

ExecutiveMemo

www.ima-net.org



A newsletter of the Illinois Manufacturers' Association

March 5, 2010

BRIEFLY

Register to attend OSHA Safety Day, Wednesday, March 17th in Aurora
8:00 am–3:00 pm, Academic and Professional Center, Sugar Grove Campus, Waubensee Community College

This day of training allows participants to choose four sessions from a wide variety of safety topics. Check out the day's complete schedule, view the course descriptions, see the list of speakers and register at <http://www.waubensee.edu/OSHASafetyDay>.

The cost of \$59 includes handouts, lunch and refreshments. Questions? Call Blanche Norris at 630-906-4120 or e-mail her at bnorris@waubensee.edu.

New construction program in ComEd service territory

Financial incentives available for energy efficiency in new construction projects.

If your organization is currently working on a new construction project or is considering it, you should know about ComEd's Smart Ideas for Your Business New Construction service and incentives.

ComEd's New Construction service provides financial incentives and technical assistance to encourage building owners, architects, and engineers to surpass standard, new construction and lighting practices. The service is available for non-residential, non-municipal new construction and major renovation projects in the ComEd Service territory.

For more information on the program, please visit www.comed.com/bizincentives and click the "New Construction" link. If you have any questions, contact Tate Walker, AIA, LEED AP at 608-238-8276, ext. 118 or ComEdSmartIdeas@ecw.org.

Executive Memo is published semi-monthly for IMA members by the Illinois Manufacturers' Association, 1211 W. 22nd St., Ste. 620, Oak Brook, IL 60523, 630-368-5300.
Editor: Stefany Henson (shenson@ima-net.org).

Reproduction of all or any part is prohibited except by permission of authorized IMA personnel.

Quinn administration launches first-ever interactive budget Website

For the first time in Illinois' history, the public can actively participate in the state's budgeting process. The Governor's Office of Management and Budget (GOMB) recently launched www.budget.illinois.gov, a Website that allows Illinois residents to provide feedback that will be used to shape the state's fiscal year 2011 budget.

"This site allows residents to offer suggestions on how to balance the budget while seeing first-hand the serious financial challenges our state faces," said David Vaught, Director of the Governor's Office of Management and Budget. "The Quinn Administration is committed to openness and transparency, and this site gives everyone the opportunity to become engaged in the budget process."

In the midst of an unprecedented fiscal

crisis in Illinois, Governor Quinn recently requested lawmakers revise the state's budgeting process to allow Illinoisans to become active participants. The Website reflects the Quinn Administration's commitment to educating the public about the state's fiscal challenges.

Visitors to the site will be able to provide suggestions and feedback that the Quinn Administration will use to craft the state's fiscal year 2011 state budget. The Website also includes more detailed information for both the FY 2010 and FY 2011 budgets.

Governor Quinn will deliver his budget address on March 10. The public is encouraged to visit www.budget.illinois.gov to get additional information about the State of Illinois budget and to submit comments.

Why it makes sense/cents to LEED® certify your existing building

Don't have the budget for a new green building? Assessing the sustainability of your existing building can be just as environmentally friendly and even more fiscally responsible.

The design and construction of new, flashy buildings containing the latest in energy efficient and environmentally friendly technologies is becoming a sort of status symbol. These new projects, aside from being aesthetically new and interesting, generate a lot of press and allow companies and organizations to proclaim how they are doing their part to help the environment. This is a helpful trend, as the more earth-friendly buildings to be constructed the better. However, just building new green buildings is not really enough. The operation of existing buildings has an enormous impact on the environment. Buildings consume up to 30 percent of the

all the energy produced and up to 60 percent of the electricity used across the globe. That figure accounts for a 30 percent increase over 1990 levels. The amount of solid waste created each day in typical office buildings throughout the world also is growing exponentially every year. A typical office of 1500 employees can generate up to 300 tons of waste paper per year alone! To reduce or eliminate these impacts on the environment we need to look at how we design, construct and operate our businesses.

LEED Existing Buildings: Operations & Maintenance (EBOM) is a rating system that

See **LEED® CERTIFY**, page 2

IMA'S EXECUTIVE MEMO IS UNDERWRITTEN BY:



EXPERIENCE RESPONSIVENESS.

