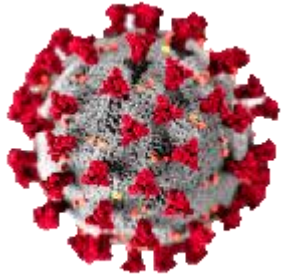


Coronavirus Relief Fund Task Force

July 1, 2020 Meeting



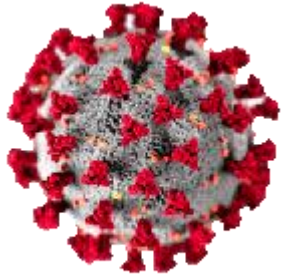


**Coronavirus Relief Fund Task Force
July 1, 2020**

**Part 1
US Department of Treasury Guidance
Updated June 24, 2020**

**Part 2
Coronavirus Relief Fund Task Force Proposal
A "Roadmap" for County Board Consideration**





Coronavirus Relief Fund Task Force

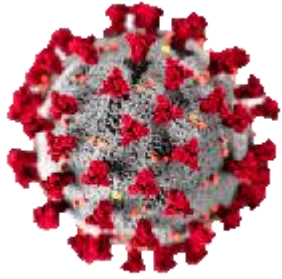
July 1, 2020

Part 1

US Department of Treasury Guidance

Updated June 24, 2020

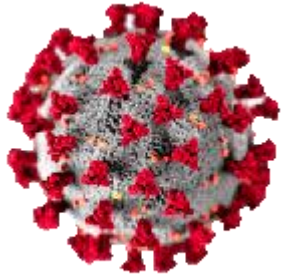




Coronavirus Relief Fund Timeline and the Changing Guidance of the U.S. Treasury

- The CARES Act was enacted on March 27, 2020
- Kane County applied for a direct payment from the Treasury on April 14
- The U.S. Treasury published “The Guidance” on April 22
- Kane County received a direct payment of \$92,900,217.90 on April 23
- The Coronavirus Relief Fund Task Force was announced on April 27
- The U.S. Treasury provided updated guidance on May 4
- The Coronavirus Task Force held its first meeting on May 27
- The U.S. Treasury provided updated guidance again on May 28
- The Coronavirus Task Force met on June 24
- The U.S. Treasury provided the latest updated guidance on June 24



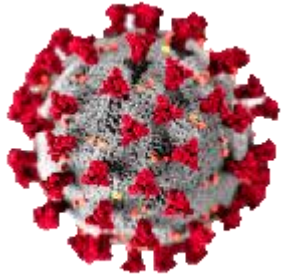


US Department of Treasury Guidance Related to Eligible Payroll Expenses

On April 22nd The U.S. Department of Treasury issued “**The Guidance**” for Local Governments regarding the Coronavirus Relief Fund.

It described eligible expenditures to include payroll expenses for public safety, public health, health care, human services and similar employees **whose services are substantially dedicated** to mitigating or responding to the COVID-19 public health emergency.





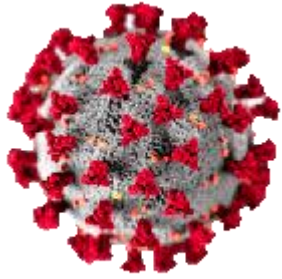
US Department of Treasury Guidance Related to Eligible Payroll Expenses

The U.S. Treasury has provided supplements to “**The Guidance**” to answer questions, provide additional information or clarification on issues which were unclear or had yet to be considered by the Treasury.

On May 4, and reiterated on May 28, the FAQ updates included clarification on the matter of how to determine “substantially dedicated” as that applies to payroll expenses eligible for reimbursement from the Coronavirus Relief Fund.

The answer in both occasions was that “as a matter of administrative convenience...[the local government] may presume that **payroll costs for public health and public safety employees are payments for services substantially dedicated...**”





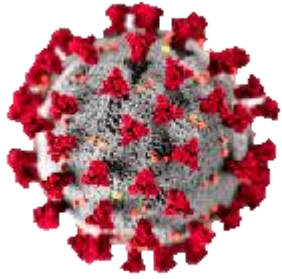
US Department of Treasury Guidance Related to Eligible Payroll Expenses

The U.S. Treasury continues to provide supplements and updates to **“The Guidance”**

On June 24 the FAQ responded to a follow-up question. With the understanding that a wide range of employees provide services that may be considered as “substantially dedicated”, may CRF fund payments cover the employee’s entire payroll cost, or just the portion of time spent on mitigation and response to COVID-19?

