

**Business Employment Skills Team, Inc. (Electronic Meeting)  
Special Board of Directors' Meeting Minutes  
July 31, 2015**

The Business Employment Skills Team, Inc. Board of Directors' Meeting was called to order at 5:03 p.m. by Co-Chair Kevin Reibel.

<b>Name</b>	<b>Present</b>	<b>Absent</b>	<b>Name</b>	<b>Present</b>	<b>Absent</b>
Robert Albrecht	X – Dixon		Steven Malavolti	X - Peru	
James Duffy	X – Dixon		Jay McCracken	X - Peru	
Kathy Enbom	X – Peru		Chuck Phillips		X
Randy Freeman	X – Peru		Kevin Reibel	X – Dixon	
Kim Gouker	X – Dixon		Wayne Reising	X – Dixon	
Rick Ketchum		X	Jennifer Robbins	X – Dixon	
Lisa Lynch	X – Peru		Ron Smith	X - Dixon	

**PROXY:** Chuck Phillips to Kathy Enbom

**OTHERS PRESENT:** Pam Furlan, Kathy Day, Jo Ann Johnson, Dianna Schuler & Joel Torbeck

**Business Meeting**

Determination of BEST, Inc. Staffing & Office Operations

Kevin said that he just had a chance to look over the Options that were sent under separate cover. He asked Kathy D to review for members Option 1.

Kathy D said that on Thursday (July 30) she submitted a cash request of \$298,000 from DCEO. She told members that the request had to be in before August 5. Kathy said that BEST, Inc. is on a tight timeline to request the money. She said that the Comptroller's Office should pick up the request on Tuesday and release the money to the bank. However, Kathy told members that the cash request can be cancelled if the Board decided not to accept Option 1. Kathy informed members that she does have confirmation from DCEO that costs may be incurred for August and beyond. Kathy told members that she asked DCEO what, if any, repercussions would be if we choose to drawn down the additional money to pay for allowable costs for August or possibly September. DCEO, Kathy said, may look the other way. Kathy noted that in her conversations with DCEO, they were encouraging local areas to continue operations, but, "for obvious political reasons", wouldn't officially make that statement. The money, Kathy said, would allow BEST, Inc. to continue operations almost at full force. Kathy told members that although a lot of unanticipated requests for uniforms, licenses, etc. are typically received from individuals enrolled in schooling, if we cut back and watch spending carefully, the funds would get us through September.

Jennifer asked if we will eventually get the money to pay for the individuals that staff are signing up for classes. Kathy responded yes and said that the money is sitting there but it has not filtered

down from the state. Kathy stated that community action agencies and some health departments funding are in the same situation as local workforce areas.

Kathy then provided members the minuses of Option 1. She said that the State of Illinois is getting their money from the federal government, but they don't have the authority to release it to the local levels. Kathy confirmed that BEST, Inc. can incur costs from July and has that approval in writing.

One minus, Kathy stated is that BEST, Inc. may receive a monitoring finding from DCEO for having more than three days cash-in-hand. Kathy told members that by having excess cash-on-hand is not a disallowed cost. She said BEST, Inc. would have to tell DCEO that procedures are put in place so this would not happen in the future.

Jim commented on the statement that even though DCEO said they may look the other way the final decision is not in their hands but in the hands of the legislators and Governor. Kathy stated that spending the funds are allowable. Kathy E asked and Kathy D confirmed that DCEO said it is okay for BEST, Inc. to incur costs. Ron asked how much money would be requested. Kathy replied that the remaining balance of 298,000 will be drawn down. Robert stated that we would apologize to DCEO for having too much money.

Ron asked if DCEO encountered any staffing changes with the election of the new Governor. Kathy told members that James Schultz is the DCEO Director and Julio Rodriguez is the Employment and Training Workforce Director of DCEO. Kathy said that when BEST, Inc. thought we were going to close on June 30, both Jim and Julio called our offices and encouraged us to continue operations. She said that they are very supportive. Kathy told members that she and Pam will be on a conference call on Monday to get an update on the funding situation.

Jay McCracken said that he appreciated the Options laid out and since the money has already been requested there will be funding for a short time. Kathy stated that the money has been requested, but the Comptroller will not release it until Tuesday.

Referring to another minus presented for Option 1, Jim commented that no payments will be provided to youth service providers. Kathy said that she talked with Lee Ogle Whiteside Regional Office of Education and they are able to sustain the program knowing that they will be reimbursed in the future. Jim asked how long they could operate without any reimbursement. Kathy replied that they could make it through August and September.