Of 838 clients surveyed, 98% say Plante & Moran is responsive to their needs.

is designed to certify the sustainability of on-going buildings and operation of existing commercial and institutional buildings. It also allows those owners not undertaking the construction of new buildings to minimize their impact on the environment by implementing sustainable practices in a structured and traceable way.

There are other rating systems which have a similar focus including the Green Globes Continual Improvement of Existing Buildings (CIEB). This is a similar system which aids commercial building owners and property managers who are looking at the performance of their institutional or commercial building.

Using any of these tools enables Owners and Facility Managers to focus on sustainability, but it also gives them alternatives when considering capital improvements or implementation of operational improvements. These tools also help to establish a baseline for measuring the rank of these improvements in respect to overall energy savings, operational savings or sustainability goals.

One of the most common tools for measuring and tracking potential realized savings is the completion of energy audits or benchmarking studies. These practices help compare how your building is performing against the ASHRAE or similar baseline through Energy Star's Portfolio Manager. Portfolio Manager helps owners and facility managers track and assess energy and water consumption within individual buildings as well as across entire building portfolios. The tool allows you to enter energy consumption and cost data into the model to benchmark building energy performance, assess energy management goals over time, and identify strategic opportunities for savings and recognition opportunities.

Another effective tool for measuring energy performance is the creation of an energy model, particularly where a new addition or renovation is planned. There are various software programs that are available in the marketplace, however one of most effective for modeling energy conservation measures and for designing the most energy efficient systems, is the US

Department of Energy's DOE-2 eQuest Quick Energy Simulation Tool. This tool performs whole building simulations to improve overall building efficiency and effectiveness. eQuest allows a design team to perform detailed analysis of today's state-of-the-art building design technologies using the most sophisticated building energy use simulation techniques. A simulation engine derived from an advanced version of the DOE-2 building energy use program is built into eQuest.

One of the biggest advantages of having existing performance data is that it allows for more readily reviewable payback analysis that will aid in prioritization of improvements. There are also many AARRA grant programs and utility company programs that benchmark existing data, which can be leveraged in decision making. Although these grant programs can vary in terms of dollars available, an informed decision can be made because much data is available and the impact of the improvement can be modeled to show the total impact.

Another positive benefit of pursuing an EBOM or CIEB certification is the real benefit that can be enjoyed by your employees. Many studies have shown that a "Green Building" can result in up to a 16 percent improvement in employee productivity and reduction of absenteeism. Engaging your employees and tenants early and throughout the process will help to guarantee the success of your program.

If you are considering any significant maintenance and equipment upgrades, capital improvements or want to engage your employees and tenants in creating a better workplace, consider taking one of the steps above to get the process moving. You will be well on your way to achieving the tangible benefits that result from the greening of your existing building. It makes cents!

Contact green@primerachicago.com or energy@primerachicago.com for more information, or to find out how Primera can help bring your program to fruition. More information: www.thegbi.org/green-globes/continual-improvement-for-existing-buildings.asp and www.energystar.gov/index.cfm?c=evaluate-performance.bus_portfoliomanager.

Midwest states move on energy codes

On January 29, the Illinois Joint Committee on Administrative Rules approved the rules relating to Public Act 96-0778 which sets a statewide energy code in the state, the 2009 International Energy Conservation Code (IECC). Specific features of the new code (71 IAC 600) include: automatic adoption of the energy code every time the International Code Council (ICC) publishes a new version of the IECC, the statute requires the IECC to be both a minimum and maximum requirement for the residential portion of the code, effectively prohibiting municipalities from adopting more stringent residential codes (a requirement that does not apply to the commercial energy code) and municipalities with existing codes can adopt a more stringent version of either the residential or commercial energy code. The Illinois Department of Commerce and Economic Opportunity (DCEO) will work with the International Code Council to host a series of trainings on the new code through June 30, 2010. MEEA will assist DCEO and ICC in promoting those trainings.

Tax law developments and implications on estate planning

As of January 1, 2010, a one year repeal of the federal estate or generation-skipping transfer tax is in effect.

