

REVOLVING FUND COMMITTEE MINUTES

Tuesday September 2, 2008 @ 10:00 AM
2ND Floor Conference Room
County Administration Building
189 E. Court Street, Kankakee, IL

CALL TO ORDER:

Chairman Jim Vickery called the meeting to order at 10:05 A.M.

ROLL CALL: *In Attendance*

Members – Mr. Jim Vickery, Mr. Brett Reum, Mr. John Gruhn, Cherrie McBride

Staff – Mr. Michael Martin, Mr. Mike VanMill

Others – Mr. Joe Franco, Mr. Jamie Boyd, Mr. Sam Nichols, Mr. Chad Kalecki, Mr. Tom Clark, Mr. Steve Husak.

DECLARE QUORUM: Quorum declared by Mr. Jim Vickery

PUBLIC COMMENTS: None

APPROVAL OF MINUTES: None

UNITED DEVELOPMENTAL SERVICES / UNIPAR LOAN PROPOSAL:

Mr. Mike Van Mill asked that we go around the table so that everyone could introduce themselves.

Mr. Tom Clark of Unipar Foundation Inc. then described Unipar's business, their relationship to United Development Services (UDS) and the current situation and deadlines that they were up against.

Unipar Foundation, Inc. has been in business for over 50 years. Unipar is a not for profit organization that operates at 2603 Eastgate Industrial Parkway, Kankakee, IL. 60901. Unipar owns the building and rents to United Developmental Services (UDS). United Developmental Services (UDS), a division of Unipar Foundation Inc. Employs developmentally disabled adult workers.

In December 2007, Esselte announced the closure of their Kankakee, Illinois facility and the termination of the "back to school" work for the United Development Services. Negotiations began between Esselte and UDS to move equipment, and hire Esselte employees to manufacture these folders and therefore continue to provide the handicapped clients the opportunity to work and earn a weekly wage. A contract with Esselte has been completed and UDS and Unipar, Inc. are currently seeking funding to provide yearly working capital to fund operations. Working capital funding needs to be obtained by September 12, 2008 to retain manufacturing operations in the Kankakee area. The UDS/Esselte agreement accounts for about 99% of the contract income for UDS who employs workers from Shapiro, group homes and the community. UDS has made a proposal to Esselte in writing; however, Esselte is requiring three things prior to

signing the agreement. The three requirements are 1.) Unipar/UDS hires Esselte employees 2.) Unipar/UDS obtain financing and 3.) Unipar/UDS build a public and private partnership to facilitate greater production if needed.

Mr. Steve Husak then described the manufacturing that UDS performs for Esselte. He described the manufacturing experience as almost perfect for the clients they serve. They produce, store, palletize and ship colored file folders. The tasks are fairly straight forward, the tasks are color coded and sometimes done by feel. He described that this type of job helps their clients learn and grow and can also take pride in making a wage. Mr. Husak stated that UDS has 179 clients; 3 clients on FTE pallets; 80 clients pack folders at 5.5 hours /day and 15 temporary clients throughout the year. Production and production planning include 6 machine operators @ \$18.00; 7 back up operators @ \$15.00; 6 maintenance operators @ \$21.00; 2 production supervisors @ \$50,000; 1 maintenance supervisor @ \$65,000 and 1 manager @ \$90,000.

QUESTIONS/COMMENTS:

Jamie Boyd asked who did UDS work for prior to Esselte? Tom Clark said that they have worked for several other companies including Anderson Fittings, McDonalds (happy meal toys), ITW and Proud Packaging. Mr. Van Mill asked if funding was denied what other options would there be? Tom Clark replied 1.) downsize 2.) smaller contract jobs and 3.) close. Tom went on to say that they intend to retain 23 LMI jobs and produce 82,500 million folders. He also noted that they needed approximately 2.9 million in funding to accomplish this. He noted that if anything were to go array and Esselte wanted out, Esselte would be able to purchase all folders ordered from UDS. If funding is not obtained, production will be decreased to 50% by November 2008. They have the equipment, they have the know-how, now they need the funding. They are interested in a 4 year contract. Mr. Van Mill mentioned that the County doesn't have 2.9 million in the RF account. Mr. Van Mill asked how do you come up with the difference? Tom Clark said private financing. Jamie Boyd asked what is the benefit to Esselte? Tom Clark stated that the benefit would be that Esselte would not have raw material and finished goods on their inventory balance sheet. Jamie Boyd asked at what point does Esselte take ownership of finished goods? Tom Clark replied when Esselte submits a purchase order. Bret Reum said so this is 100% unsecured? John Gruhn replied that he disagrees because UDS won't produce without a purchase order. Jamie Boyd felt that the committee should not look at breach of contract at this time. Chad Kalecki mentioned that the County would have to take a 2nd position for repayment. It was agreed upon by all that private financing should be obtained first.

After careful consideration of the information submitted by the applicant, the RF Review Committee agreed to the following recommendation:

- The County Board approves \$750,000 – \$900,000.
- The County accept a 2nd position for repayment.
- The County require the RF committee to perform an annual review.
- The County to loan the monies @ 3% interest rate due at maturity.
- The County Board agrees to a 4 year term.
- The County Board require private financing to be obtained.

A motion was made by Bret Reum to recommend the above bulleted items to the County Board for consideration of a RF loan to Unipar Foundation Inc.; it was seconded by Cherrie McBride

OLD BUSINESS/NEW BUSINESS:

None / None.

ADJOURNMENT:

A motion was made by Bret Reum to adjourn the meeting, it was seconded by John Gruhn. The meeting adjourned at 11:48 A.M.