

The Illinois Manufacturer

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Summer 2010

**Energy market
outlook —
Summer 2010**

**Weather's impact
on today's energy
market**

**HR ISSUES: Supreme Court supports
employer's review of employee's
personal text messages**



ACHIEVEMENT: MAKING THAT CREDIT LINE HUMMMMM

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Summer 2010



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An energy expert, like Constellation NewEnergy, can help you identify when and how you are using the most energy and recommend ways to realize potential savings and increase your energy efficiency.

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Mission Statement

The object for which the Illinois Manufacturers' Association was formed is to strengthen the economic, social, environmental and governmental conditions for manufacturing and allied enterprises in the state of Illinois, resulting in an enlarged business base and increased employment.

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Smart energy usage pays off for manufacturers



Our commitment to smart energy usage can pay off in so many ways. When we reduce our energy consumption, we save money (or even make money) and create opportunities for innovation.

We all realize the importance of being environmentally sensitive in our business practices. Businesses are rapidly adopting sustainability goals and philosophies because we know that in order for our industries to grow in the long-term, we need to change the way in which we operate. While we know it is important to be more environmentally responsible, many facilities simply don't know where to start. The good news is there are options available that can allow you to meet the goal of sustainability and even profit in the long run.

If you are approaching energy projects within your facilities one at a time instead of tackling several at once, you may have a hard time making meaningful progress on your sustainability goals. You also are not maximizing your potential energy cost savings. There is a better approach to sustainability, but it requires broader thinking.

Your list of potential energy projects might include: upgrading HVAC systems; installing more efficient lighting; or improving insulation. Think about coupling a number of the more inexpensive projects on your list with bigger ticket items. Savings from projects with rapid payback periods can help offset the costs of projects with longer-term paybacks. You are doing these smaller projects anyway. Why not maximize their value by doing more and combining them with the major projects that you've been putting off or did not think were financially possible?

When you structure these improvements as performance contracts, the potential savings could help pay for the new equipment and labor. Without increasing expenses you're able to gain new, more dependable equipment and show solid measurable actions toward your sustainability goals.

Load response programs, also known as demand response programs, take the idea of sustainability to another level. These programs were created to help reduce the need for additional generation resources and to prevent blackouts. They are unique in that companies can earn money from — rather than pay for — the service by reducing their electricity load at times when the grid is under stress.

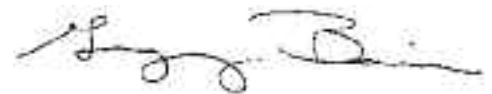
When demand starts to increase on the hottest or coldest days of the year, Load Response programs are activated across the region to help ease demands on the power grid. Facilities can reduce electricity consumption in two ways: curtailment and self-generation. Curtailment is turning off lights, raising temperature set points or changing production schedules. Self-generation is emergency backup generation, distributed generation or UPS systems.

Purchasing Renewable Energy Certificates, or RECs, is another tool available to facilities to match some or all of their electricity usage. RECs utilize green power generation facilities resulting in positive environmental benefits. These renewable power facilities generate electricity using naturally replenished fuel sources, such as sunlight, wind and organic waste. Energy from renewable sources can be added to the power grid in the same way as energy from nonrenewable sources such as coal or natural gas, but the environmental benefits of renewable power generation also create RECs, which can be marketed separately.

Matching your electricity usage — partially or fully — with Renewable Energy Certificates, is a simple, yet effective way to build your reputation as an environmentally friendly, "green" organization. Demonstrating a commitment to the environment can help to motivate stakeholders and market products, while also helping to promote the use of clean energy.

The key to any of these options is working with a multi-solution energy partner such as Constellation Energy, the IMA's preferred energy provider. The best energy services companies can handle traditional energy efficiency and infrastructure projects, of course, but also the construction, financing, ownership and maintenance of renewable systems. You should also be able to work with the same provider to participate in demand response programs and to procure electricity, gas and Renewable Energy Certificates and provide a comprehensive energy picture for your company.

Our commitment to smart energy usage can pay off in so many ways. When we reduce our energy consumption, we save money (or even make money) and create opportunities for innovation. And by taking steps to reduce our consumption, we become an important partner in our future. ■





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Things that make you go hmmm . . .



For the Nebraska-based Tenaska, the 16th largest privately-owned company in the United States, it's a bonanza. But for Illinois consumers and businesses, it's a costly \$400 million annual nightmare.

It's an annual event. Much like the swallows returning to San Juan Capistrano, every year our state lawmakers return to the Capitol brimming with ideas on how best to govern Illinois. Thousands of legislative initiatives are introduced and debated on every topic imaginable. Some ideas are new and fresh while others are simply reintroduced year after year, on behalf of a constituent or lobbying group, with little chance of passage. After months of moving through the long and arduous legislative process, after hours of debate and discussion, there are usually several hundred bills that end up on the Governor's desk. Every once in a great while, however, a bill passes where you sit back, scratch your head, and ask why lawmakers would feel compelled to support a particular piece of legislation.

This happened recently when lawmakers approved a new law creating a windfall for a private, out-of-state company by guaranteeing them a minimum 11 percent rate of return on their investment. Oh, and by the way, this windfall for the company is made possible because the new state law mandates that competitive electric retail suppliers and electric utilities buy a certain percentage of their product! For the Nebraska-based Tenaska, the 16th largest privately-owned company in the United States, it's a bonanza. But for Illinois consumers and businesses, it's a costly \$400 million annual nightmare.

When Illinois lawmakers passed the misnamed Clean Coal Portfolio Standard in 2008, our elected officials decided to invest in an unproven concept known as "carbon sequestration" which is only now being tested in the U.S. and around the world in countries including Algeria, Canada, and Norway. Carbon sequestration involves capturing the carbon emissions from burning coal (in this case) and then either shipping it away in pipelines or burying it deep underground. Serious environmental health concerns exist because the escape of large amounts of CO₂ is deadly. Two decades ago, a large buildup of CO₂ escaped from underneath Lake Nyos in Cameroon killing 1,700 people and 3,500 livestock in a twenty-five mile radius of the lake. Imagine the possible carnage if a large amount of gas escaped from an underground mine around Taylorville, a downstate city of 11,000 people where the Tenaska project is to be located.

Instead of waiting to see if this technology is economically viable or even safe, Illinois legislators pushed ahead mandating that Illinois electric suppliers begin buying power from the Tenaska project in 2015. Independent studies and the \$18 million study financed by the state of Illinois show that this new technology is extremely costly, as it will add an additional \$386 million to the current energy bills of Illinois residents and businesses. However, because lawmakers have to face voters at the polls, they conveniently imposed a cap on increased costs for residents but did not do the same for commercial and industrial customers. This means that manufacturing companies and other employers will be paying a higher cost, subsidizing both Illinois residents and Tenaska. But the cost could likely be even worse. If the Tenaska project is unable to deliver its captured CO₂ through the yet-to-be-built and troubled Denbury pipeline project, the costs would increase by \$137 million per year bringing the total cost to more than one-half billion dollars annually.

Unfortunately, this is Illinois politics at its worst. But, there is one final and critically important step that must be taken. The Illinois General Assembly will take one more vote to determine whether Tenaska, the private Nebraska company, will get a guaranteed 30-year revenue stream and profit subsidy that is not promised to any other private business in Illinois. This will cost consumers billions of dollars in new energy costs. The Illinois Commerce Commission is in the final stages of reviewing the study required by the 2008 law and will soon make its final recommendations to the General Assembly before they vote to establish a rate increase for Illinois residents and businesses.

(continued on page 8)

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Interim final health insurance rules under the Genetic Information Nondiscrimination Act

On October 7, 2009, new interim rules for implementation of the Genetic Information Nondiscrimination Act ("GINA") were published in the *Federal Register*. They took effect for plans and issuers on the first day of the first plan year beginning on or after December 6, 2009 (January 1, 2010 for plans administered on a calendar year).

The release of these new regulations is important because they will affect how plan sponsors operate their group health plans, and particularly health risk assessment components of group health plans. Yet, even employers who do not utilize health risk assessments need to understand GINA. When GINA was passed in May 2008, it prohibited discrimination on the basis of genetic information in plan coverage and in the workplace. This client alert discusses both the plan coverage and workplace discrimination provisions. The plan coverage provisions took effect May 21, 2009. The workplace discrimination provisions took effect November 21, 2009.

What is genetic information?

Genetic information, which is defined very broadly, includes:

- the individual's "genetic tests;"
- the "genetic tests" of family members;
- the "manifestation of a disease or disorder in family members;" or
- any request for, or receipt of, genetic services or participation in certain clinical research.

This definition affects both the plan coverage and employment discrimination provisions.

Plan coverage provisions

GINA generally prohibits group health plans and health insurance issuers from:

- increasing the group premium or contribution amounts based on "genetic information;"
- requesting or requiring an individual or family member to undergo a "genetic test;" and
- requesting, requiring or purchasing genetic information prior to or in connection with enrollment, or at any time for "underwriting purposes."

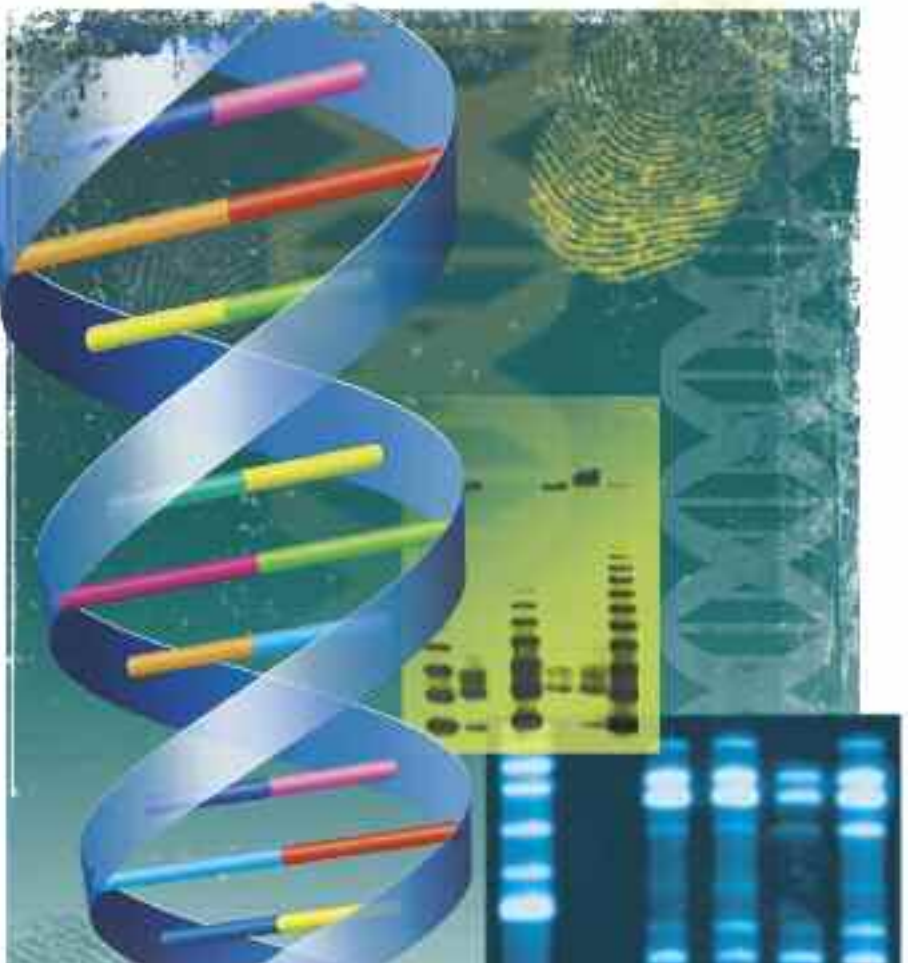
Each of these new terms and rules is explained here. As a practical mat-

ter, the new GINA rules likely require every employer to examine their health risk assessments ("HRAs") used in connection with a wellness plan. Such HRAs often ask questions about the medical history of family members — information that, as described here, could be the improper collection of "genetic information."

