

# Hancock County Council

July 15 , 2009

The County Council of Hancock County, Indiana, met in the Commissioner Court in the Hancock County Courthouse Annex, Greenfield, Indiana, on the 15<sup>th</sup> day of July, 2009 at the hour of 8:30 A.M. in regular meeting in accordance with the rules of the Council. Council members present were Jack Leonard, Rosalie Richardson, Jim Shelby, Brian Kirkwood and Dick Pasco. Also present were Auditor, Robin Lowder, Deputy Auditor Ginny Martin and County Attorney, Ray Richardson.

Recording started 8:30 am

Council Vice President Jack Leonard, who presided, called the meeting to order and opened the Public Hearing regarding the CEDIT tax.

## **In the Matter of LOIT and CEDIT tax     )**

Councilman Leonard requested that the gentleman in the audience come to the podium to address the Council, Greg Wiechmann appeared before Council regarding the possible implementation of the LOIT and CEDIT tax. Mr. Wiechmann was very upset regarding this possibility and expressed his view of this being a travesty to the public and is very unacceptable as a citizen of Hancock County. Especially, with the economic condition of our country, he has to live with a budget and everyone else should also. Councilman Leonard explained to Mr. Wiechmann that the LOIT would replace the lowering of the property tax by the State, and to allow us to work on a different base than the old property tax. Councilwoman Richardson asked Mr. Wiechmann to go on record that he would prefer property tax versus a new LOIT tax. He agreed that he would much rather do that. Mr. Wiechmann ended with “we need relief”, and doesn’t want to “bail the county out”.

8:40 am President, Bill Bolander and Councilman, Tom Roney arrived at the meeting.

President, Bill Bolander presides

John Priorie was the next concerned citizen to address the Council regarding the implementation of LOIT and CEDIT. His concerns are the matter of which the meeting had been advertised and feels the public has a right to know what is going on. He feels it is unfair and many misconceptions about this issue and took everyone by surprise due to the editorial in the newspaper on Saturday. There needs to be more discussion regarding LOIT and CEDIT. Mr. Priorie stated his concerns about economic development issues, and .25 % already in place.

Councilwoman Richardson advised that CEDIT has to be voted on by July 31, 2009 but the LOIT not until November. The CEDIT breakdown is as follows:

- .15 Is reserved for the Library CEDIT tax
- .10 Reduced to current surplus of the library and can't be used by the County
- .05 Still available and to be used for Economic Development

Councilman Shelby advised that the LOIT tax has to be voted on by law no matter what. And speaking personally it is not what he is looking at right now. However, the CEDIT tax is needed for economic development and advised by our County financial consultant to set up an economic development fund.

Mr. Priorie reiterated his concerns for the future fiscal challenges of the County with the Mt. Comfort development and using tax dollars in this area and TIF districts.

Auditor, Robin Lowder advised Council for the record that the June 18, 2009 meeting was properly advertised.

Mayor Brad DeReamer appeared before council regarding the CEDIT tax. He asked Council to keep the CEDIT tax for the economic development at the .15. He is not in agreement to raise taxes. Mayor DeReamer stated that the amount .05, if used for its intended purpose which is economic development and shared with the City, would give them the tools needed to lure companies to Hancock County. The Mayor also explained Elanco and how the TIF comes into play. The City of Greenfield is doing all the infrastructure for the TIF, the sewer, water etc. this is how the City lured the company to Hancock County. The City did not want to bond this amount for future mayors or tax payers. The TIF is feeding the cash fund within that area as a TIF. The .05 would allow the City and County to recruit new companies for our area.

Councilman Roney asked the question to the mayor that "what if the library would need the .05% back"? Mayor DeReamer stated that they would use it for economic development to the point that the library needed it back possibly 3 years. The City would have to adjust at the point this happened. Councilwoman Richardson advised that Council is not taking the library's CEDIT. Mayor DeReamer wanted to make it clear that he is *not* asking that the income tax be increased.

Councilman Kirkwood advised, the Council is working diligently to find cuts within the departments and Council has to find a way to make up the difference.