The federal gift tax remains in effect, with a \$1,000,000 lifetime exemption. However, the tax rate for gifts in excess of the exemption is reduced from 45 percent to 35 percent. The annual gift tax exclusion remains at \$13,000.

Finally, new carryover basis rules in effect for 2010 reduce the ability to "step up" the basis of property at death, resulting in the possible imposition of capital gains tax upon the sale of inherited property.

Contrary to expectations, Congress failed to pass legislation in 2009 to prevent the repeal of the estate and generation-skipping transfer tax. Nevertheless, many predict that Congress will take action this year to reinstate these taxes, perhaps, retroactively.

If Congress follows last year's path and fails to reach consensus, then these taxes will return in 2011 with a vengeance. Under current law, on January 1, 2011, there will be just a \$1,000,000 exemption

See **TAX LAW**, page 3

Illinois Manufacturers' Association 2010 Business Day at the Capitol

WEDNESDAY • MAY 5, 2010 • SPRINGFIELD

from estate tax, a 55 percent maximum estate tax rate and a possible five percent surtax for large estates. Likewise, the generation-skipping transfer tax will be reinstated, and the gift tax rate will increase to 55 percent. Finally, the state death tax credit and the qualified family-owned business interest provisions will be restored.

Last year's legislative inaction affects many estate plans by changing the way assets are distributed under estate planning formulas linked to the federal estate and generation-skipping transfer tax exemptions. Distributions based on formulas tied to the estate and generation-skipping transfer tax exemptions could result in unintended consequences, leaving some beneficiaries with a windfall and others with nothing. The following three examples show the possible unintended effects of construing provisions in Wills and Trusts under current law.

1. Marital Deduction Formula. A formula that divides assets between a marital share for the surviving spouse and a family share for issue could result in the allocation of all assets to the family share, with no assets passing to the share for the surviving spouse.
2. Generation-Skipping Transfer Tax

Formula. A formula dividing assets into trusts for children and grandchildren could result in the allocation of all assets to trusts for grandchildren, leaving nothing for children.

3. Charitable Bequest. A bequest to charity based on a percentage of the adjusted gross estate could be difficult to interpret and implement and may no longer meet a client's objectives.

In addition to causing the redistribution of assets, the new law poses recordkeeping challenges, requiring those who own a significant amount of appreciated property to keep track of basis information since not all assets will receive a new basis at death.

Opportunities

The repeal of the estate and generation-skipping transfer taxes and the lower gift tax rates in effect this year may present additional planning opportunities.

Because of the lower gift tax rate, you may want to consider making taxable gifts, whether outright or in trust. This is an opportune time to consider creating a long-term trust, including a dynasty trust that will continue for future generations without incurring federal estate or generation-skipping transfer taxes. You may want to designate grandchildren as the beneficiaries of a Grantor Retained Annuity Trust,

See **TAX LAW** page 4

DATES OF NOTE

More information/events may be found at <http://www.ima-net.org/calendar.cfm> and <http://www.ima-net.org/MIT/open.cfm>
Email: jstanley@ima-net.org

March 16, 2010

IMA-MIT Event: Essential Leadership Skills for Front Line Managers and Supervisors — DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines

This one-day program will prepare your supervisors for a complete change of responsibilities and offer a plan for the challenges ahead. They will come away with a better understanding of what the boss, peers, staff and company expects of them.

March 23, 2010 – Oak Brook Terrace

March 30, 2010 – Peoria

IMA Breakfast Briefing — How to Find Cash in Your Company, 8:30-12:00 noon

(See ad, lower left.)

March 24, 2010

IMA-MIT Event: Assertive Communication Skills: Communicating With Authority and Impact — DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines

Workers today need to be able to communicate effectively in order to increase their credibility and effectiveness in dealing with coworkers, clients, customers and management. Assertive Communication Skills provides the speaking and listening skills necessary to productively relate in today's complex work environment.