1. Does our health plan conduct genetic tests? Probably not.

"Genetic tests" involve an actual

see **GINA** page 22



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DENZLER

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The Illinois Manufacturers' Association strongly opposed the 2008 law and is now helping lead the Stop Tenaska's Overpriced Power (STOP) Coalition. As IMA President Greg Baise said previously and still holds true today, "Illinois businesses have been hit hard by the recession and this is not the time to consider unnecessary increases in electric rates to

make a private venture viable. The 4,000 businesses across this state that I represent will have little patience for any legislation that raises energy costs needlessly."

Illinois and the United States need to look at alternative forms of energy which one day could include carbon sequestration. However, we cannot afford risky and unproven projects created politically that imperil today's employers with skyrocketing energy costs. The Tenaska project will force the ratepayers of the state's investor-owned utilities and customers of competitive elec-

tric suppliers to bear the majority of risks and costs. Commercial and industrial customers will bear a highly disproportionate cost (no rate cap, unlimited exposure) to subsidize this unproven project. Call your lawmakers today and ask them to **vote no** on the Tenaska project and higher energy prices. ■



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Supreme Court supports employer's review of employee's personal text messages

As the Supreme Court's decision in *City of Ontario, California, et al., v. Quon, et al.* made clear: "The-times-they-are-a-changin'." The employment landscape has been dramatically altered by the advent of new social networking and communication technologies. Employees are now using computers, laptops and various hand held devices such as "smart phones" to call, text message, email, instant message and otherwise communicate with others via the internet (including through Facebook, MySpace, LinkedIn, Twitter and other social networking sites). Moreover, employees are often using employer-issued equipment to communicate with others while at work. Against this ever-changing backdrop of constant communication, employers are still tasked with running their businesses efficiently, effectively monitoring and disciplining their employees and, of course, remaining profitable in a difficult economy. The *Quon* decision offers guidance to employers faced with employee use and abuse of employer-provided communication devices.

Quon violated the city's work rules and was disciplined accordingly

The City of Ontario Police Department maintained and disseminated a "Computer Usage, Internet and E-mail Policy" that specified the City reserved the right to monitor and review all email and Internet usage, with or without notice and that employees had no expectation of privacy or confidentiality in such communications. Some time after the Computer Policy went into effect, the City issued pagers to its police officers with the capacity to send and receive text messages. Its contract with Arch Wireless, an internet serv-

ice provider, contained a monthly limit on the number of characters each pager could send or receive and provided for an additional fee if any employee exceeded the monthly limit. Quon, along with his SWAT team members, received a pager.

Although the Computer Policy did not explicitly apply to text messages on pagers, the City made it clear to its police officers that text messages would be treated the same way as emails. During a staff meeting, the City informed its police officers that text messages sent or received using the pagers would fall under the City's Computer Policy. This announcement was later put in writing in a memorandum circulated to all police officers.

Quon began exceeding the monthly character limit on his pager.

A police Lieutenant informed Quon about the overage and reminded him that text messages were subject to the Computer Policy and could be audited. He explained, however, that he did not intend to audit an employee's text messages to determine whether the overage was due to work related reasons. He suggested that Quon reimburse the City for the overage fee rather than have his text messages audited. Quon opted to reimburse the City. Other employees were offered the same arrangement.

After Quon and another officer exceeded the monthly character limit for several consecutive months, the Lieutenant informed the Police Department Chief of the situation and explained that he was tired of acting as a bill collector. The Chief decided

see **TEXT MESSAGES** page 21



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Weather's impact on today's energy market

By Don Denecke & Randy Bitsky,
Constellation NewEnergy Gas

Weather plays a key role in the amount of electric generation that is produced during the April through October time frame. Natural gas is required as a fuel to be utilized in natural gas fired generation to meet peaking demand and to replace nuclear and coal fired units that are in a maintenance outage. Typically, these generation outages occur between March and May. This year was no exception. However, April temperatures were warmer than normal for most parts of the Mid and Eastern portions of the United States. This caused demand for natural gas to be higher than normal in the cash market as utilities scrambled to meet the load requirements for air conditioning via natural gas fired electric producing units (See Map 1).

In May, weekly temperatures varied from below normal to a warm up during the third week of the month. The National Oceanic Atmospheric Administration (NOAA) is predicting cooler than normal temperatures June through August for the middle section of the country. Should this forecast come to fruition, natural gas fired electric demand in the Midwest will be down, possibly creating weakness in cash prices for natural gas. Precipitation is also forecasted to be greater. Rain cools down temperatures, in effect lowering the demand for electricity even further (See Maps 2 and 3).

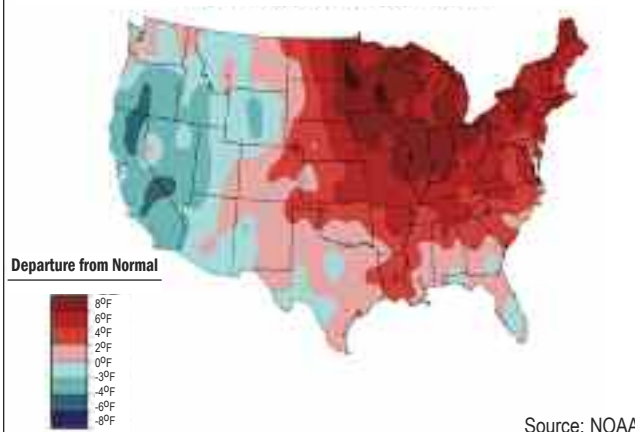
The transition to summer also brings with it the beginning of hurricane season. The National Weather Service has compared this year to the very active 2005 season. Several other forecasters have come to the same conclusion. The Atlantic Basin hurricane season runs through November

with most Gulf of Mexico storms occurring in August through September. Storms in the Gulf disrupt production of natural gas and crude oil as well as bring shipping traffic, which brings crude products to the Louisiana Off-shore Oil Port (LOOP), to a halt. Since 2003, the production of natural gas in the Gulf of Mexico is down 47 percent. This is mainly due to damage caused by hurricanes Ivan, Katrina

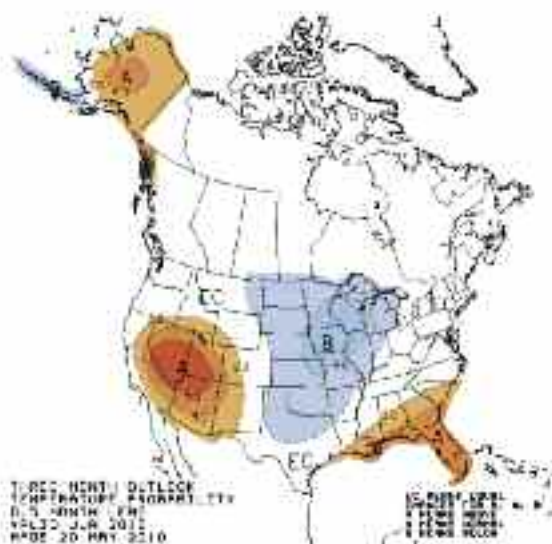
see **WEATHER'S IMPACT** page 12

Map 1

April 2010 Temperature Departure from Normal (Departure from the 1971-2000 Normal)



Map 2



Map 3



Source: NOAA

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WEATHER'S IMPACT

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and Rita as the rigs which were destroyed were not replaced. The effect of this drop means that the price impacts on natural gas due to a Gulf of Mexico storm are not as significant. (See Table 1).

Not only have we seen lower cash market prices, we have also seen a massive correction in the 2011 and 2012 NYMEX Henry Hub natural gas strip prices. The strip price is the simple average of the 12 months for that particular year. Currently, prices are at a five year low (See Graph 1). These lower prices have been driven by several factors that include access to non-conventional on-shore drilling, recessionary economic demand destruction, access to Rocky Mountain natural gas production via an expansion of a new pipeline sys-

tem and a decreased need for Gulf of Mexico natural gas production.

To learn more about how the weather and hurricane season can impact your natural gas costs, contact Constellation NewEnergy Gas Regional Sales Director Don Denecke at 630-264-6600, or via email at don.denecke@constellation.com. ■

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Source(s): NOAA, Energy Information Administration (EIA) and NYMEX.

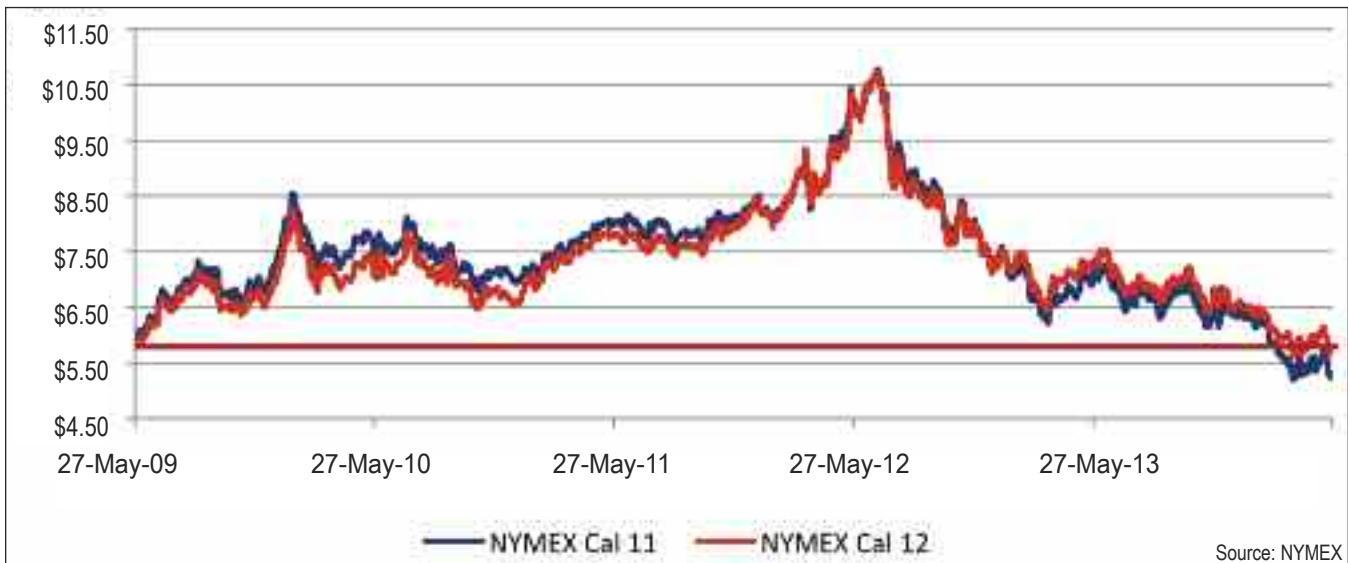
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Table 1.	Year		Year			
Off shore production	2003/MCF	BCF/day	2008/MCF	BCF/day	Change since the 2004/2005 hurricanes. BCF/Day	Percent change
Federal waters	3,565,614	9.77	1,836,845	5.03	(4.74)	-48%
Louisiana waters	123,939	0.34	79,004	0.22	(0.12)	-36%
Alabama waters	194,339	0.53	125,502	0.34	(0.19)	-35%
Texas waters	52,206	0.14	46,657	0.13	(0.02)	-11%
Total	3,936,098	10.78	2,088,008	5.72	(5.06)	-47%