Randall Shields, publisher of the Hancock Daily Reporter appeared before Council to advise he is against the CEDIT and LOIT tax. Dedicated taxes do not work; this creates a windfall for a group. Mr. Shields states that he is very suspicious of these types of designated taxes. The County and City needs to bridge with economic development and the City pulled out. Mr. Shields other concern is business property tax that the house bill just enabled. The Daily Reporter's business property tax has gone from \$62,000 to \$92,000 a year within a 2 year period

of time which is a 50% increase. Across the street at Greenfield Banking Company their tax went from \$137,000 to \$180,000. These are huge property tax for business owners of our community. The proof is in what they are paying. This is a factor that needs consideration in bringing on economic development.

Councilwoman Richardson agreed with Mr. Shields regarding the business property tax that state mandated 1001 enacted. However, the Council looked at LOIT to see if it could be spread among all the entities in the county but they found that it was not going to be that beneficial to anyone and not much relief. A balance of taxes is what is needed on business tax.

Councilman Leonard made a suggestion to Mr. Shields educating the public on these issues is crucial. The Daily Reporter could be used to get the public informed of the options. Our County Government has not been a spend thrift and the budget is basically the same as it was 10 years ago. It is the State that mandates things to the County that we have no control over.

Mr. Shields suggested that as a community, a line of communication needs to be opened. The Reporter wants to do that with letters and columns in the newspaper.

Councilman Roney asked "can LOIT be targeted all for one purpose"? Councilwoman Richardson referred to IC 6-3.5-1.1-26 and asks County Attorney Ray Richardson to look it up.

Councilwoman Richardson introduced Ordinance 2009-7C to institute the increase of the County Economic Development Income Tax (CEDIT) not to exceed .10%.

Councilman Pasco advised Council that they must have a second evening meeting. If the tax is being increased then the public has a right to give their input and people work during the day. It was decided that a public meeting be set for July 28, 2009 at 7:30 pm. The special meeting with Covance is on July 28, 2009 at 8:30 am.

President of Council, Bill Bolander advised, the public hearing is now closed and the regular Hancock County Council meeting will convene.

**In the Matter of June 13, 2009 minutes     )**

Councilman Leonard made a motion to approve the June 13, 2009 minutes as written, seconded by Councilwoman Richardson. Minutes approved for June 13, 2009.

**In the Matter of 2010 Budget     )**

Councilman Shelby reported to the Council that for 2010 there will be approximately \$850,000 in budget cuts from the proposed budget. This will allow us to reach the goal of \$15,200,000. He reminded the Council to go back to the departments and look to see if the 5% reduction that was requested by Council for the 2009 budget could be a continuing reduction for 2010. Some of the departments added back in their 5% on their 2010 budget.

CCD fund uncommitted for 2009 is \$429,000.

Ginny Martin, bookkeeper requested from Council that the additional cuts be approved in order to balance the remaining funds with the 1782 budget order for 2009. The advertised budget estimate was lower than the approved budget and the DLGF takes the lesser of the two amounts, therefore, in order to balance we have to cut.

Councilman Shelby made a motion to approve the additional reductions for the balancing of the 1782 budget order for 2009 and allow the Auditor, Robin Lowder and Bookkeeper Ginny Martin to work out with the departments what line items these amounts need to come from . The reductions are as follows:

Fund 0123	Reassessment	Reduced by \$452
Fund 0180	Community Correction Bond	Reduced by \$59,480
Fund 0182	Courthouse Annex Bond	Reduced by \$23,048
Fund 0183	Courthouse Renovation Bond	Reduced by \$64,051
Fund 0185	EOC 911 Center Bond	Reduced by \$413,300
Fund 0702	Highway	Reduced by \$6,619
Fund 0706	Local Road & Street	Reduced by \$235,000
Fund 4000	CCD fund	Reduced by \$129,057

Councilman Richardson seconded motion. Vote 7-0

**In the Matter of the Group Health Insurance for Employees )**

Auditor, Robin Lowder submitted to the Council the 2010 Health Plan Projections. The report indicates that the Group Health Plan will decrease for 2010. The report also offered alternatives to cost savings for the County group health insurance.

