CITY OF Bloomington ILLINOIS

Town of Normal

September 11, 2025

Cassandra Taylor, County Administrator
McLean County
115 E. Washington Street,
Suite 401 Bloomington, IL 61701

RE: Notice of Default Under Section 4-3 of the Intergovernmental Revenue Sharing Agreement

Dear Ms. Taylor:

In accordance with Section 4-3 of the Intergovernmental Revenue Sharing Agreement dated April 1, 2016, (the "IGA"), this letter constitutes formal notice that McLean County (the "County") is in default of the IGA. The County is in default for failing to comply with the terms and conditions of the agreement and for using Pledged Revenues for purposes inconsistent with the agreement.

The defaults are as follows:

1. **Failure to Maintain a Separate Fund (Breach of Section 3-1)**: The IGA requires the County to maintain the County Special Mental Health and Public Safety Fund ("MHPSF") as a "fund, separate from its other funds." According to the County's 2023 Audited Comprehensive Financial Report (ACFR), the County maintains the MHPSF as an account within its general fund, not as a separate fund. As a result, interest generated on the fund's balance—estimated to be nearly $1 million per year—is not being credited to the MHPSF, in violation of the agreement. Consistent with the Illinois Public Funds Act and Section 3-1 of the IGA, the interest collected of these funds and deposited into the County's general fund must be repaid. The County's recent public comments solidify this understanding.

   A foundational principle of any shared sale tax intergovernmental agreement is that the parties had a meeting of the minds regarding the stewardship of the Pledged Revenue. The County's current position—that it can commingle these funds within its General Fund, thereby preventing the MHPSF from earning and retaining its own interest in accordance with its duties under the Illinois Public Funds Investment Act—is untenable and contrary to the original intent of the agreement.

   Had the County established the MHPSF as a truly separate fund as required by the IGA, the interest income would be simple to calculate and would have accrued directly to the fund. Therefore, any purported difficulty in now calculating and accounting for this lost interest is an impediment entirely of the County's own making.

As part of the aforementioned public comments, the County stressed the importance of future fund equity for the MHPSF as a vital program. The City and Town share this sentiment and stress that this is a core reason interest income generated by the MHPSF should have and must remain with the fund.

2. **Unauthorized Expenditure on Staffing (Breach of Section 3-2(b))**: County documents show that Pledged Revenue is being used to pay the salary and benefits of 10 probation officers and two intake specialists. These are general staff positions, not dedicated to providing the "behavioral health services" required by Section 3-2(b) of the IGA. County documents and statements confirm these positions are not for behavioral-health operations, making the expenditures unauthorized.

3. **Unauthorized Technology Expenditures (Breach of Section 3-2(c))**: The County plans to spend over $12 million on technology systems that are not permitted under the IGA. Section 3-2(c) requires such systems to be both consistent with the McLean County Behavioral Health Action Plan and used by City and Town public-safety agencies. The planned expenditures for systems primarily serving the County's internal operations (e.g., for the jail, courts, probation, state's attorney, and public defender) do not meet these criteria. Expenses for any system beyond the shared Caliber RMS violate the agreement.

4. **Failure to Consult the MCBHCC (Breach of Section 3-3)**: Section 3-3 of the IGA requires the County to "seek the advice" of the McLean County Behavioral Health Coordinating Council (MCBHCC) during the budgeting process for the Pledged Revenue. The County has failed to adhere to this required consultative process, violating a key oversight provision of the IGA.

Pursuant to Section 4-3 of the IGA, the County has forty-five (45) days from receipt of this notice to cure the defaults. A full cure requires the County to:

1. Properly establish the MHPSF as a truly separate, interest-bearing fund;

2. Conduct an accounting and restore all misappropriated interest to the MHPSF;

3. Conduct an accounting and restore all funds spent on the unauthorized staff positions; and

4. Immediately cease using Pledged Revenue for these unauthorized positions and for the non-compliant technology systems.

Given the historical lack of transparency and critical concerns, which are only exacerbated by recent reports and information now coming to light, the City and Town have exhausted efforts to address these concerns. The Town and City have a strong interest in ensuring the Pledged Revenue is used effectively and appropriately as intended by the IGA and therefore must insist the County cure these defaults without further delay.

If the defaults are not cured within the 45-day period, the City and Town reserve the right to pursue all available remedies. We trust that the County will take immediate action to cure these defaults and are prepared to discuss the necessary steps to restore the collaborative partnership envisioned by the IGA.

Sincerely,

Jeff Jurgens
City Manager, City of Bloomington

Pamela Reece

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City Manager, Town of Normal