Source: EIA

Graph 1. NYMEX Henry Hub Calendar Strips, 2011 & 2012



Source: NYMEX

Green power for Illinois manufacturers

By Colby Kingsbury and Julie Shelton, Baker & Daniels LLP

As we write this, thousands of barrels of oil continue spilling out of a deep sea well into the Gulf of Mexico. Every day we see new photographs of drenched birds and marshes slick with oil. Idle fishermen grieve their lost livelihood, the Department of Justice threatens criminal charges and Congress investigates. Still, no one knows when or how the flood of oil will be stopped. In the aftermath of an explosion that killed eleven oil workers, we learned there was no real contingency plan if the worst happened. When catastrophe struck, neither the companies responsible nor the government had a viable solution.

Not just an environmental nightmare and tragedy for the eleven families, the oil spill spells financial disaster for many people: lost income and revenues for employees and businesses in the area as well as a drop in the stock market. Whether or not oil is a finite resource, whether it will be depleted in fifty years or two hundred years, and whether we get our oil from North America or the Middle East is irrelevant to the price our nation is paying right now. As this spill illustrates, the cost of oil can be very, very high.

Even without environmental disaster and political instability, the price of oil can only go up. As the earth's population continues to grow, developing countries industrialize and the demand for energy increases, energy prices will rise. For this reason alone, sustainability and "green" energy are high on government and business agendas today.

Pressure to "go green" is coming from consumers, employees, the media and society overall as well. "Green" and "sustainable" are the go-to words in advertising today. Following the recent spill, the focus on "green" is bound to increase.

What does this all mean for Illinois manufacturers? On a purely practical level, Illinois manufacturers must contain their energy costs to remain profitable. They also have to comply with new legal requirements

and meet their customers' expectations. What do Illinois manufacturers need to know in order to keep up?

First of all, let's define the terms being used when people talk about green energy and sustainability. Green is defined as a "heightened awareness of using the earth's resources more efficiently," in short, "reduce, reuse, recycle." There are two widely accepted definitions of sustainability. One defines sustainability as "seeking to meet the needs and aspirations of the present without compromising the ability to meet those of the future." The other definition replaces the traditional bottom line, profit, with the triple bottom line: "people, planet, profit." Both definitions incorporate economic, environmental and social considerations. Sustainability seems to be the term most large companies favor when describing their green efforts.

The term "carbon footprint" also appears frequently in discussions about sustainability and "going green." Carbon footprint is the measure of the impact our activities have on the environment. It is the total amount of greenhouse gases produced that directly and indirectly support human activities. As you drive your car, the engine burns gas which, depending on the distance and the amount of gas consumed, creates a certain amount of CO₂. Heating a building with oil, gas or coal, generates CO₂. Manufacturing and production also emit CO₂. Greenhouse gases causing global warming include methane, nitrous oxide, hydro-fluorocarbons, perfluorocarbons and sulfur hexafluoride in addition to carbon dioxide. For purposes of measuring carbon footprint, these various gases are converted into carbon dioxide equivalents. An individual carbon footprint is the sum of all CO₂ emissions caused by one's activities in a certain time period, usually one year. The American Society of Testing and Materials has developed an energy performance standard, which, some say, will like-



ly be adopted as the measure for carbon footprints in the U.S.

Manufacturing constitutes thirty-two percent of energy use in the US, so it's not surprising that corporations have the largest carbon footprints. The corporate sectors emitting the most greenhouse gas are utilities, energy, materials and industrials. In November 2009, President Obama committed the nation to a seventeen percent absolute reduction in emissions by 2020. Because corporations generate the majority of emissions, they are the key to meeting this commitment.

In 2007, Illinois joined five other mid-western states and a Canadian province in calling for the establishment of targets for reducing greenhouse gas emissions and the development of a regional cap-and-trade program. What exactly is cap and trade? A "cap" is a legal limit on the quantity of greenhouse gases a region or business section can emit each year. The goal is for the cap to get lower as time goes on. "Trade" means that the law permits companies to trade emissions allowances so that companies who are unable to meet emission goals can purchase additional emissions allowances or "offsets" from companies able to reduce their emissions below their respective allowances. In May 2010, the

see **GREEN POWER** page 14

GREEN POWER

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Midwestern Greenhouse Gas Reduction Accord ("MGGRA") issued its final recommendations. MGGRA stated a preference for implementation of a federal cap-and-trade program, but provided recommendations for a regional cap-and-trade system if efforts to implement a federal system fail.

On May 13, 2010, Senators John Kerry and Joseph Lieberman introduced the long-awaited American Power Act (APA) with the goal of

creating jobs and providing America with energy independence and economic resurgence. The bill seeks to expand America's manufacturing base by improving energy efficiency, providing more incentives for use of clean technology manufacturing, and by increasing regulation and costs on imports that do not meet the U.S. environmental standards. Title II of the Act incorporates a cap-and-trade mechanism and sets goals for reducing domestic greenhouse gas emissions by seventeen percent in 2020 and eighty-three percent in 2050.

We would be remiss if we did

not include LEED in this article since it seems to be showing up all over the place. LEED stands for Leadership in Energy and Environmental Design. The U.S. Green Building Council (USGBC) created LEED as a certification system to verify that a building was designed and built using strategies to improve energy efficiency and reduce environmental impact. LEED certification requires projects to meet certain requirements relating to sustainable site, water efficiency, energy and atmosphere, materials and resources, indoor environmental quality and innovation in operations. There are different versions depending on the project and building type. In another effort, Illinois has adopted the International Energy Conservation Code as minimum requirements for commercial building and applied it to all construction, renovation and additions to commercial buildings in Illinois.

What about customer expectations? Large retailers are asking and expecting Illinois manufacturers who supply their products to help them meet their sustainability goals. Most prominent manufacturers and retailers have begun to address sustainability in some way. Among others, Wal-Mart, Walgreen's, JC Penny, Nike, Sony and GE have undertaken significant sustainability programs.

Walgreen's opened two LEED certified stores in 2009 and has four more in the works. Walgreen's is one of seventy retailers working with the USGBC to develop the LEED for retail standards.

Not too long ago, Nike took a hard look at its operations. While examining its manufacturing, Nike discovered it took three shoes' worth of material to produce two shoes, wasting approximately \$700 million a year. The discovery led Nike to develop a long term goal of zero waste by 2020. Nike created an in-house index to measure product design against this and similar goals. As of today, Nike's new production methods reduce waste up to 67 percent, cut energy use by 37 percent and lower solvent use by 80 percent.

General Electric Company analyzed sustainability as part of a demographic trend and concluded

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GREEN POWER

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the most efficient companies would have to reduce their energy and water use as well as their waste and carbon emissions. GE made the strategic decision to offer environmental solutions to assist companies in their sustainability efforts. Inside the company, GE challenged employees to look for energy savings, whether installing LED lights, recycling water or combining heat and power generation units. According to GE's sustainability report, it has saved \$100 million and cut its greenhouse-gas intensity by 41 percent.

In 2005, the country's largest retailer, Wal-Mart adopted a sustainability strategy with three overall goals: 1) To be 100 percent fueled by renewable energy, 2) To create zero waste, and 3) To sell products that sustain our resources and the environment. Wal-Mart cannot achieve these goals without its suppliers' participation. To that end, Wal-Mart asks its suppliers to rate their products on sustainability criteria in four categories: their energy and greenhouse gas emissions, waste and quality initiatives, "responsible sources" materials and ethical production.

Wal-Mart is not the only company asking its suppliers to help it reach its sustainability goals. JC Penny has pledged to "work with its suppliers of merchandise, equipment, materials and services to develop products and packaging and to ensure that services are performed in ways that are environmentally responsible and safe." Unilever, Nestle, Pepsi, Coke, Kraft and many others are working together on sustainability issues in their supply-chains.

An analysis by Five Winds International, a management consulting firm that works with organizations to improve their financial, environmental and social performance, determined the companies in the forefront on sustainability focus on climate change, ethical sourcing and supply chain impact of products. Illinois manufacturers increasingly need to make sure their products meet their customers' goals and that their customers know it. Providing products that address specific areas of concern such as water use, packaging or local sourcing will help Illinois manufacturers gain greater

Helpful resources for Illinois manufacturers . . .

For lists of tips and ideas for saving energy, see the following websites:

- www.newenergy.com/IMA
- www.ilenergysmart.biz/tips.html
- www.greenbiz.com
- <http://dsireusa.org>
- <http://business.gov/manage/green-business/energy-efficiency/state-local/#>
- www.fedconnect.net
- www.fgould.com/usa/usa_services/commercial_services/strategic-facility-consulting/

access to, and enhance their relationships with, their customers.

What does all this mean for Illinois manufacturers in practice? Sustainability has the potential to impact all aspects of a company's operations, from developing and manufacturing its products, to sales and support functions. While it may seem overwhelming, sustainability can create value and deliver new sources of competitive advantage. For example, sustainability efforts may result in greater operational efficiencies, more efficient use of resources, lower costs and taxes, enhanced ability to attract and retain talented employees, greater productivity, improved customer loyalty, and, oh yes — increase the bottom line.

The available economic incentives for manufactures and other entities in Illinois to reduce their energy use are abundant. For instance, Chicago's Small Business Improvement Fund provides up to \$150,000 for certain commercial tenants with gross sales of \$3 million or less and certain industrial tenants who have 100 full-time employees or less to upgrade the energy efficiency of their facilities. In addition, Illinois laws provide financial incentives to utilize "green" energy including, commercial wind farm equipment and solar energy systems. Illinois Green Energy loans are also available for renewable energy upgrades at a reduced rate if certain criteria are met, and a state rebate program called the Large-Customer Energy Analysis Program (LEAP) helps large energy users, such as manufacturers, manage their energy costs. LEAP participants are usually able to reduce their energy use from 10 to 30 percent. Utility companies also offer various rebates and grants

to their users for certain energy-efficient upgrades and improvements.