**In the Matter of Bonding of the Auditor )**

Commissioner Tom Stevens addressed the Council concerning the bonding of the Auditor. The current amount is \$15,000, the Commissioners feel it should increase. Councilman Shelby made a motion to increase the bonding of the Auditor to \$50,000 effective August 1, 2009, seconded by Councilman Leonard. Vote 7-0

**In the Matter of Resolutions regarding Funds )**

- Resolution 2009-6-1---CCD Fund ( passed on June 10, 2009 by Council and signed this date)

Resolution No. 2009-6-1

A RESOLUTION REGARDING USE OF THE CCD FUND

There shall hereafter be no expenditures made from line item 4000-000-40-0050 "Other Capital Outlay" of any budget without the explicit permission of the County Council.

Adopted this 15<sup>th</sup> day of July, 2009.

Hancock County Council

William A. Bolander

Thomas E. Roy

Jack Leonard

Bonnie Kahan

J. A. Shulby

Bill McE

Richard J. Hahn

Attest: Robin D. Towder  
Hancock County Auditor

- Resolution 2009-6-2 -----Payment to NASA ( passed on June 10, 2009 by Council and signed this date)

RESOLUTION 2009-6-2

Whereas it has been shown that the Hancock County Council approved on June 10, 2009 with a 7-0 vote that fund 4606 NASA (Neighborhoods Against Substance Abuse) be paid on a monthly basis. The disbursed amount for each month is the appropriated budget amount divided by 12 months.

Approved this 15<sup>th</sup> day of July 2009.

AYE:

NAY:

William C. Bolander

Thomas E. Roney

Jack Leonard

Ronnie Scharon

John A. Shulby

Bill

Richard J. Pardo

ATTEST: Robin D. Lowder

Robin D. Lowder

Hancock Co. Auditor

- Resolution 2009-7-1 allowing the funds from Family & Children and Child Psych that was transferred to Excess Levy Fund to be transferred to the Rainy Day Fund

Public Law 182-2009

**HANCOCK COUNTY COUNCIL  
HANCOCK COUNTY, INDIANA**

**RESOLUTION NO. 2009-7-1**

A RESOLUTION TO TRANSFER REMAINING BALANCES OF THE FAMILY AND CHILDREN'S FUND AND THE CHILDREN'S PSYCHIATRIC RESIDENTIAL TREATMENT SERVICES FUND FROM THE LEVY EXCESS FUND TO THE COUNTY RAINY DAY FUND.

WHEREAS, Public Law 146-2008 repealed the county family and children's fund (IC 12-19-7 before its repeal); and the county children's psychiatric residential treatment services fund (IC 12-19-7.5 before its repeal); and

WHEREAS, Indiana Code 6-1.1-18.5-17 mandated the county transfer any excess balances from the county family and children's fund and the county children's psychiatric residential treatment services fund to the county levy excess fund; and

WHEREAS, Public Law 182-2009 allows counties to transfer said balances from the county levy excess fund to the county rainy day fund;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF HANCOCK COUNTY, INDIANA, AS FOLLOWS:

1. The remaining balance of the county family and children's fund 0843 now in the levy excess fund in the amount of \$29,248.08 is hereby transferred to the county rainy day fund.
2. The remaining balance of the county children's psychiatric residential treatment services fund 0844 now in the county levy excess fund in the amount of \$186,740.52 is hereby transferred to the county rainy day fund.

IN WITNESS WHEREOF, the County Council of Hancock County, Indiana, determine that this Resolution be deemed effective this \_\_\_\_\_ day of \_\_\_\_\_, 2009

HANCOCK COUNTY COUNCIL

Walter A. Bauer  
Thomas E. Roney  
Jack Leonard  
Bonnie Kellner

J. A. Shilly  
B. L. K.  
Richard J. Davis

ATTEST: Robin D. Lowder  
Robin D. Lowder  
Auditor of Hancock County

**In the Matter of Re-establishing of CCD fund rate )**

County Attorney, Ray Richardson addressed the Council regarding the re-establishing the Cumulative Capital Fund at its maximum rate. Mr. Richardson advised the Council the Ordinance adopted two years ago goes on forever and does not need to be re-established. Greg Guerrattaz advised in an earlier meeting that it needs to be re-established to ensure the DLGF doesn't make any mistakes regarding the rate. Council did not sign any changes to the Ordinance concerning the CCD rate.