The answer provided was that the **entire payroll cost** of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 health emergency is eligible.





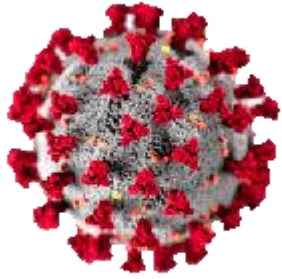
US Department of Treasury Guidance Key Update provided on June 24, 2020

The Question

The guidance provides that funding may be used to meet payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.

May Fund payments be used to cover such an employee's entire payroll cost or just the portion of time spent on mitigating or responding to the COVID-19 public health emergency?





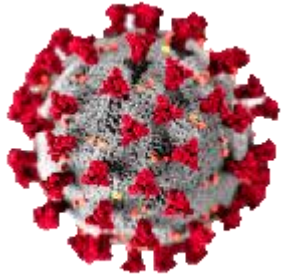
US Department of Treasury Guidance Key Update provided on June 24, 2020

The Answer

As a matter of administrative convenience, the entire payroll cost of an employee whose time is substantially dedicated to mitigating or responding to the COVID-19 public health emergency is eligible, provided that such payroll costs are incurred by December 30, 2020.

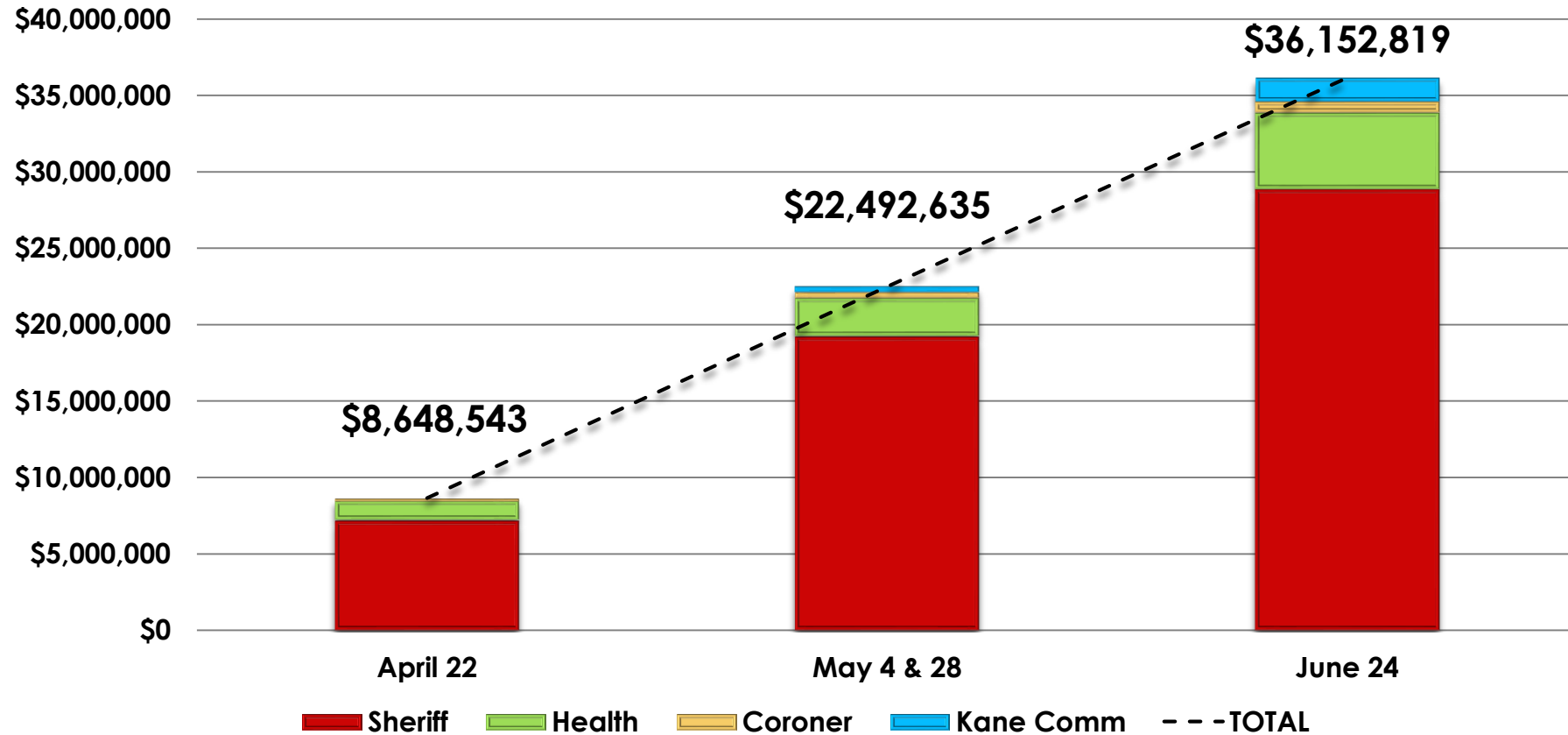
An employer may also track time spent by employees related to COVID-19 and apply Fund payments on that basis but would need to do so consistently within the relevant agency or department.