The federal government offers a slew of its own programs. For instance, the federal Energy Policy Act of 2005 established a tax deduction ranging up to \$1.80 per square foot for energy-efficient commercial buildings which will continue through the end of 2013. The American Recovery and Reinvestment Act of 2009 extended the federal business energy investment tax credit to provide credits ranging from ten to thirty percent of expenditures for solar energy, fuel cells, small wind turbines, geothermal systems, micro-turbines, and combined heat and power, for systems placed in service before December 31, 2016. The Federal Energy Policy Act of 2005 authorized the Department of Energy to issue billions of dollars in loan guarantees for projects that avoid, reduce or sequester air pollutants or greenhouse gas emissions and which employ new or improved technologies. And appliance manufacturers can benefit from the Act's extended tax credits for the production of certain high-efficiency residential appliances pursuant to the Energy-Efficient Appliance Manufacturing Tax Credit.

These are just a handful of the programs available which provide financial support to manufacturers and other entities working to become more energy efficient.

Manufacturers should also keep in mind that all of these available financial programs create customer opportunities as well, and not just in the private sector. For instance, existing federal buildings must reduce their energy intensity by three percent per year and ending with at least a 30 percent reduction by 2015 pursuant to

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A man in a dark pinstripe suit is shown from the back, looking towards the left. A large, green tree with many colorful flowers (red, yellow, blue) growing from its base is growing out of the top of his head. The background is a clear blue sky.

Energy market outlook – Summer 2010

By Troy Geanopoulos and Del Hilber, Constellation NewEnergy

As we head into the peak season for energy usage, changing markets will have a direct impact on businesses' bottom line. Stock market indicators, manufacturing numbers and weather forecasts all indicate there will likely be some increases in electricity rates this summer.

On the financial front, the economy is showing steady signs of recovery, but is somewhat tempered by such things as high unemployment and a lackluster housing market. Durable goods orders, a leading indicator of manufacturing activity and a good measure of overall business health, have been rising as businesses replenish inventories.

Unemployment remains high at 9.7 percent and housing numbers are expected to cool off with the expiration of the government subsidy for first-time buyers. The pace at which these indices show significant recovery could determine the rate of sustainable demand growth and thus the impact on power prices.

Weather trends also play a huge role in determining market demand for electricity. While the warmer-than-normal spring weather has been great to enjoy, it has added to the demand for electricity. The National Oceanic and Atmospheric Administration (NOAA) predicts temperatures will remain fluid with a cooler start to summer and a warmer finish. A weakening El Nino also is forecasted to lead to a more active hurricane season.

Though continued improvement in the overall U.S. economy could lead to future increases in both industrial and electric generation demands for natural gas, robust supply and record storage could help temper prices somewhat throughout the year. New gas and electric transmis-

sion facilities should improve the availability of gas and electric supply to PJM area markets and help relieve congestion. But with current electricity rates at or near a five-year low, increased demand for these future terms could lead to prices trending upward in the quarters to come.

Minimizing the impact on your business

Constellation NewEnergy, a subsidiary of Constellation Energy (NYSE: CEG), has launched a new energy management product, VirtuWatt™, a unique combination of hardware and online applications that allows customers to manage and optimize electricity usage in real-time and potentially lower their energy bills by reducing consumption during peak pricing periods.

VirtuWatt™ delivers a single platform that allows commercial power users to take advantage of the full benefits of competitive electricity markets in real-time. For the first time, customers are truly in the driver's seat when it comes to optimizing their energy consumption. VirtuWatt™ makes the smart grid a click away, merging megawatts with megabytes and delivering the benefits of load response programs directly to the customer in a way that is easy for them to manage.

VirtuWatt™ utilizes a combination of hardware and online applications that function as an intuitive, user-friendly, easily accessible energy management system. Using the VirtuWatt™ online dashboard, customers can track current energy usage, usage trends and current market values. VirtuWatt™ users can take advantage of this real-time information by:

- Pinpointing opportunities to shift operations to lower cost energy periods;
- Simplifying participation in grid-

managed load response programs by eliminating the manual processes historically required to participate in and comply with these programs; and

- Bidding usage reductions directly into the ISO markets for energy and ancillary services to be compensated for shedding load.

VirtuWatt™ provides immediate usage data — as opposed to the historic view on a traditional monthly utility bill — that provides customers with the information they need to make instantaneous operational decisions.

What makes VirtuWatt™ so revolutionary is the comprehensiveness of its solution. Through a single product, customers now have real-time energy market and usage data, coupled with the automated control capabilities needed to maximize their demand reduction strategies.

Constellation provides VirtuWatt™ customers with hardware that monitors their energy usage in real-time and allows them to coordinate with all major building management systems. The VirtuWatt™ energy management platform gives the customer the capability to automate the decision process for curtailing energy using preset scenarios, allowing them to manage their energy usage even when personnel are not on site.

VirtuWatt™ is only available to Constellation Energy customers. Constellation Energy provides and installs the hardware necessary to participate in the VirtuWatt™ program.

Energy conservation coming into focus

In addition to using a system like VirtuWatt™ to control, analyze and profit from energy usage, energy conservation is an easy way for commercial users to maximize savings by implementing a number of changes to bring financial benefits while minimizing the impact on the environment.

Heating and air conditioning

Heating, ventilation and air conditioning systems account for 40 to 60 percent of the energy used in commercial and residential buildings, according to the U.S. Department of Energy. This makes it a good target for potential energy savings.

Scheduled maintenance on HVAC systems, such as cleaning burners and air conditioning coils, replacing and cleaning air filters, and checking

ducts and pipe insulation for damage, can maintain efficiency. In schools, the boiler is usually the largest energy user in the building.

While heating plays a large role in energy costs, the Midwest is a “summer peaking” region because of the strain air conditioning puts on the region’s electric grid. An inefficient air conditioning system will likely only add to a business’s electricity costs. According to a report prepared for the Department of Energy, the most common causes of degraded air-conditioning performance are:

- Dirty filters and fans;
- Improper belt alignment and adjustment;
- Air leaks in equipment cabinets and ducts;
- Improper air damper operation;
- Dirty condenser and evaporator coils; and
- Improper refrigerant charge.

Commercial users also can reduce energy use by monitoring proper operation of thermostats and making common-sense changes. These include: using window blinds; keeping doors and windows closed when the air conditioning or heater is operating; and adjusting the thermostat after hours.

Lighting

Energy Star, a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy, reports that lighting consumes 25 to 30 percent of energy in commercial buildings and is a primary source of heat gain and waste heat. Both small measures and complete upgrades are a relatively low-risk investment.

Some simple measures include installing occupancy sensors for rooms or closets indoors, and motion sensors or time clocks on exterior parking lots and security lighting. Commercial buildings should have lighting levels to meet their needs, and any unneeded lamps, ballasts or fixtures should be removed.

Buildings that still employ the older T-12 lighting technology should consider an upgrade. It should be noted that however that lighting retrofits are a major renovation. The payback period for switching from T-12 to Super T-8 lighting with electronic ballasts may be three years or more. But in the long-run, there can be savings.

The benefits of implementing an

energy-efficient lighting system go beyond savings. A 2005 study by the Carnegie Mellon University Center for Building Performance found that high-performance lighting fixtures in buildings can impact productivity between 0.7 percent and 26.1 percent. The high-performance lighting attributes included efficient lighting and the use of indirect lighting fixtures.

Office equipment

Several energy-efficient options from Energy Star may offer tax breaks as well as electricity savings for new office equipment.

Manufacturers not in the market for new office equipment can still realize savings by using existing equipment wisely. All office equipment should be shut off at night and on weekends, when not in use. Shutting down computers at night — even those with a low-power sleep mode — will save energy and possibly extend the life of the computer. When leaving the computer for a short amount of time, shutting off the monitor is a good idea since the monitor typically consumes about two-thirds of the energy used by the system. Screensavers were originally developed to prevent “burn-in,” but modern displays have largely eliminated the burn-in problem, so it’s a better option to just have the computer show a black screen, thereby saving energy.

Water heating

A water leak is also an energy leak. Periodic maintenance on hot water systems can keep them operating efficiently. The burners of gas- or oil-fired water heaters also should be tested annually.

Reducing the water temperature is another easy way to save. If hot water is needed for hand washing and other general uses, a setting of 120 degrees or lower is sufficient.

Building insulation and exterior

The outer envelope of a building is a critical factor in maintaining energy efficiency because of the role it plays in regulating the indoor environment. While a newly constructed building is most efficient, there are ways to maintain the integrity of the building envelope for older designs as well. Focusing on doors and windows is a good first

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step. Make sure that they close tightly and inspect them for any leaks.

Added insulation is beneficial in both summer and winter. For new buildings, adding more insulation can be done for a relatively low-cost premium. With retrofits, focus on roofs and attics because of the ease and lower cost to adding insulation there.

Exterior landscaping can both beautify a property and reduce energy costs. Deciduous trees on the south and west sides of a building, where the sun's rays are most direct and intense, can provide energy-saving shade in the summer as well as solar warmth in

the winter, when the trees have lost their leaves. Planting evergreen trees or shrubs as windbreaks also can reduce winter heating costs.

Making your energy solutions work for you

Implementing each energy conservation measure separately without a comprehensive plan may not be the best way to for your facility to realize significant savings. So how do you know where to start?

Ultimately, the best way to get the most out of your investments is to sit down with an energy supplier like Constellation NewEnergy and take a look at your complete energy picture. An expert can help you identify when and how you are using the most energy and recommend ways to realize potential savings for your investment. In the end, you will find

that your facility can become more efficient and cost-effective by implementing relatively easy strategies. ■

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GREEN POWER

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the 2007 Energy Bill. Local governments, schools and not-for-profit entities also have a series of grants, tax breaks, laws and rebate programs available to them, such as those offered through the Illinois Department of Commerce and Economic Opportunity, to incentivize them to reduce their energy use. In short, public entities have the need and the funds to improve their energy efficiency. Manufacturers should take advantage of these business opportunities by generating energy-efficient products and marketing them to public entities as well as private.

Illinois manufacturers embarking on sustainability efforts should start by gathering the information and facts they need to understand and articulate the impact sustainability can have on their company. For any business, a practical first step toward sustainability is to evaluate and analyze its energy use. Many Illinois manufacturers use energy auditors to inspect their facilities to measure energy consumption and provide guidance for reducing energy use without negatively affecting the company's outputs. For example, Faithful + Gould energy auditor Jody Massey, computes that around 22 percent of the energy most manufacturers use comes from motors, so that making motors more

efficient can save a significant amount of energy and money. Sometimes simply implementing a variable speed drive so that the motor need not operate at full capacity at all times can make a huge difference. Energy auditors also look at lighting, heating, ventilation and air conditioning. As Mr. Massey says, "Anything that consumes power creates an opportunity."

At the end of the inspection, an energy auditor generates a report which includes the amount of energy being used, the suggested modifications to reduce energy use, the initial costs and savings to making the changes and how long it will take to recoup expenditures. While energy efficiency is crucial for the environment in the long term, what ultimately drives individual decisions is the bottom line: what will the payback be versus the costs for making energy efficient changes? Nonetheless, to stay competitive and viable, it is no longer enough to just maintain a company's facilities. Rather, companies simply must actively manage their facilities to become energy efficient in order to generate more profit. Illinois companies considering capital improvements are advised not to value their return on investment based on today's energy costs, because those costs will increase over the life of those capital improvements.