**In the Matter of Transfer for Highway )**

Councilman Roney made a motion to allow \$100,000 be transferred from account 0702-533-20-0021 (gasoline) to 0702-533-10-0026 (group insurance), for the County Highway Department, seconded by Councilman Shelby. Vote 7-0

**In the Matter of E911 )**

Sheriff, Bud Gray appeared before Council. The first item to address is as of this morning, July 15, 2009, E911 Director, Ty Wooten has resigned his position. The Commissioners have also terminated a dispatcher and another dispatcher will be leaving soon, moving out of state. The E911 Board of Directors will be meeting in the morning to discuss the situation. Sheriff is seeking support from the Council to replace the position. Council recommended that the Director position be filled for a lesser salary amount due to the state of our County finances. A hiring list for the Dispatcher is already available and they will be using this list for possible candidates. Councilman Leonard made a motion allowing Sheriff and E911 Board to hire the Dispatcher that was terminated and the Dispatcher that is leaving and search for a new Director. The motion was seconded by Councilman Kirkwood. Vote 6-1

Sheriff Gray advised that they have proposed to Commissioners to raise the Sheriff Foreclosure fee from \$150.00 to \$200.00 and the Ordinance was given to Ray Richardson, County Attorney to Amend.

**In the Matter of Auxiliary Police Expense )**

Deputy Donnie Smith, appeared before Council to ask for clarification of the line item in the CCD fund 4000. The Auxiliary Police Expense line item 4000-068-40-0054 was moved to the CCD fund and is appropriated each year for \$25,000. The problem is that this amount is needed every other year for a vehicle but the off year there are items to purchase for the Reserves that do not fall under the allowed expenses for the CCD fund. What can be done to fix this issue? Commissioners advised Deputy Smith to seek Council opinion on how to resolve issue. Council advised to table this issue and Deputy Smith is to work with Auditor, Robin Lowder and Bookkeeper, Ginny Martin to work out the problem from an accounting perspective and report to Council the next meeting.

## **In the Matter of Sheriff Pension )**

Sheriff Bud Gray, appeared before Council along with McKready & Keen and Morgan Stanley regarding the Sheriff Retirement 457 Plan. All issues need to be resolved regarding the Sheriff pension and the Merit Board is in audience today to clarify questions.

- Elaine Beaty, McKready & Keen advised the Council this is the year to restate the retirement plan and Council needs to adopt and approve. Documents have been forwarded to your attorney Ray Richardson. Council has not been given a copy of the plan. That will be provided to the Council.
- This plan is a pay as you go plan and McKready & Keen as actuaries of the plan determined what is needed each year to meet the funding obligations. The earning potential is at 7%.
- With 2008 being such a bad year it is reflected that the plan had a 22% loss. The losses are spread out over time.
- The County recommended contribution (20-year funding of unfunded liability) is in the amount of \$491,255. Historically, Hancock County has chosen this option due to the funds that were available.
- The County recommended minimum contribution (30-year fund of unfunded liability) is in the amount of \$467,437, any amount below can result in a violation of Indiana Code 36-8-10-12(e)
- These amounts have increased for the 2010 contributions.
- This program has been in existence since 1975.
- This program is a defined benefit program, this means that an employee is guaranteed a benefit when they separate employment. The adopting employer has to ensure that there is enough money in the pot to meet the promised benefit. The 7% earning potential has not been an unrealistic expectation.
- Councilman Kirkwood questioned the percentage that is being used for stocks versus bonds in the funds. Ms. Beaty explained that is not their job at McKready & Keen. Their job is to tell you what you need and not how to invest it. Morgan Stanley addressed this issue as follows: These funds must be diversified for a good return and safer. Morgan Stanley advised that their figures show a -19.5% return for 2009 and there are discrepancies with their figures and the trustee of the plan. If you add stocks to a legitimate bond portfolio not only do you raise the return but you raise it at 3 percentage points a year, bonds are not statistically safer.

- Councilman Bolander explained the components in the Pension Plan.
  1. McKready & Keen—tells us what we need in funds
  2. Morgan Stanley—invests
  3. Greenfield Banking—trustees/auditor of funds
  
- Councilman Kirkwood asked “I still have concerns that if the 7% potential earning is guaranteed across the board that the County could be responsible forever with the shortfall”? Ms. Beaty agreed “yes” County would be responsible for shortfall and reap rewards of the excess.
  