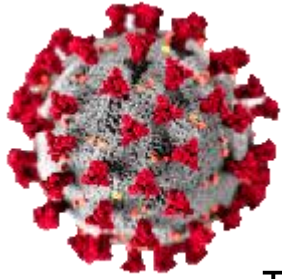




US Department of Treasury Guidance How That Answer Affects the Process

Example based on Kane County's FY20 Budget





US Treasury Coronavirus Relief Fund Allocation Illinois and Local Governments

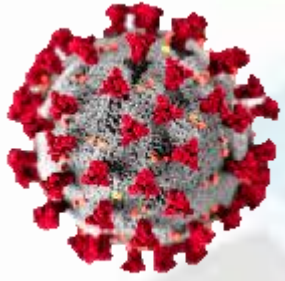
The overall total allocation for Illinois was \$4,913,633,437.00. Eligible local governments that certified with the U.S. Treasury received a direct allocation of 45% of their per capita share as follows;

- Chicago City \$470,078,037.60
- Cook County \$428,597,905.20
- DuPage County \$161,042,597.50
- **Kane County \$92,900,217.90**
- Lake County \$121,539,986.20
- Will County \$120,529,326.90

The Net Payment to the state of Illinois was \$3,518,945,365.70

The State of Illinois retained 55% of the total allocation to Kane County.



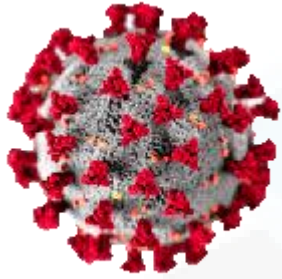


Coronavirus Relief Fund Task Force July 1, 2020

Part 2

Coronavirus Relief Fund Task Force Proposal A "Roadmap" for County Board Consideration

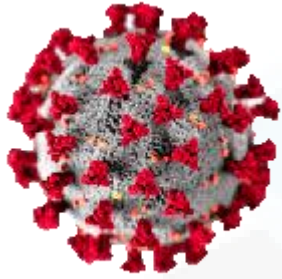




Keys to Understanding the “Roadmap” Proposal

- The Task Force has given careful consideration to balance a sense of urgency to assist our communities, against the necessity to provide both short and long term protection for the County with a changing background of U.S. Treasury regulations and interpretations.
- The Task Force has engaged with our local municipal leaders representing their cities and villages.
- The Task Force has heard from County Department Directors and Elected Officials who provide overarching service throughout the Kane County not duplicated within the operating budgets of any of our partner municipalities.
- The Task Force has performed its own research and analysis, and included best practice policies from other counties across the country.



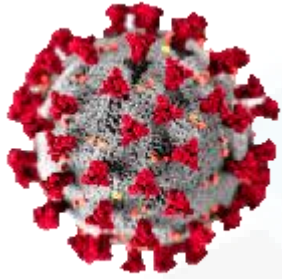


Keys to Understanding the “Roadmap” Proposal

With that background the Task Force has prepared a “roadmap” proposal for the County Board’s consideration.