Many energy auditors will help implement the changes they recommend and determine which financial incentives provided through govern-

ment programs or utility companies are available and worth pursuing. If your company is contemplating building a new facility, energy auditors can assess whether becoming LEED certified and/or using other "green" materials will be a worthwhile investment.

On April 22, 2010, ninety-seven CEOs of leading United States companies, including a number of Illinois companies, reported their businesses' commitments to lower emissions, increased energy efficiency and more sustainable business practices. These companies recognize the importance of "making their operations more efficient, their products more sustainable and their communities greener and more prosperous." As discussed above, the forces of legislation, customer concerns and energy costs make sustainability increasingly important to business strategy and management. Illinois manufacturers who develop their sustainability strategies by determining what will create value and then integrate sustainability into their business culture will reap the rewards. ■

About the authors . . .

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Energy incentives for Illinois manufacturers

Recently, there have been a number of funding and incentive opportunities within alternative energy manufacturing. Examples include the Electric Drive Vehicle Battery and Component Manufacturing Initiative, which awarded \$2.4 billion to accelerate the development and production of various electric vehicles, and the recently closed Advanced Energy Manufacturing Tax Credit, which awarded \$2.3 billion in tax credits for the manufacturing of new renewable energy technologies.

While these recent announcements are validating and attest to the importance of Midwest manufacturing, many manufacturers are left wondering: is it too late to access incentives? What energy tax incentives are still available to leverage?

It's not too late

There are still several incentive programs from which a business can benefit. However, before asking what funding is available, a company should first assess whether diversification within the renewable energy market is the right business decision. Will the upfront capital outlay necessary to reach diversification within renewable energy provide adequate financial returns to justify the risks? Just because a company has experience producing a product for an automotive application doesn't mean that same application will work within the renewable energy sector. For example, even though bushings are required in both a vehicle and a wind turbine, the specifications, tooling, and volumes may be drastically different. Oftentimes, the alternative energy sector demands a significantly lower volume and higher precision than that of the automotive sector.

Once a business decision is made to pursue manufacturing within the renewable energy sector, entity structuring is pivotal in providing the max-

imum return on available federal and state incentives. For example, without specific structuring, state incentives can be considered taxable income to the entity, which reduces the return on investment. However, with some advanced planning, the project can be structured to address the taxable nature of the grant receipt, thus significantly reducing any tax liability.

Federal programs

Programs that haven't received as much attention in the media but may have widespread applicability are the increased loan amounts and more attractive loan rates available under the Small Business

Administration (SBA) and the Energy Policy Act of 2005. These programs offer attractive grant and loan guarantees for projects incorporating renewable energy.

Small Business Administration loan rates

This program is a bank loan backed by the Small Business Association for up to 90 percent of project costs. In order to qualify for the loan guarantee, a business must be considered a "small business," which typically means less than 500 employees and less than \$10 million

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INCENTIVES

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in gross receipts. What's most noteworthy is that under a special exception, manufacturers currently benefit from more than twice the normal maximum project amount. For the standard SBA program, the maximum guarantee is \$3,375,000; however, for the manufacturing sector, the maximum guarantee is \$9 million.

Energy Policy Act of 2005

Thanks to the Energy Policy Act of 2005, developers and commercial property owners may potentially write off the cost of investments in energy efficiency improvements during the taxable year they're placed into service. The benefits to property owners are a favorable, and more immediate, return on investment for these improvements.

According to the Act, the energy-efficient commercial building property must be installed as part of at least one of the following three components of the building: 1) the interior lighting systems, 2) the heating, cooling, ventilation, and hot water systems, and 3) the building envelope. Building owners can deduct these energy-efficient building property expenses if the energy

and power consumption is reduced by 50 percent from the previous year. Eligible facilities include commercial buildings such as offices, retail buildings, warehouses, rental housing of four stories or more, and publicly owned buildings.

A maximum deduction of \$1.80 per square foot is allowed if improvements are made to all three building components (the deduction equals \$.60 per square foot per component). In addition, developers and building owners can take advantage of temporary rules in relation to lighting.

This deduction is effective for property placed in service after December 31, 2005, and before December 31, 2013.

State Incentives

One incentive that manufacturers, hospitals, large commercial buildings, universities, and local governments may want to take advantage of is the Illinois Department of Commerce and Economic Opportunity's (DCEO) Large-Customer Energy Analysis Program (LEAP). The program targets customers with energy costs greater than \$500,000 per year; eligible organizations can recoup up to 50 percent of the cost of developing an energy-efficiency plan and 50 percent of the cost of a technical assessment up to \$10,000. The credit is

available until at least February 2012.

In addition to the LEAP, watch for energy-efficiency programs and grants available through various municipalities and local governments, as well as rebates through utility companies. Please note that while additional state programs are expected to come about, the push to put the stimulus funding into action has resulted in short application windows.

Finally, don't forget about installing geothermal heating and cooling, wind turbines, or solar panels on your manufacturing facility. This can be a very lucrative benefit for companies that are consuming a great deal of energy. There are various incentives that can significantly reduce the cost of these improvements, such as the Section 1603 grant and various state incentives.

If you'd like to discuss opportunities that are available as a result of the various federal, state and local incentive programs for manufacturing within the renewable energy sector, or how to structure projects in order to maximize the return on investment, please contact Jim Manning or Brian Hammer. Jim and Brian are part of the Energy team at Plante & Moran, the 12th largest CPA and business advisory firm in the U.S. with two offices in Illinois and 16 others across the Midwest. ■

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TEXT MESSAGES

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to determine whether the existing character limit was too low (i.e., officers were paying for work-related overage fees) or whether the character limit was proper and officers were simply exceeding the limit because of personal messages. The City requested transcripts from Arch Wireless of text messages sent in the last two months by Quon and the other officer who continuously exceeded the monthly character limit. The Lieutenant reviewed the transcripts and discovered that many of the messages sent and received on Quon's pager were not work-related and were often sexually explicit. The Lieutenant reported his findings to the Chief who also reviewed the transcripts and referred the matter to the Police Department's Internal Affairs Division. The Internal Affairs Sergeant tasked with addressing the matter disregarded any messages sent or received by Quon while off duty. The Sergeant then reviewed the text messages sent or received by Quon while on duty and noted that, on an average work day, only three out of the 28 text messages sent or received by Quon were work related. Quon was then disciplined for violating the City's work rules.

Understanding the Quon decisions

Quon sued the City and Arch Wireless, alleging that his right to privacy was violated under various laws, including, most notably, the Fourth Amendment (which prohibits unreasonable searches and seizure). Other police officers as well as the individuals whose text messages to or from Quon had been reviewed (namely, a fellow police officer, his then-wife and a fellow employee with whom Quon was romantically involved) also joined the lawsuit.

The District Court held that, although Quon had a reasonable expectation of privacy in the content of his text messages, the deciding factor would be whether the purpose of the audit was to determine if Quon was being made to pay overage fees for work-related text messages or if Quon was wasting time on personal matters. The jury found that the purpose of the audit was to determine whether Quon was being made to pay over-

age fees for work-related text messages and thus, the City's search was reasonable and did not violate the Fourth Amendment.

The Ninth Circuit reversed the District Court's ruling. It agreed that Quon had a reasonable expectation of privacy in the content of his messages but disagreed that the City's search was reasonable. It held that while the motivation for the City's search was reasonable, the scope of the search was not because the City could have used less intrusive means such as having Quon redact the transcripts himself. Accordingly, the Ninth Circuit held the City had violated the Fourth Amendment.

On June 17, 2010, the Supreme Court reversed the Ninth Circuit's decision. First, the Supreme Court noted that whether Quon had a reasonable expectation of privacy in his text messages was a fact-specific question. It held that the City had made clear to its police officers that any text messages sent or received using the City-issued pagers were subject to review. However, the Court declined to explain whether the Lieutenant's statements to Quon that his text messages would not be reviewed if he reimbursed the City for overage fees had modified the City's stated policies. The Court did, however, suggest that whether the Lieutenant had or appeared to have the authority to modify the City's policies would be a factor in determining whether he had effectively modified the policies.

Second, the Court held that "employer policies concerning communications will of course shape the reasonable expectations of their employees, especially to the extent that such policies are clearly communicated." Accordingly, although Quon might have harbored some reasonable expectation of privacy in his text messages, it would not have been reasonable for Quon to conclude that all of his text messages were immune from auditing under all circumstances. In other words, Quon should have known that his text messages could be subject to review under the City's policies.

Third, the Court held that whether the City's audit was conducted for a noninvestigatory, work-related purpose (i.e., to determine if the character limit was reasonable) or for the investigation of work-related misconduct (i.e., to determine if

Quon was exceeding the character limit because of personal text messages) was irrelevant. The applicable standard was whether the audit was reasonable under the circumstances. The audit would be considered reasonable if it was justified from its inception and if the measures adopted were reasonably related to the objectives of the search and were not excessively intrusive in light of the circumstances. Thus, the Court rejected the argument that the City should have used the least intrusive means available.

Although the Court explained that rapid changes in technology and communications made it difficult to determine what society currently views as reasonable behavior, it held that the City's audit was indeed reasonable. The audit was justified from its inception because it was initiated for a legitimate purpose — either for determining whether the character limit was unreasonable and employees were being forced to pay for work-related communications or whether the character limit was reasonable and the City was paying for personal communications. Further, reviewing the applicable transcripts was an efficient and expedient way to determine whether Quon's overage fees were due to work-related or personal usage. Additionally, the review of the transcripts was not excessively intrusive because the City only reviewed transcripts for a couple of months (even though Quon had exceeded the character limit numerous times) and the City redacted the transcripts to show only text messages sent or received by Quon while on duty.

Finally, the Court held that the City's audit was lawful, even under the broader standard articulated by Justice Scalia in his dissent, i.e., whether the audit would be regarded as reasonable and normal in the private sector employment context. Thus, the Court held that if Quon had been a private sector employee using a pager issued by his private sector employer to send and receive text messages under the same communications policies, the employer's review of Quon's text messages for the same investigative reasons would have been lawful.

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TEXT MESSAGES

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Lessons for employers from *Quon*

Although the Supreme Court's decision in *Quon* centered on the applicability of the Fourth Amendment to the City of Ontario Police Department's search of a police officer's text messages sent using a government-issued pager, the decision provides guidance to private sector employers facing similar issues. Private sector employers should take away three key lessons from the *Quon* decision. First,

broad, carefully drafted and detailed communications policies are imperative in today's technology-friendly workplace. Employees may generally presume they have a reasonable expectation of privacy in their personal communications (even on employer-issued equipment). Thus, employers must draft policies that limit their employees' expectation of privacy. Second, communications policies are only effective if they are clearly communicated and consistently implemented. It is important for employees to be fully aware of existing communications policies and their applicability to their personal and work-related communica-

tions. Further, employers should ensure that their communications policies are updated and that any changes to the policies are communicated to employees. Finally, employers should keep in mind that the reasonableness or unreasonableness of their actions can get them into or out of hot water.