Randy Freeman asked if staff have been involved in any of the hearings going on in Springfield. Kathy told members that representatives from the Illinois Workforce Partnership (IWP) (local Director's Association) did testify last week. Kathy said that the legislators were very supportive and recommended obtaining an attorney to get the funds. Kathy said that there are some Community Based Organizations that are planning to file an injunction for the release of all federal funds.

Randy stated that is what should be done. He said that Illinois is one of 6 states that run the federal funds through the state budget. He then asked if contacts were made with the

Congressmen/Congresswomen and Senators. Kathy said that letters have gone out to both IL Senators and IL Congressman/ Congresswomen. She said that Senator Durbin has also been in contact with IL Senators trying to get the federal funds released. One important thing, Kathy told members, is that we, as a State and local workforce area, must spend a certain percentage of these federal funds. Otherwise, the money will be returned to the federal government and distributed to those States that are spending their allocation.

Ron asked if contact was made with Congresswoman Cheri Bustos. Kathy said that she was going to call her. Pam stated she would contact Congressman Adam Kinzinger's Office.

Randy continued by saying that people are being affected dramatically and a lot of collateral damage is being done by the State of IL.

Pam informed members that Tri-County Opportunities closed their offices at 4:30 on July 31, 2015 due to the lack of the State budget.

Kathy D informed members that there is almost a millions dollars from PY 14 that was carried forward to PY 15. She said that the PY 15 grant is about four million dollars and needs to be drawn down from the federal government by the State.

Jim commented that he was of the option that the State fiscal crisis will stretch out the whole budget year.

Jennifer asked why other workforce boards have closed. Kathy said that they are the smaller boards and may not have enough money to continue operations. She told members that in some areas either the county(ies) or community college(s) are covering their costs.

Ron asked if statistical data was available to members, such as numbers of individuals being served. He said that he would be happy to make some phone calls about releasing the federal money.

Jim asked if Option 1 was approved, would staff be able to enroll new individuals in programs or simply maintain the ones that are already enrolled. Kathy said that we have continued to enroll new individuals in classroom training programs. She told members that the tuition bill will not be available until mid-October. Kathy said that Dr. Jerry Corcoran, President of IL Valley Community College knows that we may be late in getting the tuition payments to his institution. Kathy also told members that staff have called to landlords asking for rent deferment due to limited funding availability.

Robert commented that he did not feel that the budget would be straightened out fairly soon and asked what the chances are of the federal money bypassing the State. Kathy said that the Department of Labor stated that there is nothing they can do without a legislative change. She said there is also discussion about putting together a Bill to release federal funds regardless of an approved State budget.

Lisa asked Pam and Kathy for some talking points. She said that Congressman Kinzinger will be attending the LaSalle Rotary next week and would like to have some information available. Pam told members that she was developing some talking points for the NCI Works members and will send the same information to the BEST, Inc. Board of Directors.

Randy told members that Tri-County Opportunities provides scholarships to eligible individuals and gives them money for transportation costs. He said that if the individual does not attend class, the institution retains the funds because the scholarship is paid directly to the institution. Randy commented that he foresees individuals not being able to attend classes due to transportation costs.

Kathy informed members that the NCI Works members at their recent meeting addressed the same topic about transportation costs. She said that transportation checks will be issued for August. However, Kathy said that staff will encourage their students to share rides and use public transportation. Kathy also told members that most Dislocated Workers qualify for the PELL grant which they are allowed to keep for living expenses. Kathy noted that day care will also become an issue.

Moving on to Option 2. Kathy told members that Pam talked with Centru Bank about securing a line-of-credit. Pam informed members that Centru Bank agreed to give BEST, Inc. a line-of-credit loan in the amount of \$300,000. She said that prime loan rate is 3.75 but Centru agreed to lower the rate to 2.2%. Pam said that Centru is willing to work with us and asked us to pull the information together so that at any point we would need the money it would be available.

Ron asked if the landlords would agree to defer rent payment under Option 2. Kathy said that she has not talked with the Sterling or Jo Daviess Counties landlords yet. Ron said that he would talk with the Jo Daviess Health Department about rent deferment.

Robert confirmed that the two options were to draw down funds and obtain a line a credit. Ron suggested that if rents could be waived the money would be available elsewhere. Kathy E confirmed that at this point rent deferment was being sought. Kathy D stated that she could ask the landlords to waive the rent as an option.