- In appreciation of the urgent need to distribute the Coronavirus Relief Fund (CRF) funds, the Task Force Proposal calls for the allocation of the entire \$92,900, 217.90 received by Kane County in its direct payment from the U.S. Treasury.
- The Task Force Proposal for the allocation of the \$92,900, 217.90 is based upon the same methodology and formula as was used by the U.S. Treasury for calculating and distributing the direct payment.



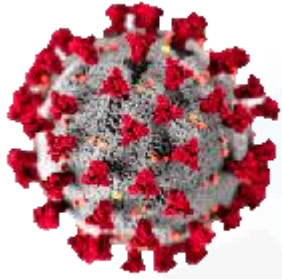


Keys to Understanding the “Roadmap” Proposal

The Task Force Proposal is based upon the same 2019 U.S. Census Bureau Population Estimates used by the U.S. Treasury.

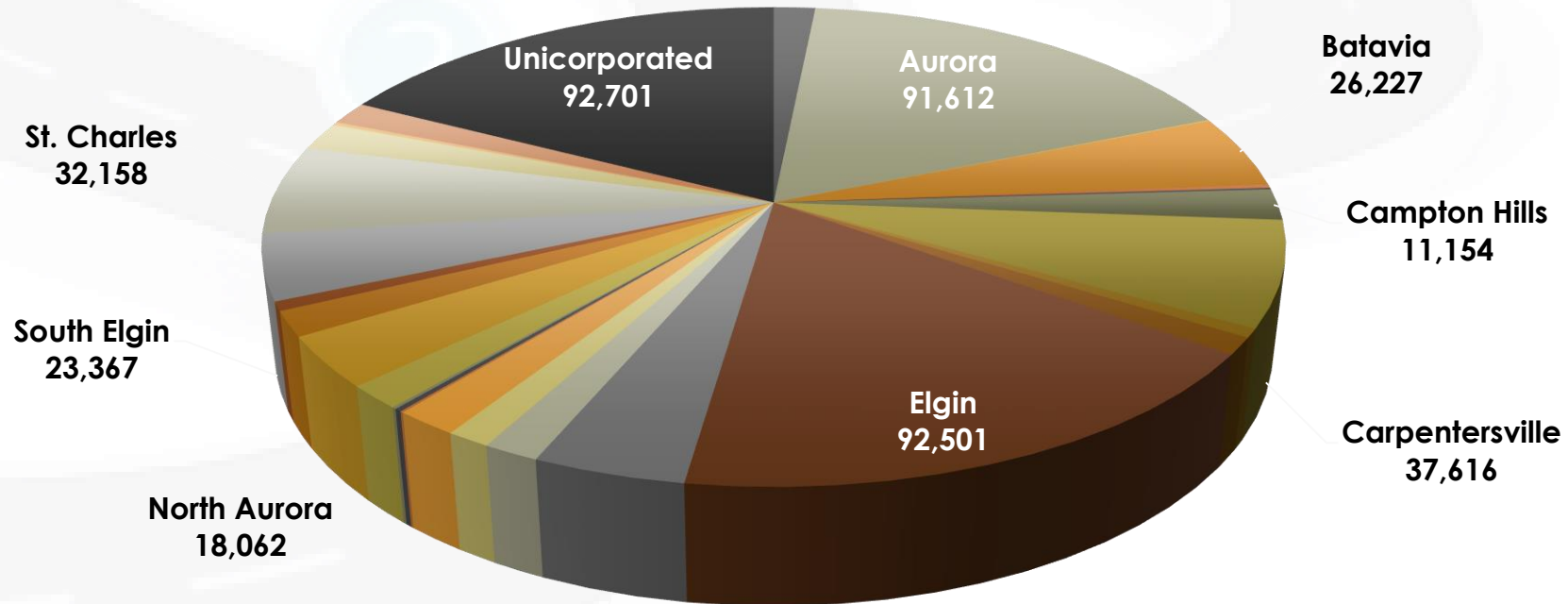
- The Illinois population was 12,671,821 and the total allocated to Illinois was \$4,913,633,437.00.
- The Kane County population was 532,403 and the 45% direct payment received by the County was \$92,900,217.90.
- The Task Force Proposal allocates 45% of the \$92,900,217.90 across the county based upon the percentage of Kane County (only) population of every municipality whose boundaries lie totally, or partially, within Kane County, and also provides an allocation for the population of unincorporated Kane County.