Accordingly, any review of employee communications should be limited, reasonable and conducted in accordance with existing policies. If employers apply these lessons from the *Quon* decision, they will be in a better position to avoid costly privacy claims. ■

GINA

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analysis of human DNA, RNA or related items. Although a health plan may pay for such a screening, the health plan would not typically conduct the test itself nor would the plan modify its premiums or benefits based on the results of the test. Thus, most health plans probably will not conduct or receive the results of genetic tests and GINA would not impact this aspect of a health plan's activities.

2. Does our health plan gather information about disease or disorders of family members?

Perhaps. HRAs often ask questions about the "manifestation of a disease or disorder in family members." If so, an HRA will have collected "genetic information" and will likely be subject to the new GINA rules.

GINA Rule #1: No premiums or contributions based on genetic information.

Under GINA, a group health plan cannot adjust premiums or contributions based on genetic information. The plan can, however, adjust premiums or contributions based on claims experience — even if this experience was high due to medical conditions that were caused by genetic problems. For example, suppose an employer has a self-funded group health plan. Employee A had high claims due to treatment of polycystic kidney disease (which is caused by a gene mutation). Employee A has two dependent children covered by the

plan. The employer is concerned that the two dependent children also could develop the same medical condition. The employer increases the health plan's premium rates both because of Employee A's high medical claims and because of the children's potential future claims. This increase would violate GINA because of the employer's focus on the children's potential future claim. However, if the employer increased the plan's rates only because of Employee A's high claims, the increase would not violate GINA.

GINA Rule #2: Plan generally cannot request or require genetic tests (and if it does, a "minimum necessary" rule applies).

Under GINA, a group health plan cannot request or require an individual or family member to undergo a genetic test. Again, it appears that most plans do not currently require individuals to undergo genetic tests, so this rule should have limited impact on most plans. A plan can obtain and use the results of a genetic test in making a determination regarding payment. For example, suppose a plan covers a yearly mammogram starting at age 40, or at age 30 for those with increased risk of breast cancer, including individuals with BRCA1 or BRCA2 gene mutations. Employee C is 33 years old and has the BRCA2 mutation. Employee C undergoes a mammogram and submits the claim to the plan for payment. Following an established, uniform policy, the plan requests that Employee C provide evidence of the increased risk, such as the results of a genetic test. This request by the plan does not violate GINA. If Employee C

refuses to provide such evidence, the plan can refuse to pay the claim.

The GINA rules also include a "minimum necessary" rule similar to the HIPAA Privacy Rule's "minimum necessary" rule: when a plan requests genetic information for payment purposes, it can only request the "minimum amount" of information necessary to make the payment determination. It is not clear what steps a plan should take to ensure it complies with this minimum necessary rule (e.g., whether a plan should implement a written policy and procedure to formally adopt this requirement).

GINA Rule #3: A plan cannot collect genetic information for "underwriting" purposes

A group health plan cannot collect genetic information for underwriting purposes. Underwriting includes:

- Rules for, or determination of, eligibility — including enrollment, continued eligibility, changes in deductibles or other cost-sharing mechanisms in return for activities such as completing an HRA or participating in a wellness program;
- The computation of premium or contribution amounts — including discounts, rebates, or other premium differential mechanisms in return for activities such as completing an HRA or participating in a wellness program;
- The application of any preexisting condition exclusion under the plan; or
- Other activities related to the creation, renewal, or replacement of a contract of health insurance or health benefits.

see **GINA** page 23

Rule #3 is likely to impact many HRAs. For example, suppose a plan provides a premium reduction to an enrollee who completes an HRA after enrollment. The HRA includes questions about the individual's family medical history. This request for family medical history will be for "underwriting" purposes because the HRA results in a premium reduction. Thus, the request violates GINA.

An HRA can be modified to avoid violating GINA. The HRA could provide no reward or penalty for completing it (or failing to complete it). Such an HRA would not be for "underwriting" purposes. However, employers may not like this option, because HRAs tend to be less widely used if there is no reward or penalty associated with the HRA. The HRA could also be divided into two HRAs: the first HRA could not ask for any family medical history while the second (which would be voluntary) would ask for family medical history. Any premium discount would only apply to the first HRA, not the second HRA. This arrangement would not violate GINA because the family-history-related HRA would not be for "underwriting" purposes. Such an HRA structure must be conducted after enrollment and must be unrelated to enrollment (for the reasons discussed, in Rule #4).

Practical tip: Many employers have conducted HRAs during 2009 that requested family medical history. Such employers generally intend to use the information obtained through the HRA for 2010 plan year operations (including underwriting). Recent IRS commentary suggests that this would violate GINA and the interim final regulations even though such action took place prior to the effective date of the regulations. The IRS has offered employers alternatives, including: 1) performing the 2009 HRA a second time; 2) give everyone the benefit under the HRA (regardless of whether they answered the family medical history question); or 3) give no one the HRA benefit or premium discount. Employers who find themselves in this situation should proceed with caution and seek the advice of legal counsel.

GINA Rule #4: Plan cannot collect genetic information in connection with enrollment (but incidental collection is acceptable)

Under GINA, a group health plan cannot collect genetic information with respect to any individual prior to the individual's effective date of coverage under the plan, nor in connection with the rules for eligibility that apply to the individual. These rules are stringent: they apply even if there is no reward for completing the HRA or penalty for failing to complete it. For example, suppose Acme Co.'s health plan requests that enrollees complete an HRA prior to enrollment. The HRA includes questions about the individual's family medical history. There is no reward or penalty for completing, or not completing, the HRA. Acme Co.'s plan would violate GINA because the request is made prior to enrollment.

"... take great care in requesting medical information on job offerees and employees, even if such requests are compliant with the terms of the Americans with Disabilities Act, in order to avoid challenges under GINA."

The regulations contain one exception to this stringent rule: a plan can obtain genetic information that is incidental to the collection of other information concerning the individual, as long as the collection is not for underwriting purposes. However, this exception will not apply if it was reasonable to anticipate that health information will be received, unless the collection explicitly states that genetic information should not be provided.

Practical tip: Employers should examine what health information, if any, their group health plans gather about employees and family members prior to enrollment. Employers should state on any related forms that genetic information should not be provided. The federal agencies provide the following language in an example: "In answering this question [about providing any other

information that is relevant to an individual's health], you should not include any genetic information. That is, please do not include any family medical history or any information related to genetic testing, genetic services, genetic counseling, or genetic diseases for which you believe you may be at risk."

Employment discrimination provisions

On May 20, 2009, the U.S. Equal Employment Opportunity Commission ("EEOC") issued proposed regulations implementing the employment-related sections of GINA. Information about how an individual's disease or disorder has been manifested in that individual or in any person in the individual's family is covered, even if the information does not take the form of a genetic test or a record of genetic treatment. It can be simply information about a disease theorized to have a basis in genetics — breast cancer, Crohn's disease and Muscular Dystrophy, by example. (GINA's definition of information is substantially broader than that of other already-existing state laws regulating the use of genetic testing and related information, like Section 111.372 of Wisconsin's Statutes.) An employer's request for or possession of any such information might trigger GINA's prohibitions against discrimination by that employer against the individual to whom the information applies.

GINA, by its terms, does not hold employers liable for inadvertently requesting or obtaining genetic information they otherwise would be prohibited from seeking. But the science of genetic study is accelerating discovery of the genetic roots and sources of more and more conditions and diseases. Employers, therefore, must take great care in requesting medical information on job offerees and employees, even if such requests are compliant with the terms of the Americans with Disabilities Act, in order to avoid challenges under GINA. Inquiries that seek information about family medical history, for instance, must be crafted carefully and narrowly.

If you have any questions about the interim rules under GINA, the EEOC's proposed GINA regulations or GINA's terms, please contact one of the authors at Michael Best Friderich LLP. (See bottom of page 7 for contact information. ■



Senator Dan Rutherford (R-Chenoa) attended IMA's Business Day on May 5th in Springfield. Employees from Advanced Technology Services, Inc. (ATS) lobbied at the State Capitol. Pictured from left to right are: Michael Belgiorno, LaSheila Hayes, Senator Rutherford, Haley Constable, Jason Hahn (back row), Elyse Bales and Greg Padesky.



"Cargill Day" took place April 14, 2010, at the IMA headquarters in Springfield. Cargill executives attending from around Illinois included (from left to right) Fred Oelschlaeger, Steve Sproull, Vern Fischer, Glenn Karlinsey, Pete Hynes, Ray Dostal, Brandon Nordmeyer, Doug Childers and Jake Hamlin.

IMA 2010-2011 Annual Compensation Report now available

The IMA 2010-2011 Annual Compensation Report is now available Online at www.ima-net.org/compreport10. The Report is available as an electronic copy in Adobe PDF format and in print. For this year's survey, IMA once again partnered with IMA member company RSM McGladrey to survey IMA members and compile the results. RSM McGladrey's input and expertise in this endeavor makes this year's Report a must-have for Illinois manufacturers.

The survey questionnaires and/or access to the survey were sent to IMA members and other non-member firms throughout Illinois in April 2010. Data presented represents approximately 186 manufacturing-related job titles reported statewide and by six Illinois labor markets. Also included is information on annual incentives used by manufacturers to help maintain and increase employee performance.

Plans employers have for salary increases in 2010, and their 2011 projections, are summarized by employee category (i.e. hourly, nonexempt, salaried nonexempt and salaried exempt).

The data submitted was reviewed for accuracy before being included in the overall database. The information was provided on a confidential basis and the results are presented in aggregate to preserve the anonymity of participating companies.

You'll find the IMA 2010-2011 Compensation Report to be a valuable tool in your compensation considerations. For more information or if you have questions or comments regarding the report, contact Janie Stanley, IMA Revenue Administrator at 800-875-4462, ext. 3020 or email: jstanley@ima-net.org.



BOPI, Illinois Graphics merge operations in Bloomington

BOPI President and CEO Tom Mercier and his Illinois Graphics, Inc. counterpart Michael Dolan announced in early May that agreement had been reached to merge the operations of the two companies. The merger was completed in early June. The resulting enterprise will be known as BOPI and operates out of its current facility at 1705 S. Veterans Parkway, Bloomington.

The merger strengthens BOPI's position as a leading provider of

business communications to clients throughout Illinois and nationally. Founded in 1947 as Bloomington Offset Process, Inc. and engaged in commercial printing, BOPI has established itself in the direct marketing field through initiatives in variable data digital printing, personalized direct mail, data services, web based commerce, collateral management and fulfillment.

"We see this as a tremendous opportunity in a difficult economy to increase market share and open up new opportunities for our innovative marketing products and services," said Mercier, who recently completed a year as president of the McLean County Chamber of Commerce and currently serves as an IMA Board member.

"The printing sector of our economy is facing diminished demand for its traditional products," Mercier said. "Growth today will be realized through mergers and acquisitions until supply and demand are better equalized in the market. Introducing marketing based services such as variable print, personalized URLs (PURLS) and data based services has allowed BOPI to become a strategic business partner with our customers rather than just a supplier.

BOPI's 49 employees will be joined by the 37 employees of Illinois Graphics.