Kim asked how likely the DCEO finding of excess cash-on-hand would be and how serious. Kathy replied that the finding will be likely if they do not look the other way. If DCEO reports the excess cash-on-hand it is not a serious finding nor is it a disallowed cost. Pam commented that it would be a minimal risk.

Jay suggested moving forward and asked for volunteers to pursue federal options. Kim verified that the line of credit is not based on accessing the drawdown funds. Kathy stated that the funds are at the State level, but state policy only allows local areas to draw down cash up to 25% of expenditures.

Jim asked if paying interest on the line-of-credit is allowed. Pam told members that many years ago the U.S. Department of Labor encouraged local areas to deposit their federal funds into interest bearing accounts in order to leverage funds. Pam stated that the interest from these

accounts was placed in a NOW account and used for activities not allowed for by grant funds. She said that this money has been carried forward for the last 20 to 30 years. Kathy D said she understood that it was used to pay for flowers for a funeral and a service charge on a credit card for late payment. Kathy said that there is almost \$1,200 in the NOW account. Pam noted that at one time there was about \$4,000 in the account and it has always been part of the audit. She said that the money is unrestricted meaning that it can be used to pay for anything not covered by the grant.

Calculating the interest, Jim said it would be \$550/month based on \$300,000. Kathy D said that the money would be taken as needed and not in a total amount. Robert noted that following Option 1 and Option 2 was agreeable.

With there being no further questions for Option 2, Kevin stated that Option 3 is premature right now and asked if the HR Committee wanted to discuss it at their next meeting. Jennifer stated that the HR Committee had a full agenda for the August meeting. Kathy D told members when she did a poll from the staff there were a few that indicated that they would take a temporary layoff and some said they would work a few days a week and collect Unemployment Insurance (UI) at the same time. She stated that some staff may be interested in continuing with that option. Kevin said that staff may consider it knowing that they will keep their benefits and receive Unemployment Insurance at the same time. Members concurred agreeing that staff could volunteer to take a temporary layoff or reduced work schedule as a cost saving measure. Jim asked what would be done if staff did not volunteer. Kathy said that staff could be put on furlough, however, she told members that most staff already talked with UI representatives and were aware of the payment options available to them. Randy stated the importance of staffing needs if layoffs were needed.

Pam said that BEST, Inc. will need to be able to keep providing services to customers even when people are laid off. She told members that this is a very busy time for staff. They are enrolling new students in classroom training as well as continuing to work with their current caseload. Some staff, Pam said, were considering the layoff option because they thought that was the only option. When some staff met with Unemployment Insurance representative they were not close to earning 50% of their benefit amount. She said that each person is going to need to re-evaluate their own situation. Pam cautioned members that the results she and Kathy received from the first survey may not be the same results now. Jay stated that Option 3 needs to be discussed, however, Options 1 and 2 need to be finalized. Kim asked if the Board could get an estimate as to how far the drawdown will extend (i.e. 6 months). Pam said that if we get to 4-5 months a lot of workforce boards will be closed.

Ron asked Pam to include in the bullet points that this is the busiest time due to new enrollees, etc.

Jim said that if the Board approved Option 1 it should be made clear that we do not continue business as usual. He stated that cuts or deferment of expenses need to be done in order to extend the drawdown. He continued by saying that if the Board approves Option 2 the cuts or deferment of expenses needs to continue.

Randy Freeman motioned to approve Option 1 and Option 2 in sequential order. Kathy Enbom stated that Option 2 needs to have a separate motion.

Jim Duffy, following a sequence, motioned to pursue Option 1 (Continue to draw down available funds from the State) and reduce expenses as much as possible in terms of rent and other things that can be deferred in order to extend Option 1 beyond two months. Next, consider Option 2 (Pursue a Line of Credit for 2 months) including the same cost savings measures in order to extend those funds; and, consider furloughs in any of these Options. Steve raised a question regarding the line of credit timing. Kathy E explained that Centru Bank has already approved the Line of Credit and requires a separate motion from the Board. Motion was seconded by Robert Albrecht. Pam responded that when she informed Centru Bank of the meeting, they asked her to get all of the information to them as soon as possible so that the money is available when needed.

Randy rescinded his earlier motion to approve Option 1 with a backup for Option 2.