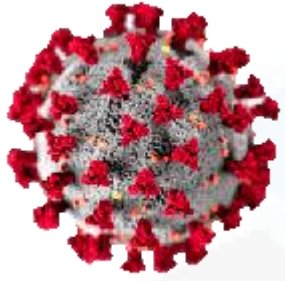
Keys to Understanding the "Roadmap" Proposal

2019 Kane County Population Top 10 Highlighted



- | | | | | | | | |
|-------------------|---------------|--------------------|--------------|--------------|----------------|------------------|-------------------|
| ■ Algonquin | ■ Aurora | ■ Barrington Hills | ■ Bartlett | ■ Batavia | ■ Big Rock | ■ Burlington | ■ Campton Hills |
| ■ Carpentersville | ■ East Dundee | ■ Elburn | ■ Elgin | ■ Geneva | ■ Gilberts | ■ Hampshire | ■ Hoffman Estates |
| ■ Huntley | ■ Kaneville | ■ Lily Lake | ■ Maple Park | ■ Montgomery | ■ North Aurora | ■ Pingree Grove | ■ Sleepy Hollow |
| ■ South Elgin | ■ St. Charles | ■ Sugar Grove | ■ Virgil | ■ Wayne | ■ West Dundee | ■ Unincorporated | |



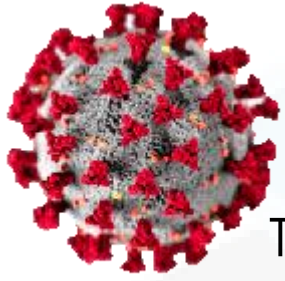


Keys to Understanding the “Roadmap” Proposal

KANE COUNTY 2019 POPULATION

Unincorporated	92,701	West Dundee	8,230
Elgin	92,501	Gilberts	8,070
Aurora	91,612	Hampshire	6,303
Carpentersville	37,616	Elburn	5,906
St. Charles	32,158	Sleepy Hollow	3,266
Batavia	26,227	East Dundee	3,141
South Elgin	23,367	Big Rock	1,138
Geneva	21,787	Wayne	1,090
North Aurora	18,062	Lily Lake	1,028
Campton Hills	11,154	Maple Park	626
Sugar Grove	9,770	Burlington	625
Huntley	9,242	Kaneville	484
Pingree Grove	8,946	Virgil	330
Algonquin	8,349	Others	330
Montgomery	8,344	TOTAL	532,403





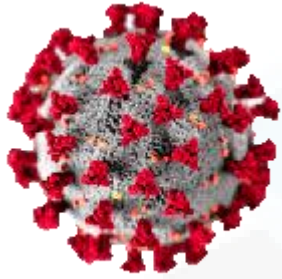
Keys to Understanding the “Roadmap” Proposal

To be eligible, each municipality* will enter into an IGA with the County that will include, among other considerations

- An agreed cap on CRF funds available for reimbursement calculated as described previously.
- An agreed process to apply for reimbursement requests including, but not limited to,
 - Utilizing a standard agreed form
 - Certification of eligibility from an authorized representative
 - Appropriate documentation to allow the County to make an initial approval

* Should any municipality chose to “opt-out”, those otherwise available funds could be returned to the 45% pool for re-distribution.