Deere & Company to open facility in Waterloo focused on history of tractor and engine design and manufacturing.

Construction on the John Deere Waterloo Tractor and Engine History Museum will begin in late 2010 with opening of the facility scheduled for late 2011. The museum will be an addition to John Deere attractions in Iowa, Illinois and Germany.

"The public is interested in learning more about the company's past, present and future," said Bill Becker, director, global brand management. "This new museum will complement other John Deere-branded properties by amplifying the tractor and engine history of the company and enabling visitors to explore the development and capabilities of these products in-depth."

The tractor and engine museum will include artifacts and interactive exhibits to celebrate the rich history and dynamic growth of the tractor business at John Deere.

"The John Deere Waterloo Works is already a popular place for visitors to travel for plant tours," Becker said. "We believe this new museum will be a welcome addition for all John Deere enthusiasts."



Austin Polytech awards its first NIMS Metalforming credential

On June 3, APA Junior Brittany Trotter sat down at the computer in the Manufacturing Technology Center to take her Metalforming Level one exam. One hour later, she became APA's first student to earn a nationally-recognized industry credential through the National Institute for Metalworking Skills (NIMS).

Machining instructor Tom O'Brien worked closely with 20 students in preparation for the exam. This is an important first step for Austin Polytech's NIMS credentialing program, which will soon also train students for their CNC Operator and Measurement, Materials, and Safety credentials. Thus far, nine APA students have earned NIMS credentials.



See new manufacturing technologies at IMTS 2010

The NAM is the Industry Partner to this year's International Manufacturing Technology Show (IMTS 2010) September 13-18 in Chicago. NAM President John Engler will be the keynote speaker. NAM members receive a special discounted rate of \$15 per attendee. More than 1,000 of the world's leading manufacturing technology providers will demonstrate their latest machines, tools, software, instruments and much more at IMTS 2010. Visit www.imts.com for more information.



Tech giant Microsoft supports the Chicago Academy for Advanced Technology



Microsoft CEO Steve Ballmer (right) said "The more I learn about this school, the more phenomenal I think it is."

Most 15-year-olds have modest professional networks, at best. But on June 10, 70 lucky freshmen at a new Chicago high school had the chance to rub shoulders with Microsoft CEO Steve Ballmer.

Also known as Chi Tech, the Chicago Academy for Advanced Technology (CAAT) struck up a partnership with Microsoft in September 2009, when it opened as a joint effort of Mayor Daley's Council of Technology Advisors, the Illinois Technology Association, Chicago Public Schools, and the Center for Polytechnical Education.

The news climbed the ranks at Microsoft and eventually reached Mr. Ballmer, who traveled to Chi Tech's 1301 W. 14th Street campus to check out the school for himself.

Mr. Ballmer spoke about Microsoft's commitment to Chi Tech. "Microsoft is grateful for the opportunity to support the Chicago Academy for Advanced Technology, where innovative teaching strategies and access to technology are changing today's approach to education," he said.

"We anticipate Chi Tech students will be the Chicago area's future leaders," he added. "By supporting students and programs like these, Microsoft hopes to expand the pipeline of future technology talent in the United States."

As a CPE school, Chi Tech is part

of a community development strategy that prepares underserved youth for rewarding careers in high-tech industries that spur economic growth and create high-paying jobs with many opportunities for advancement.

Chi Tech was inspired by CPE's career program at Austin Polytechnical Academy, a manufacturing-focused high school named by then-Senator Obama as a national model for education.

"Austin Polytech is bringing hope back to the community," he said on the campaign trail in 2008. "That's the kind of model we'll replicate across the country when I'm president of the United States."

Chi Tech is the first replication.



Brian Keith Advertising launches online "Logo Mall" for promotional products; offers IMA-member discounts

From golf shirts to gadgets, and from pens to paperweights, Brian Keith's new site, briankeithadv.logomall.com, makes it easier than ever to shop for promotional products and other logo-imprinted items online. Shoppers can search by event category, such as "golf outing" or "trade show," browse the huge selection of logo-imprinted apparel, or use the intuitive keyword search to zero in on exactly the item they're looking for. With over 300,000 products, including many made in the USA, the site is loaded with ideas to help companies strengthen their brand and send their message in a memorable way.

IMA members will find they can save over 30 percent by shopping at briankeithadv.logomall.com. In addition, Brian Keith's Promotions Coordinator, Kim Davis, provides personalized service, with free consultations and product samples. Members can complete their selection and purchase online, or call Kim at 630-368-7524.



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MEMBER NEWS

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Scott A. Crum appointed Senior Vice President, Human Resources, for Mobile Devices and Home Business, Motorola

Motorola, Inc. recently announced that Scott A. Crum has been appointed senior vice president, Human Resources, for the Mobile Devices and Home business,

effective July 19, 2010.

"As Motorola prepares to separate, it is particularly important to have a capable and experienced HR function that is able to ensure continuity of business support while building and preparing both organizations for future success," said Sanjay Jha, co-chief executive officer of Motorola and chief executive officer of Motorola Mobile Devices and Home business.

Crum joins Motorola from ITT Corporation where he served as senior vice president and director of Human Resources with global

responsibility for ITT's human resources policy, strategy and leadership development for the last eight years. Crum also served on ITT's Strategic Council.

Prior to joining ITT, Crum was the head of human resources for General Instrument Corporation and became corporate vice president, Human Resources, when that company was acquired by Motorola. Prior to joining General Instrument, Crum held a number of HR roles at Northrop Grumman, LTV and Dresser Industries.

Crum holds a bachelor of science degree in business administration from Southern Methodist University.



IMA member companies receive ETIP grant funds as reimbursement for employee training



Senator Dale Righter (R-Mattoon) (right), presented reimbursement monies (\$10,000) for employee training to Carl Troike, Facility General Manager of the Cabot-Tuscola, Illinois facility. ETIP funds are provided by the state and distributed through the IMA for eligible employee training costs.



Senator Linda Holmes (D-Aurora) presented OSI Industries President David McDonald with a reimbursement check in the amount of \$16,489.79. ETIP funds are provided by the state and distributed through the IMA for eligible employee training costs. ■

SAVE THE DATE



Food Industry Seminar

Thursday, October 21, 2010

Northern Illinois University - Naperville Campus

IMA and the law firm of Michael Best & Friedrich LLP invite Illinois food industry executives to join us for a must-attend seminar designed to provide CEOs, Presidents, Vice Presidents and other top-level executives with practical "how to's" in response to timely issues facing food manufacturers.

Reserve your space for this complimentary half-day seminar now by contacting Kimberly McNamara at kmcnamara@ima-net.org.



michaelbest.com

Creating opportunities where cost-based competitors can't

Get closer to your customers by taking a closer look at your forecast and demand plan

In 2009, you squeezed everything you could out of your suppliers and cut internal operations to the bone. Maybe you even cut some bone. A 2009 Gartner survey of supply chain pros showed that improving efficiency and reducing operating costs were the front-of-mind challenges for supply chain professionals, albeit with some concern about not damaging customer service.

In addition to this, you learned long ago that even here in the heartland, you're feeling the squeeze from emergent manufacturing forces like China and India — competitors whose armies of cheap labor can pound you on price. A rough American economy hasn't stopped them from gearing up to take your business. But does that mean that they are doing things intelligently, with a focus on the customer?

No. And that's where you can beat them, serve your customers better, and still win your own cost-efficiency game while you're at it. But there are two things we have to accept first:

The best way to gain immediate competitive edge is to reduce your forecasting and demand planning error. There is incontrovertible cause-and-effect that connects reduced forecast error with improvements in raw material ordering, work-in-process, production scheduling, customer service and working capital — all of which impact your company's EBITDA.

Unfortunately, a lot of companies are culturally conditioned to expect little from the forecasting process. Forecasting is still dependent on a babel of departments, platforms and spreadsheets. In other words, messy

and clumsy. No tools or processes are in place to create mutual accountability for the forecast. And everybody just assumes that it's going to miss anyway. Which brings us to our second hard truth...

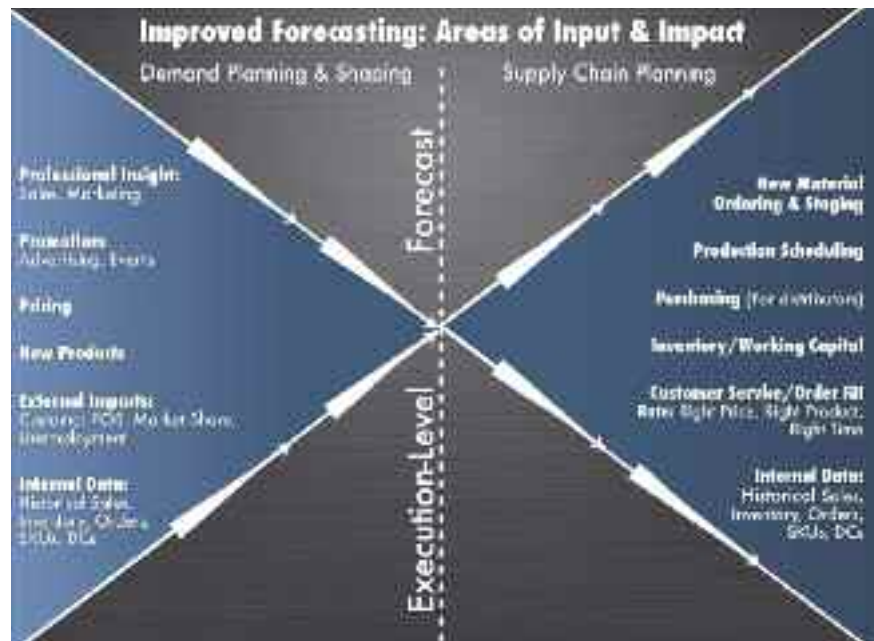
At the execution level of detail, measured on an absolute basis, your company is probably forecasting at 50 percent error or greater. When taking an initial measurement of error in order to establish a baseline for new clients, it's not uncommon for us to encounter 50 percent or greater error rate. We also find that because of the accepted myth that forecasts will miss anyway, very few companies are forecasting at the execution level. They're forecasting by customer or product family, but not by item/customer or item/customer/distribution center.

True execution-level forecasting

forces you to account for, integrate and understand all the variables that go into your business, distilling it all into a juncture that you can see, grasp and act upon. Execution level forecasting is what brings you the benefits of the "bowtie" graph (see below), providing you approach the process with the rigor and truthfulness you'll need to get real results.

Some of our most important work is disabusing our clients of the false security of "straightlining" their forecasts. As an example, let's consider one product that goes to two customers. With customer one, I forecast 100 units, and they buy 50. Customer two: I forecast 100, and they buy 149. If I straightline that, I forecast 200, I sold 199, so my error is one, right? Wrong. In one case, I

see **OPPORTUNITIES** page 28



Gene Tanski is CEO of Demand Foresight, based in Golden, Colorado. Demand Foresight makes next-generation demand planning and forecasting software for manufacturers and distributors. For more information, visit <http://www.demandforesight.com>.