April 9, 2010

Small Manufacturers' Council

Ditka's Restaurant, Two MidAmerica Plaza, Oakbrook Terrace, 8:15 am–Noon

IMA's Small Manufacturers' Council is a group focused on the unique issues and challenges facing manufacturers employing fewer than 150 workers. Continental breakfast provided. Underwritten by Sikich LLP

April 9, 2010

IMA-MIT Event: Project Management Skills for Non Project Managers, DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines

Objectives • To provide non-project managers with the project management knowledge, skills, tools and techniques to make the transition to a project leadership role and ensure optimum project execution.

April 19, 2010

IMA-MIT Event: Essential Internal Training Skills and Techniques, DePaul University O'Hare Campus, 3166 S. River Rd., Des Plaines

Essential Internal Training Skills and Techniques is a one day workshop that will introduce the new internal trainer or subject matter expert to the skills necessary for them to be a successful trainer or facilitator. The program will cover core skills such as how to create rapport with your learner, how to communicate learning objectives, how to introduce a learning activity, how to ask the right question, and how to engage and reengage the adult learner.

Breakfast Briefings 2010 . . .

Finding Cash for Recovery and Growth

MARCH 23—OAKBROOK TERRACE ••• MARCH 30—PEORIA • 8:30-12:00 noon

**Ditka's Restaurant, Two MidAmerica Plaza
Oakbrook Terrace**

**Courtyard Marriott
Peoria**

Presented by Duane C. Oest, Charles Pavlik and Christopher F. Beaulieu, CPA, MST of Clifton Gunderson

In times like these, manufacturers must be proactive in their efforts to improve cash flow and reduce costs. Learn how and where you can find cash in your business. Four objectives covered: • Identify a range of tools and practices that can be used to strengthen your company's current financial position. • Identify and review existing federal and state programs developed to support and grow Illinois manufacturing • Understand and maximize federal and state tax programs designed to provide manufacturing relief • Provide a self assessment checklist allowing you to better understand your opportunity for improvement. *3.5 CPE credit available. This group live, basic-level program does not have prerequisites or require any advance preparation to participate. To register visit: <https://www.ima-net.org/breakfast0323.cfm>.

Leaves of Absence under the ADAAA and the amended FMLA: Good News and Bad News for Employers

APRIL 20, 2010 • 8:00-11:00 AM

**Ditka's Restaurant, Two MidAmerica Plaza, Oak Brook
Presented by Gregory H. Andrews, Esq, Dykema Gossett, PLLC**

Managing Reduced Manufacturing Workforces Under the New Rules

The FMLA was amended in 2008 and yet again this past October. The ADAAA amended the ADA last year, and the final regulations are imminent. What does all of this mean for manufacturers who are doing their best to manage with a reduced workforce as they struggle to move past the depths of the economic recession? This 2.5 hour advanced level seminar will provide attendees with an understanding of the fundamental shifts in how these laws impact leave of absence management. After a review of the changes (some actually good for employers, others good for employees) the briefing will walk through useful checklists to propose realistic and practical solutions to real life problems from manufacturing-based workplaces. To register visit: <https://www.ima-net.org/breakfast0420.cfm>

Cost per session: \$75 IMA member ♦ \$100 non-members

Questions? Contact Kimberly McNamara at kmcnamara@ima-net.org or 630-368-5300, Ext. 2109

since distributions to grandchildren or to trusts for grandchildren at the end of the trust term will be exempt from generation-skipping transfer taxes. Finally, Trustees of non-exempt generation-skipping trusts may want to consider making distributions or even terminating these trusts.

In light of these developments in the tax law, we recommend review of your estate planning instruments to ensure they still meet your objectives and goals. In some cases, no change will be necessary, or a simple amendment will reinstate your estate planning desires. In other cases, you may discover new planning opportunities.

If you have any questions or concerns about tax developments, please contact co-authors Daniel A. Kaufman (Partner) and Charmaine M. Butler (Associate), who are with the law firm of Michael Best & Friedrich LLP. Dan can be reached at dakaufman@michaelbest.com and Charmaine can be reached at cmbutler@michaelbest.com. You may also contact Dan or Charmaine via phone at 312-222-0800.