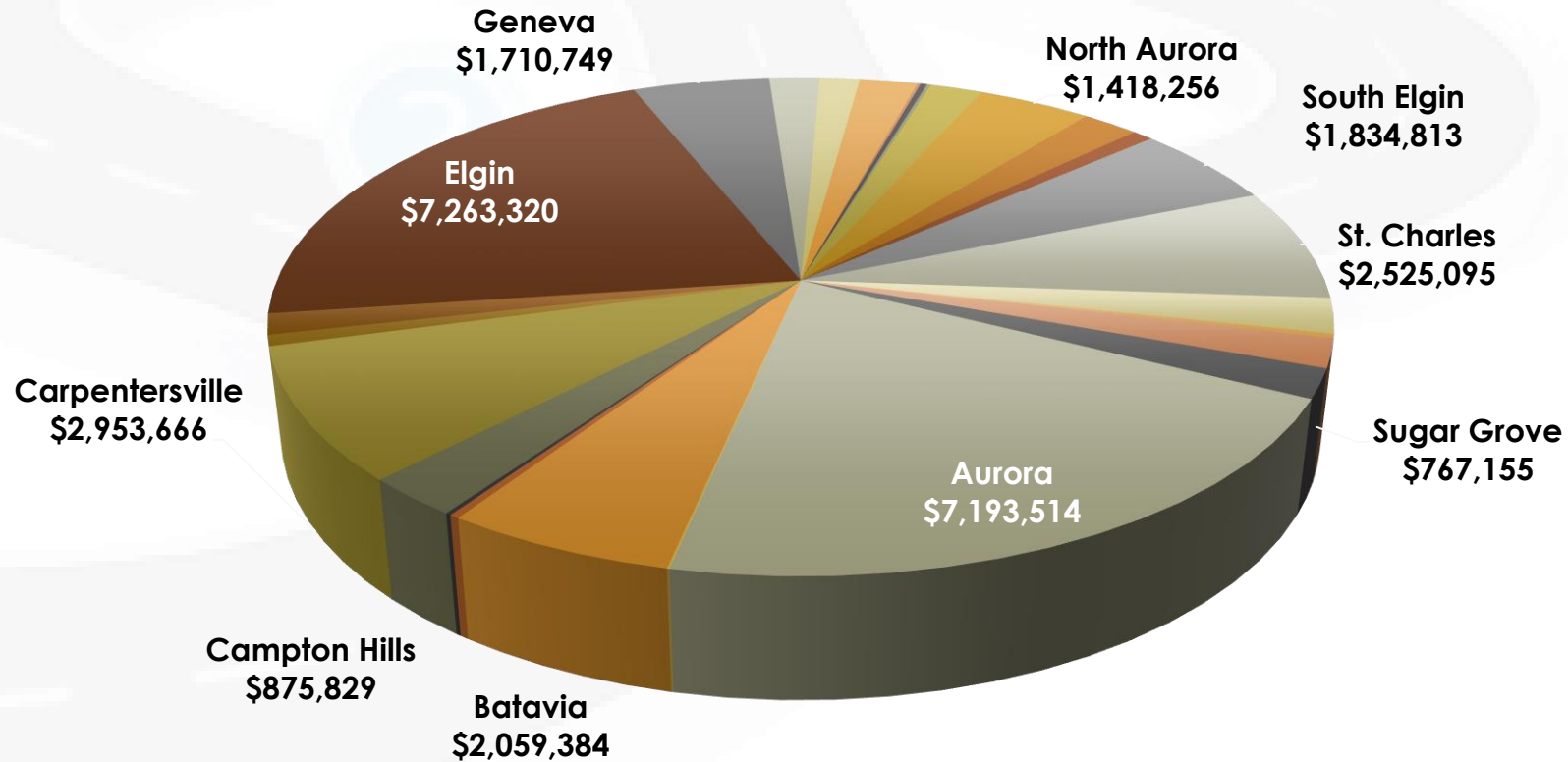




Keys to Understanding the "Roadmap" Proposal

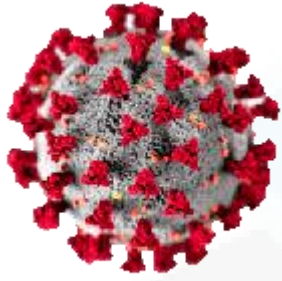
CRF Cap by Municipality Top 10 Highlighted

Unincorporated Kane County
not included on chart



- | | | | | | | | |
|-------------------|---------------|--------------------|--------------|--------------|----------------|------------------|-------------------|
| ■ Algonquin | ■ Aurora | ■ Barrington Hills | ■ Bartlett | ■ Batavia | ■ Big Rock | ■ Burlington | ■ Campton Hills |
| ■ Carpentersville | ■ East Dundee | ■ Elburn | ■ Elgin | ■ Geneva | ■ Gilberts | ■ Hampshire | ■ Hoffman Estates |
| ■ Huntley | ■ Kaneville | ■ Lily Lake | ■ Maple Park | ■ Montgomery | ■ North Aurora | ■ Pingree Grove | ■ Sleepy Hollow |
| ■ South Elgin | ■ St. Charles | ■ Sugar Grove | ■ Virgil | ■ Wayne | ■ West Dundee | ■ Unincorporated | |



