports

Patrick referred to page 9, check #30798 to Booher's Tin Shop in the amount of \$314.75 was for the service of three AC units and repairs to tenants unit; check #30808 to Greenwood Pest Control in the amount of \$175.00 was payment for quarterly termite inspection & treatment; check #30833 to Executive Business Products for \$305.75 for maintenance on photocopy machine; check #30835 to US Bank in the amount of \$408.92 for fuel, software, luncheon, webinar & supplies; and check #30846 to US Postal Service in the amount of \$200.00 for postage meter. He noted the expenditures were higher due to the July meeting held

early and reporting three pay periods. Patrick noted on page 10 under the Business Now Account are several grant writing and grant management payments received bringing the ending balance to \$129,072.45. Accounts Receivables were low due to the inability to draw down ASAP and EDA funds, therefore this account should show an increase next month. The EDA 301(b) Account reimbursed the Business Now Account \$7,926.85 for the July expenses. Patrick asked if there were any questions or concerns from page 10, there being none, he moved on to page 11. In the EDA Title IX RLF Account WBT, LLC prepaid their loan in the amount of \$26,564.51. The last entry under the RBI/CDI Account in the amount of \$4,314.52 was payment to the Clay County Treasurer for Session's Property Taxes. Patrick asked if there were any questions on page 11, there being none, he moved on to the Year-to-Date Financial Statement on page 12. Patrick reported that the Ongoing Local Service for July 11 to August 15th came to \$15,000 and line item Internally Generated Resources was a little high for the month due to the prepaid Title IX loan from WBT, LLC., also the grant writing funds received of \$9,000 for the month brought the total revenues balance to \$85,959.04. Patrick reported there being nothing unusual under expenditures for this month totaling \$50,307.10. He moved to page 13, reporting that CD #7915 through the First State Bank Beecher City was rolled over for another year at a .60% rate. The office staff called for rates and this was the best anyone could give. Moving on to page 14, Patrick noted that Sleep Stores was late on their loan payments and the Commission staff are awaiting word from Coble & Milone on Sessions Foreclosure and would call the attorney Wednesday to see where we are. He noted all other loan recipients were paying as agreed. He noted at the bottom of the page, Coble & Milone was given the figure of \$199,030.99 to file Sessions Affidavit on the Commissions behalf. Patrick asked if there were any questions or concerns. There being none, a motion was made by Larimore to approve the Treasurer's Report as presented, and a second by Beckman (*Approved*).

STAFF REPORTS

July 22, 2015 – August 14, 2015

Patrick referred to page 15, noting he wished to brag on Jeanne for handling things while he was on vacation and also Luke on his work with Flora concerning their enterprise zone. He noted the Commission needs SBA loans and can write applications out of the Commission's five-county area if needed. Discussion ensued over SBA fees compared to bank and commission fees noting SBA loans have become the last option for borrowers. Patrick noted he visited with the Richland County Development Corporation who knew of a business in Olney that was possibly interested in an SBA loan. The business is wanting to expand but was not able to obtain gap financing anywhere. It was mentioned that when rates raise SBA will look better because they will offer fixed rates when banks many times do not.

COMMITTEE REPORTS

Operations & Budget Committee Report

Approval of Minutes of August 6, 2015 O&B Committee Meeting

Patrick reported the Operation & Budget Committee members met on August 6th to review and approve the FY-2016 budget as presented. He asked if any committee members had any comments concerning the meeting. Weber commented that Patrick did a good job putting together the budget packet for review and was gone through in much detail and did not see a whole lot of need to change anything. He also noted that the procedure had been set for the last couple of years, so the committee knew what was going on. Sulsberger then entertained a motion by Garbe and a second by Weber to approve the Operations & Budget Committee Minutes of the August 6, 2015 meeting (*Approved*).

Approval of FY-2016 Indirect Cost Allocation Plan and Annual Budget

Patrick referred to page 19 through 21 explaining each source of operating revenue and projections for FY-2016. He noted that EDA remained the same until expiration in 2017, but the IDOT HSTP Intergovernmental Agreement increased approximately \$12,000. The EEPs and IDOT Rural Transportation Planning Grant decreasing the ongoing state and federal contracts only raised by a few hundred dollars. Under Ongoing Local Service Agreements, four grant management contracts expired in 2015 but four new contracts were picked up, Sharon Township, Shafter Township, Effingham Economic Development CDAP and the Flora Enterprise Zone Application. The total Ongoing Local Service Agreements proposed for FY-2016 decreased somewhat to \$88,655. Patrick asked if there were any questions thus far. Soltwedel asked when the Commission paid the insurance on Sessions that became an expense under the line item insurance and that would be the same as paying insurance on the property on the property the Commission owns. Patrick explained that was force