Extension of SBA recovery lending programs will support \$1.8 billion in small business lending

Agency plans to restart Recovery loan approvals on March 10

President Barack Obama signed legislation Tuesday extending until March 28 the U.S. Small Business Administration's ability to provide small business loans that are enhanced with special provisions of the American Recovery and Reinvestment Act (ARRA), including a higher guarantee of SBA-backed loans and a waiver of loan fees normally paid by borrowers.

SBA estimates the additional funding will support about \$1.8 billion in small business lending. New approvals of eligible loans with the higher guarantee and reduced fees made possible by the Recovery Act are expected to resume on March 10. Loan applications from borrowers in SBA's Recovery Loan Queue will be funded first, followed by new loan applications. "These key loan programs have been successful in helping jump-start the economic recovery for America's small businesses," said SBA Administrator Karen Mills. "The increased guarantee and reduced fees on SBA loans helped put almost \$22 billion into the hands of small

business owners and brought more than 1,100 lenders back to SBA loan programs. As a result, average weekly loan approvals by SBA have climbed by 87 percent compared to the weekly average before passage of the Recovery Act. "We will continue working with the President and with Congress to move forward with proposals for a longer extension for these important program enhancements, as well as higher loan limits, refinancing for commercial property loans and other significant ongoing support for small businesses. Small businesses need the changes the President has called for to ensure that they have the tools they need to drive economic growth and create jobs in communities all across the country." As part of the Recovery Act, SBA received \$730 million, which included \$375 million to increase the SBA guarantee on 7(a) loans to 90 percent and to waive borrower fees on most 7(a) and 504 loans. The funds for these programs were exhausted on Nov. 23, and an additional \$125 million was provided in December. Those funds were exhausted in late February.

SBA has implemented the Recovery Loan Queue twice before as part of its temporary transitions back to pre-Recovery Act lending. Eligible small businesses, in consultation with their lender, could choose to be placed in the queue for pos-

sible approval of a Recovery Act loan if funding became available from loans canceled for a variety of reasons. Currently there are 652 loan requests totaling \$230 million in the Recovery Loan Queue.

The extension signed by President Obama authorizes the higher guarantee levels through March 28, 2010, for 7(a) loans. The fee relief is available until the additional funding is exhausted or the end of the fiscal year on Sept. 30, whichever comes first. As was the case in November and again in February, SBA is prepared to transition into a queue system as the funds start to wind down in order to ensure the maximum cumulative effect of the programs and disbursement of funds.

For non-Recovery Act 7(a) or 504 loans already funded during the transition period, this extension does not provide a retroactive guarantee or waived fees. Loans that were funded under non-Recovery Act terms cannot be canceled and resubmitted to take advantage of the Recovery Act extension provisions.

This extension does not affect other SBA Recovery Act programs, including the America's Recovery Capital (ARC) loan program or the agency's microloans. Recovery Act funding still remains available for both of those programs.

"Poised for Recovery: Change and Innovation . . .

FREE Web seminar from RSM McGladrey

Thursday, March 18, 2010 • 10:00–11:00 am (CST)

While most manufacturers aren't expecting business to pick up until midyear 2010, according to recent surveys by both RSM McGladrey and the National Association of Manufacturers (NAM), the economy is beginning to show signs of recovery. To help manufacturers prepare for the challenges and opportunities that will emerge in the upturn, RSM McGladrey is hosting a complimentary webinar: "Poised for Recovery: Change and Innovation."

David Huether, National Association of Manufacturers' Chief Economist, will discuss projections for the economy in 2010 as well as how companies can position themselves for the next phase of the recovery.

Participants will receive 1 hour of CPE credit.

For more information, visit www.rsmmcgladrey.com/Events/Poised-for-Recovery-Change-and-Innovation-in-the-Manufacturing-Industry?itemid=205&mid=205

To register, visit <http://events.rsmmcgladrey.com/forms/poisedforrecovery>

NEW from the IMA . . . you won't believe the convenience, let alone the savings

PAY-AS-YOU-GO WORKERS' COMPENSATION INSURANCE

zero downpayment • expanded eligibility • minimized audit exposure

For a no-obligation quote, please visit www.insurelinx.com/IMA

For more information, contact Mark Frech at 800-875-4462, ext. 3022 or email mfrech@ima-net.org