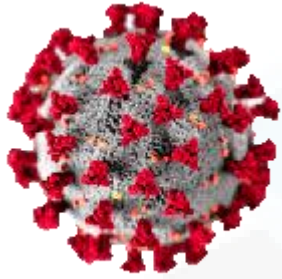


Keys to Understanding the “Roadmap” Proposal

CRF CAP BY MUNICIPALITY AND/OR UNINCORPORATED KANE COUNTY

Elgin	\$7,263,320.13	Gilberts	\$633,668.75
Aurora	\$7,193,514.39	Hampshire	\$494,921.20
Carpentersville	\$2,953,665.87	Elburn	\$463,748.16
St. Charles	\$2,525,095.36	Sleepy Hollow	\$256,451.31
Batavia	\$2,059,384.16	East Dundee	\$246,636.13
South Elgin	\$1,834,812.59	Big Rock	\$89,357.50
Geneva	\$1,710,748.57	Wayne	\$85,588.47
North Aurora	\$1,418,255.87	Lily Lake	\$80,720.13
Campton Hills	\$875,829.15	Maple Park	\$49,154.48
Sugar Grove	\$767,155.35	Burlington	\$49,075.96
Huntley	\$725,695.98	Kaneville	\$38,004.42
Pingree Grove	\$702,453.60	Virgil	\$25,912.11
Algonquin	\$655,576.25	Others	\$25,912.10
Montgomery	\$655,183.65	Unincorporated	\$7,279,024.33
West Dundee	\$646,232.19	TOTAL	\$41,805,098.06



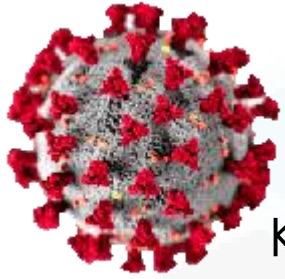


Keys to Understanding the “Roadmap” Proposal

The IGA with the County that will include a maximum “CRF cap” per municipality, among various other considerations.

- The CRF funds received from the agreed cap can be applied at the sole discretion of the individual municipality. Funds received through the agreed cap can be applied to
 - Eligible expenses within the municipality’s operations
 - Fire Districts serving the municipality
 - Township Organizations serving the municipality
 - Support for non-profits serving the municipality
 - Small Business Grants within the municipality
- The Municipality best understands its local community and is in the best position to create and administer such programs.
- The Municipality assumes complete responsibility to consider, develop, fund and administer these, or other similar programs.



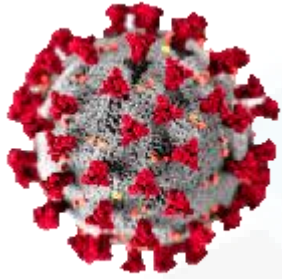


Keys to Understanding the “Roadmap” Proposal

Kane County will oversee the portion of the 45% allocation attributable to unincorporated areas of the County and will assume similar responsibilities to consider, develop, fund and administer programs such as

- Township Organizations serving unincorporated Kane
- Support for non-profits serving unincorporated Kane
- Small Business Grants within unincorporated Kane
- Other opportunities



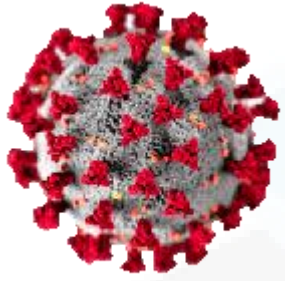


Keys to Understanding the “Roadmap” Proposal

Every participating municipality will enter into an IGA with the County to provide indemnification to the County, among the other considerations. The Task Force Proposal is to consider a “two-fold” indemnification along the following lines

- First, the IGA requires the Municipality to provide reimbursement requests on standardized forms with authorized certification by an official, supported by sufficient documentation to allow the County to evaluate the requests prior to reimbursement.
- Second the IGA should include “backstop” language to allow the County to withhold property tax revenues from the Municipality in the event the U.S. Treasury seeks to recoup from the County any expenditures which were determined to be ineligible. That amount would include the ineligible expense plus any applicable penalties, fines or interest charges levied by the U.S. Treasury.