Kevin informed members that a motion was on the table to pursue Options 1, 2, and 3 in sequential order and as presented. He said the debate has stopped and called the question to vote on the motion by Jim Duffy. Roll Call vote:

<b>Name</b>	<b>Aye</b>	<b>Nay</b>	<b>Name</b>	<b>Aye</b>	<b>Nay</b>
Robert Albrecht	X		Steven Malavolti	X	
James Duffy	X		Jay McCracken	X	
Kathy Enbom	X		Kevin Reibel	X	
Randy Freeman	X		Wayne Reising	X	
Kim Gouker	X		Jennifer Robbins	X	
Lisa Lynch	X		Ron Smith	X	

Continuing, Kevin called for a Roll Call vote to proceed with sequential order of Options 1, 2, and 3:

<b>Name</b>	<b>Aye</b>	<b>Nay</b>	<b>Name</b>	<b>Aye</b>	<b>Nay</b>
Robert Albrecht	X		Steven Malavolti	X	
James Duffy	X		Jay McCracken	X	
Kathy Enbom	X		Kevin Reibel	X	
Randy Freeman	X		Wayne Reising	X	
Kim Gouker	X		Jennifer Robbins	X	
Lisa Lynch	X		Ron Smith	X	

Motion carried.

Kevin then moved to the action for the Line of Credit. Kathy E told members that Centru Bank already has a Corporate Resolution signed by the Co-Chairs and Secretary of the BEST, Inc. Board of Directors that authorizes the signature of the Line of Credit. Ron asked about the length of the Line of Credit. Pam stated that she was told it would be available when needed. Robert Albrecht motioned to authorized establishing a Line of Credit of \$300,000 at 2.2% interest. Pam stated that there was also a \$100.00 filing fee. Motion was seconded by Wayne

Reising. Jennifer asked if there was a due date for the loan. Pam said that Centrue did not give her one. Kim asked Pam to clarify the due date before the August BEST Board meeting. Roll call vote:

<b>Name</b>	<b>Aye</b>	<b>Nay</b>	<b>Name</b>	<b>Aye</b>	<b>Nay</b>
Robert Albrecht	X		Steven Malavolti	X	
James Duffy	X		Jay McCracken	X	
Kathy Enbom	X		Kevin Reibel	X	
Randy Freeman	X		Wayne Reising	X	
Kim Gouker	X		Jennifer Robbins	X	
Lisa Lynch	X		Ron Smith	X	

Jim asked members if the Board was going to follow a strategy of contacting federal and state legislators. Jim Duffy motioned that the BEST, Inc. Board of Directors provide direction to Pam and Kathy to contact state and federal legislators and discuss the challenges that BEST, Inc. faces on the non-release of federal funds caused by the lack of a state budget. Motion was seconded by Robert Albrecht. Members continued discussing possible contacts with area legislators. Pam encouraged members, especially the Chief Elected Officials, to make contact with area legislators. She said that she will put together the talking points and send it out all members. Pam stated that the IWP has already made contact with Senator Durbin and Senator Kirk. Lisa suggested having every person on the Board send out letters to area legislators. Jim stated that phone calls and hand written letters is the best approach. Randy told members that he is going to discuss with the LaSalle County Board Chairman proposing a Resolution encouraging the Governor and Legislators to release federal funds. Members agreed with that approach. Jim asked if someone could draft a basic Resolution for each of the County Boards to consider. Pam said that she would draft the Resolution and send it out to members. Robert stated that the Resolution should focus on what BEST, Inc. needs. Kevin said that there was a motion and second on the table to proceed with outreach efforts regarding the release of federal funds from the state. Motion carried.

Jim suggested that if there was a partnership group actively pursuing a law suit to release the federal funds from the state, that it should be considered. Kathy D told members that an Intergovernmental Agency of St. Clair County is in the process of preparing such a lawsuit. Kathy E confirmed that BEST, Inc. cannot incur legal costs. Pam stated that costs would not be incurred if the lawsuit went through Illinois Workforce Partnership. If we get to that point, Kathy D told members that she and Pam agreed that IWP money should pay a portion of the suit.

Jim Duffy motioned to support the Illinois Workforce Partnership (IWP) if they pursue an injunction/lawsuit for release the federal funds from the state. Motion was seconded by Wayne Reising and carried.

Jay asked Pam and Kathy to express to the staff the support of the BEST, Inc. Board's during this difficult time.

Jennifer asked if the Board was going to discuss Option 3. It was agreed to Table Option 3 (Temporary Lay-off/Furlough) until the next BEST, Inc. Board of Directors' Meeting.

Other Business

None

Public Comments

None

Adjournment

With there being no further business, Jennifer Robbins motioned to adjourn. Motion carried.  
Meeting adjourned at 6:06 p.m.

Jo Ann Johnson

Approved by:

A handwritten signature in black ink, appearing to read "JRobbins", written in a cursive style.

Jennifer Robbins  
Secretary