- Morgan Stanley advised that they are changing the mix of investments. Councilman Shelby advised that over the past 8 years the average return is .53%. Morgan Stanley advised it’s a volatile market and would equate last year with the 1930’s.
  
- Councilman Shelby asked “Wouldn’t it be wise for the equity people to move out of stocks during this time”? That is what you are paid to do.
  
- Morgan Stanley advised, in 2007 they met with the Merit Board and advise that they felt it would be wise to move a portion out of stocks with the anticipation of 2008 not being a very good year. They were told at that time by the Council members at the meeting that they wanted to review. On November 14, 2007, Morgan Stanley recommended \$232,000 to go “Manages Futures” out of stock specifically. This would have diversified and adjusted the portfolio. The decision was asked to be delayed until May 2008 which is 6 months.
  
- Merit Board member, Ronnie Mohr advised Council, at this November 2007 meeting, Councilman Shelby and Councilman Bolander were both in attendance. They told Merit Board and Morgan Stanley that they wanted to review these actions which lead to the decision being delayed. The decision was never acted on and more bureaucracy occurred. The Merit Board is responsible for the investment for the retirement fund. They didn’t act due to lack of action on Council’s part. Council members had no idea that their review would impact any investment decisions made on the part of Morgan Stanley and the Merit Board.
  
- Councilman Shelby and Councilman Bolander advised that at no time were they aware that any review process on their part would delay or interfere with the actions of Morgan Stanley and how to invest.
  
- Councilman Shelby asked Morgan Stanley “did you make the change”?
  
- “Yes” Merit Board gave the approval to Morgan Stanley to proceed.
  
- Councilman Shelby “then our review didn’t really impact or delay your decision”.

- Councilman Shelby concerns with Morgan Stanley is that the actual performance is not good. And even you take out 2008 it is still 3.8% .
- Morgan Stanley asked “is it appropriate to compare the performance of your personal finances with this issue”?
- Councilman Shelby response “if you are hired to invest money then it is fair to compare with other investment groups”.
- Councilwoman Richardson asked how much does it cost to rebalance and are there underlying costs from Morgan Stanley?
- Morgan Stanley advised “no” they have a flat fee. They seek out the best investments with fund managers. Morgan Stanley covers all the trading costs. The managers are charged with the best execution costs at the lowest price.
- Councilman Shelby “ are you telling me that 400 trades in March was not a profit to the traders”?
- Morgan Stanley answered “if the trades were done with Morgan Stanley then the answer is no”. If a manager went to another trading desk it is not free. No money is made on Government bonds.
- Why so many trades?
- Morgan Stanley has to sell and move from one area to another but the managers have the discretion to sell off a portion of the portfolio. There must be active management to get good returns.
- Councilman Shelby “in one year how can we go from being ok in the budget to such a large increase in the County’s portion”?
- Ms. Beaty, deviations in the expectation cause the amount to go up and down. They can only recommend and follow standard practice. It has increased this year but years past you have benefited from the plan. The 20-year is \$491,255 and the 30-year is \$467,437. The budget for 2009 was \$328,538.