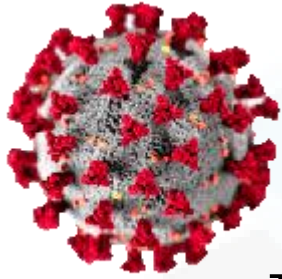


Summary of the “Roadmap” Proposal

The Task Force Proposal is a “Roadmap” presented to the County Board for its consideration.

- The Task Force Proposal (the Proposal) is based upon the U.S. Treasury (Treasury) Guidance in effect as of June 24, 2020.
- The Proposal is based upon the methodologies used by the Treasury to calculate the local government share of the Coronavirus Relief Fund (CRF).
- The Proposal is based upon the same population database as was used by the Treasury to calculate the State’s share of the CRF.



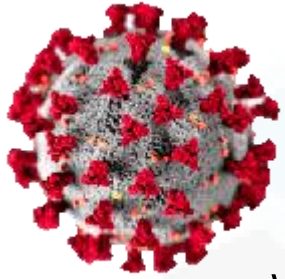


Summary of the “Roadmap” Proposal

The Proposal is based upon an Intergovernmental Agreement (IGA) developed by the Kane County State’s Attorney that

- Provides the County and the Municipality with procedures for the reimbursement of CRF eligible expenses.
- Includes a maximum cap of CRF eligible funds for each Municipality to draw from, calculated as previously described.
- Protects the County with indemnification holding the County harmless in the event the U.S. Treasury seeks recoupment from the County for any ineligible expenditure(s) by any Municipality.





How the “Roadmap” Proposal Works In the Real World

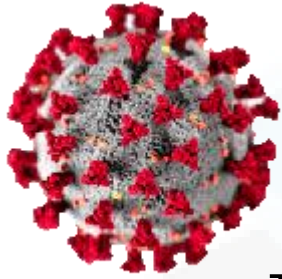
While there may be other pieces of legislation being considered, the Task Force Proposal is based upon only the Coronavirus Relief Fund, and only that part of the funds we control – the \$92,900,217.90 – and the current guidance of the U.S. Treasury.

While substantial, that \$92.9M is insufficient to satisfy the potential demands for reimbursement if considered on a dollar-for-dollar basis.

Metro West suggested in their May 29th letter to the Kane County Board that “to be equitable to all municipalities, we suggest a reimbursement on a per capita basis. The Task Force concurs.

The Task Force Proposal provides a per capita allocation of CRF funds in the amount of \$78.52 on a uniform and consistent basis for all residents of municipalities and unincorporated areas of Kane County.





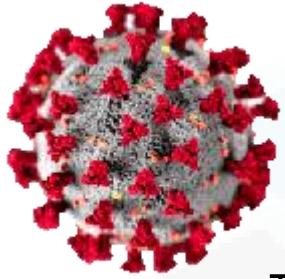
How the “Roadmap” Proposal Works In the Real World

The Task Force proposal is transparent, objective, consistent and compliant.

It is also reasonable.

Metro West drafted an IGA which included many of the same elements included in the Task Force Proposal, such as a standardized submission process for the reimbursement of CRF eligible expenses, complete with appropriate documentation and certification by an official of the Municipality, a County level of review of reimbursement requests, the intention to facilitate efficient distribution of the CRF funds, a defined maximum cap of CRF funds available to the Municipality, and indemnification language to protect the County.





How the “Roadmap” Proposal Works In the Real World

The Task Force Proposal incorporates those elements of the Metro West presentation, but is also clear that we need our State’s Attorney to prepare the IGAs to properly safeguard the County.

The Task Force Proposal is an effective and efficient means to distribute CRF Funds to our municipal partners, and recognizes that those local municipal leaders are in the best position to identify the best application(s) of the limited amount of CRF Funds available.

Should the County Board pass the Task Force Proposal at its July 14th meeting, and pending the State’s Attorney’s ability to draw up the appropriate IGAs and negotiate the approval by the eligible municipalities, it may be possible that Kane County could begin accepting reimbursement applications and distributing CRF Funds in the near future.





**The Task Force Roadmap Proposal
is respectfully submitted to the
Kane County Board
for consideration.
Thank you.**