placed insurance which is taken directly out of the RBI loan account as an expense. Soltwedel referred to page 12 of the board packet, when insurance, attorney fees or real estate taxes are paid does that reflect on the expenditure report each month. Patrick replied that the force placed insurance is included on page 12 in the Insurance & Bonding category. Discussion ensued over budgeting for loan expenses, legal fees, taxes, insurance, etc. that have not and may not occur. It was requested to provide the board members with a breakdown on a monthly basis of what is owed the Commission when a loan is in default. Patrick moved onto Internally Generated Resources explaining that the decrease in funds from FY-2015 to FY-2016 was due to paying Custom Foam funds deposited into the general account and reimbursing the Title IX Loan Account. The interest, debt service and administrative fees are reduced due to the decrease in the loan portfolio and not receiving rental income from one of the Commission's vacant offices. He noted that the items highlighted in yellow are funds that may be used for personnel and non-personnel expenses. The rental income from Kert Martin Insurance show zero dollars due to the fact that the Commission has not rented the space. He referred to page 20, noting the list of possible new contracts budgeted in FY-2016, which amounts to a \$25,000 increase due to Patrick's confidence that four of the five grants will be funded that were submitted in July. He reported that the agency's revenue total budget for FY-2016 was \$835,511 compared to FY-2015 at \$896,225. Patrick asked if there were any questions, there being none he moved on to page 21.

Patrick explained the expenditures proposed for FY-2016 listed on page 21 and 22. He reported that the Agency-wide Budget Total for FY-2015 was \$840,771 compared to FY-2016 at \$827,627. Patrick asked if there were any questions, there being none moved on to page 23. He reported that the pie chart depicts Indirect Costs at 13.9% and Direct Costs at 86.1% for FY-2016 allocations. The chart below that is broke down in categories for the FY-2016 Indirect Cost. Patrick asked if there were any questions, there being none moved to page 26 & 27. Patrick summarized the pages by noting the Indirect Costs tallied down the side of the pages were computed by taking the FY-2016 Direct Chargeable Salaries and subtract a portion (20.3%) of Patrick's and 100% of Briscoe's salaries bringing that total to \$223,475; taking the FY-2016 Direct Chargeable Fringes and subtract a portion of Patrick's and 100% of Briscoe's fringes bringing that total to \$65,826; and add them together creating a total FY-2016 Direct Personnel Cost to \$289,301. The FY-2016 Indirect Costs (\$115,159) is then divided by the FY-2016 Direct Personnel Costs (\$289,301) bringing the Total Indirect Cost Rate to 39.81%. This percentage rate is used on each of the Commissions contracts to calculate the indirect costs for operations. Patrick asked if there were any questions concerning the indirect costs. There being none, he moved on to page 28 explaining the Proposal for FY-2016 Pay Increases and the FY-2016 Fringe Benefits Proposal. He noted the pay increases totaled \$5,600 and the Fringe Benefits increased \$2,224 which included bonuses. He pointed out the daily rate of each employee used for contractual costs in the highlighted column. Patrick asked if there were any questions concerning the salaries and fringe benefits. There being none, turned the meeting over to Chairman Sulsberger. Sulsberger then entertained a motion approving the FY-2016 Indirect Cost Allocation Plan & Agency-wide Operating Budget from Stanley and seconded by Burks (*Approved*).

OLD BUSINESS

None

NEW BUSINESS

Discussion of Annual Meeting Location (Marion County)

Jeanne reported she contacted the Salem Elks Lodge to see what meal they could put together for the Commission's Annual Meeting. The meeting will be held on Tuesday, October 27th at 6:30 for the meeting and eat around 7:15 p.m. She explained that the menu could consist of meats such as Ribeye, Butterfly Pork Chop or Chicken. These meats would be complimented by one of the following; baked potato, garlic mashed potatoes or roasted red potatoes; garden salad; roll; dessert (cobbler); and beverages include: tea, coffee, water, soda. The cost of the 10 oz. Ribeye meal is \$18.75; Butterfly Pork Chop \$14.75; and the Chicken \$11.75. She noted she could add a vegetable if they wanted her to. After some discussion, it was decided to ask for two kinds of potatoes and green beans as the vegetables. Jeanne noted she would ask the Elks staff what they could provide us and have a sign-up sheet ready for the September meeting.

Dr. Steve Scott-Core Physician Resources – Speaker

Patrick noted that at the September board meeting, Steve Scott of Core Physician Resources met with Patrick and discussed charging flat fees – how much of that stemmed from Affordable Care Act, 100% of it. Scott

noted they are trying to pick up those patients that have fallen through the cracks that still don't have insurance or have insurance but not good insurance. Patrick noted he gave Steve twenty minutes to speak at the beginning of the board meeting on September 29th, so be thinking about questions for him.

Sulberger then asked new commissioner, Wade Wilhour to tell the board a little about himself. He said he has served on the Fayette County Board since 2009, lives north of St. Elmo and farms with his family and runs a construction company in Beecher City. Sulsberger and Patrick welcomed Wade to the board.

ADJOURNMENT

A motion was made by Henson and seconded by Bissey, to adjourn the Commission's monthly business meeting held on August 25, 2015 (*Approved*). The meeting was adjourned at 8:22 p.m.

APPROVED THIS, THE 29th DAY OF SEPTEMBER, 2015 A.D.

Herb Henson, Corporate Secretary
SCIRPDC

Dan Sulsberger, Chairman
SCIRPDC