- Sheriff Bud Gray advised Council that he is satisfied with Morgan Stanley and their services. They provide services for 50 Sheriff departments throughout the state. And a clarification needs to be made, in the last meeting Ray Richardson was waving around papers saying that they (Morgan Stanley) had lost \$944,000 in investments last quarter.
- Ray Richardson advised that he said nothing about a loss but was concerned about the 800 trades that had occurred in the last 3 months.
- Morgan Stanley advised that a report is floating around that they have no idea why it shows losses of \$944,000. This report is grossly inaccurate. This report was provided to the County Attorney by Greenfield Banking Company. The numbers do not match with Morgan Stanley and they don't know where these numbers came from.
- Morgan Stanley agrees that for 2009 the fund has made 3%. Councilman Shelby pointed out that this is Greenfield Banking Co. figures.
- Councilman Leonard asked Morgan Stanley how the balancing issues will be resolved with Greenfield Banking?
- Morgan Stanley's data feed needs to interface with Greenfield Banking. It reconciles trade data. Greenfield Banking needs to update their system.
- Councilman Shelby "due to poor performance I feel that we need replace Morgan Stanley".
- Morgan Stanley "I could not disagree with you more".
- Councilman Pasco asked how much is Morgan Stanley charging for annual fees?
- Morgan Stanley stated with no transactions costs it is 1.3% and investment managers are paid out of the 1.3% and all trading activities. The fee is paid quarterly.
- Councilman Shelby introduced a Resolution to eliminate Morgan Stanley as the Sheriff Retirement Fund investment company, reluctantly seconded by Councilwoman Richardson, she feels the Resolution is not allowed. Council President, Bill Bolander states that the Resolution is out of order.
- Ronnie Mohr from the Merit Board spoke up and stated he disagrees and that Council better check the statute and who makes the decision. He doesn't feel how a decision can be made based on a few pages of a report that was given to them by whoever and isn't even correct. The information showing a loss of \$944,000.
- Councilman Shelby stated that he had never seen this report.
- Ronnie Mohr stated to Council that Merit Board must resolve the issues with Greenfield Banking and will be working toward a resolve of the issues.

- Councilman Kirkwood stated that his concern is we need more security if we are putting people's retirement on the line.
- Sheriff retirement fund discussion ended.

**In the Matter of the Recorder )**

Sharon Shambaugh, Recorder appeared before Council to request transfer of funds from Chief Deputy to Deputies. Currently, there are two deputies and she doesn't feel comfortable making either one of them Chief Deputy at this time. There would be no Chief Deputy at this point and there is approximately \$15,000 left in this line item. The Recorder wants to give her current deputies a raise.

The Recorder's second request is to replace the Chief Deputy position that was vacated by Robin Lower our newly elected Auditor. The Recorder doesn't want the Chief Deputy position, just three deputies.

Councilman Leonard made a motion to allow Recorder to replace the vacant Deputy position, seconded by Councilman Kirkwood. Roll call vote with 5 for yes, 1 for no and 1 abstain. Motion passed.

Yes

No

Dick Pasco  
 Brian Kirkwood  
 Bill Bollander  
 Jack Leonard  
 Tom Roney

Jim Shelby  
 Rosalie Richardson (abstain)

**In the Matter of Surveyor )**

Donna Copeland, Surveyor's office appeared before Council to request to purchase a scanner from their line item within the CCD fund. This appropriation in the CCD was \$36,000 for a vehicle which they will not be purchasing this year. They want to take the funds out of this line item for the scanner purchase. Council approved the use of this line item for this purpose.

**In the Matter of Interlocal Agreement with New Palestine )**

Joe Copeland, Highway Engineer appeared before Council and presented an Interlocal Agreement with the Town of New Palestine. Councilman Roney moved that that Council accept the Interlocal Agreement with New Palestine, seconded by Councilman Pasco. Vote 7-0

Council break 11:25 am  
Council reconvened 11:30 am

**In the Matter of Commissioners )**

Tom Stevens, Commissioner appeared before Council to update them on the status of the bulk purchase ideas that were discussed at the combined Council and Commissioner retreat. The Commissioners will be meeting with the Departments to get their feedback on the idea.

**In the Matter of Probation Grants )**

Kevin Minnick, Prevention specialist appeared before Council to advise that he has applied for two grants totaling approximately \$46,000. This will help fund positions within the Probation Department for the Prevention Specialist salary and provide other services through Probation. There are no matching funds required from the County . Probation is applying for grants and doing whatever they can to help with the County finance issues. Councilman Shelby motion allowing the Prevention Specialist to apply for both grants , seconded by Councilwoman Richardson.

Vote 7-0

**In the Matter of Bridge Projects )**

Joe Copeland, Highway Engineer presented to Council a report for the current bridge projects. He also presented a slideshow of all of the bridges in the County and which ones are in need of repair going forward. Additional funding will be needed to keep up with the bridge projects.

Councilman Shelby moved to adjourn meeting, seconded by Councilman Pasco. Vote 7-0

Adjourned

Recording stopped 11:58 am

APPROVED on this the            day of August 2009

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NAY

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ATTEST: \_\_\_\_\_  
Hancock County Auditor