OPPORTUNITIES

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have 50 units of working capital in the system that I can't use for something else. That's an error of 50. Add the 49 error on the plus-purchase side, and you have an absolute error of 99 — which has real implications for your distribution centers and your profitability.

We just talked about a single product/dual customer scenario. What happens when you have nearly 3,500 SKUs, like Elgin, Illinois' John B. Sanfilippo & Sons — some of which they manage from field to shelf, and all of which need to be understood by location and customer, for both retail and private label? Puzzles like this are the reason why their internal task force decided that forecasting was their number one priority, and they've brought resources to bear on it.

They knew that they needed the granular insight that would empower sales, planning, ops, manufacturing and shipping teams to work together and make the right decisions, every day of every year.

"We saw that reducing forecasting error was one of the fastest paths to carrying less inventory, and thus key to increasing profitability,"

says Tom Kirkham, JBSS's director of systems implementation. "We're making the big leap from intermittent, high-level sales forecasting to execution-level forecasting."

Invite your partners and customers to create game-changing insight

The "bright line" — the knot in the bowtie of the graph on page 27 — that you cross by practicing execution level forecasting is really the moment that you start to understand your business, customers and marketplace better than you ever did before. If it's done correctly, you've just developed a secret weapon that brings your customer closer to you.

Last year, Ohio-based MTD (makers of Troy Bilt, Cub Cadet, et al), conducted a supply chain laboratory in cooperation with their retail partner Home Depot. MTD has a tight spring window to hit the majority of their sales for the year. If you're like MTD, you want to minimize the amount of units that sit in distribution centers, while Home Depot wants to maximize it. They worked together to integrate weather, POS and inventory data. The picture that emerged let them optimize the inventory equation and spot the fleeting junctures where both parties were missing out on the opportunity for a sale. The findings not only helped them better control supply

and maximize turnover, they changed the way Home Depot managed their purchasing and distribution centers for other lines.

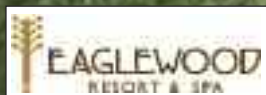
By gaining actionable insight into your own business, you'll be more attuned to the intricacies of your customer's business. Can your cut-rate Chinese widget maker top that? You've just loaded the value equation to your favor, providing an extra differentiator between you and the maquiladoras of the world. (Or, for that matter, domestic competition.)

First, you must believe that big forecast accuracy improvements can be done, and understand the benefits of getting it right. Next, you implement the appropriate tools and processes that give you insight and clearly delineate responsibility for the forecast. Once armed, your charge to act is clear, your ability to collaborate is next-generation, and your working capital and increased cost efficiency will improve accordingly. Companies that master this focus on forecasting can usually expect a minimum 5-8 percent profit gain from reducing their execution level forecast error by 25 percent or more. If you're looking to make cuts in 2010, first cut the assumption that you can't nail your forecast, and in so doing, attack the three biggest challenges for your supply chain. ■

IMA Young Leaders Council Annual Fall Conference 2010

October 1-3, 2010 • Eaglewood Resort & Spa, Itasca

"The Leader's Compass" is this year's theme and includes a presentation by Academy Leadership, a group of Service Academy graduates who became successful business leaders following military careers. Attendees will also hear presentations from Tom Murphy, Executive Vice President of Manufacturing & Wholesale Distribution for McGladrey and Mark Denzler, IMA's Vice President and Chief Operating Officer. Murphy will be presenting the annual IMA/McGladrey sponsored, "State of Manufacturing" briefing, a detailed study of current trends in manufacturing both nationally and in Illinois. Denzler will be providing a legislative and political update as Illinois heads towards the November elections.



For more information and to register, visit
www.ima-net.org/YLC10.cfm

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IMA sponsors Manufacturing Miles Wellness Contest

Participating companies can win exercise equipment or health club memberships for their employees

The Illinois Manufacturers' Association is one of three organizations selected statewide by the Illinois Department of Public Health to receive a grant to promote wellness activities in the workplace.

The IMA has developed a contest designed to engage employees in wellness activities in the workplace and at home. Manufacturing Miles is a competition to see which small, medium and large manufacturing companies can accumulate the most miles over a one-year period by walking, running, biking or other activities that can be measured in miles. The winning companies will be awarded exercise equipment or discounted health club memberships for their employees' use.

Experts say the benefits of regular physical activity are many. By exercising regularly, we can help control the rise of health care costs for everyone. Following a balanced diet will also help and could prevent the onset of chronic health problems such as type

two diabetes, asthma, and coronary artery disease.

Everyone agrees that regular exercise is beneficial, but who has time? Between soccer games, business meetings and house projects, squeezing in a workout is a challenge. Here are some tips to help you get in a regular workout.

1. Get up earlier. Offset this by getting to sleep earlier. Even 20 or 30 minutes will be a good start.
2. If it's a realistic option, try bicycling, walking or running to work. This can be one of the most effective ways to exercise daily.
3. Workout over your lunch period. If you have a 9-5 office job, squeeze in a lunchtime workout at a nearby health club, running trail or gym.
4. Fitting in a workout before dinner requires self-discipline, but it can be a great evening re-energizer. Rally the troops to help with meal preparation.
5. If weekday exercise just isn't possible, focus on longer workouts on

weekends when you have flexibility.

6. Schedule workouts in your weekly planner in the same way you would an appointment.



Get ready to compete

Registration for Manufacturing Miles will begin in mid-August and the competition will run from September 15, 2010 until October 31, 2011. Awards will be presented at the IMA Annual Luncheon in Chicago on December 2, 2011. There is no charge to participate and only IMA member companies are eligible to win. Visit the IMA Website for more details, www.ima-net.org.

Funding for this project is made possible by a grant from the Illinois Department of Public Health. ■

Kensington International sees improving jobs market

Manufacturers encouraged to use IMA partner Kensington International's Jobs Board to fill openings

Scott Robinson of Kensington International has seen his share of economic downturns. But the managing partner of the Oak Brook-based talent management firm has reason to believe Illinois' economy is poised to enter a sustained recovery.

"We see the economy definitely making a turn around," says Robinson. "We have seen three downturns in the past 20 years of being in this business. In the past, we have been somewhat of an economic indicator in that roughly three to six months after the 'trough' has been hit, we start to see things get better.

"Being in executive search, outplacement and leadership development, we see all three sides of a business. When companies are hiring the economy tends to be robust. When companies are laying their employees off, the economy is slowing and tends to be bad. Finally, while companies are investing in their employees with leadership development, they are using profits to invest back into their business through their employees."

Robinson says that since last December, Kensington's search business has increased by over 300 percent and outplacement business has decreased by 50 percent. Moreover, the firm's leadership services division is experiencing a dramatic uptick and there are numerous proposals in the queue awaiting action.

Most economists agree that recessions tracked over time are rarely graphed in a "V" shape and are more normally graphed as a "U." This is largely due to the economy's efforts to find a foothold upon which to build a recovery. The bottom of the "U" is the trough of the recession where economic indicators are often up one month and down the next.

"For us, the 'trough' is that period of time when search is almost non-existent and outplacement has ceased to exist other than sporadic industries or events," Robinson said. "We believe the 'trough' occurred a few months ago and now, with companies beginning to hire additional workers and not just replacement positions, and the outplace-

ment business taking a dramatic downturn, we can feel better about where we are, as a country and as manufacturing companies, in the not too distant future."

To help manufacturers find qualified help, Kensington International and the IMA have launched a Jobs Board. The Jobs Board is free and exclusively for IMA-member companies to post job openings. Members will find that by using their five digit IMA member number and the password "jobs," most fields will automatically populate. In addition, manufacturing and administrative job descriptions, based on the Directory of Occupational Job Titles (DOT Code) have been added and are also available to help employers enter their job openings quickly.

As the economy finds its foothold and begins to significantly grow, the IMA/Kensington Jobs Board will be a valuable resource for employers. Visit the IMA Website to learn more, www.ima-net.org. ■

New IMA members

Aetna
Chicago

Astellas Pharma U.S., Inc.
Wheaton

Behr Iron & Steel
Rockford

Corn Products International
Westchester

Brickstreet Mutual Insurance Company
Charleston, WV

Deloitte Consulting LLC
Chicago

Gerber Plumbing Fixtures LLC
Woodridge

Gilster-Mary Lee Corporation
Chester

Integrated Project Resources
Chicago

Loders Croklaan
Channahon

Scholle Corporation
Northlake

Smithamundsen LLC
Chicago

IMA & MIT 2010 Calendar of events

AUGUST 2010

August 6, 2010

IMA's Small Manufacturers Council,
Two MidAmerica Plaza, Oakbrook Terrace,
8:00 am-12:00 noon

IMA's Small Manufacturers' Council is a group focused on the unique issues and challenges facing manufacturers employing fewer than 150 workers. The council meets four times yearly to explore current and emerging business trends and hears from leading experts on matters important to the manufacturing community in Illinois. Continental breakfast provided. Underwritten by Sikich LLP

August 10, 2010

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

One day program that 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. The invaluable set of tools in this program will prepare supervisors for their important new role providing greater confidence and success. More Information: <https://www.ima-net.org/MIT/els0810.cfm>

August 31, 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; To increase the competence to manage a project through all project stages: initiating, planning, delivering, monitoring and completing. A basic overview approach to be adopted that will allow first time project managers to practice their project manager role with confidence. More information: <https://www.ima-net.org/MIT/pmsnp0825.cfm>

SEPTEMBER 2010

September 13, 2010

IMA-MIT Event: Effective Presentation Skills
DePaul University O'Hare Campus,
3166 S. River Rd., Des Plaines

In virtually every survey or study conducted, the ability to communicate effectively is ranked as the leading and most relevant skill for business success. At the core of effective communication is the ability to communicate "assertively"; using skills that portray us as trust worthy, confident, credible, direct and results oriented. Skills that translate into far better outcomes and goal achievement. This interactive one day workshop will provide professionals at all levels with easy-to-implement techniques to increase communication and listening skills. Participants will learn to communicate positively, respond productively and improve work relationships.

September 13-18, 2010

International Manufacturing Technology
Show 2010, McCormick Place, Chicago

Registration for the 28th edition of The International Manufacturing Technology Show — IMTS 2010 is open. IMTS is one of the largest industrial trade shows in the world hosting more than 92,000 manufacturing industry professionals from 116 countries. Contact IMTS, 508-743-8535 or visit Web site: www.IMTS.com.

September 22, 2010

IMA Breakfast Briefing: Wage & Hour Laws
Ditka's Restaurant, Two MidAmerica Plaza,
Oakbrook Terrace, 8:00-11:00 am.

Wage and Hour litigation continues to explode in all segments of American business. At stake are complicated, large dollar litigation verdicts for back pay, attorneys' fees and other damages. Find out the latest trends in one of the most vexing areas of employment law today. Costs: \$60 IMA members, \$85 Non-members. Contact Kimberly McNamara, 800-875-4462, ext 2109, Email: kmcnamara@ima-net.org. More information: www.ima-net.org/breakfast0922.cfm

OCTOBER 2010

October 1-3, 2010

IMA's Annual Young Leaders Council Fall
Conference, Eaglewoods Resort, Itasca

"The Leader's Compass" is this year's theme and includes a presentation by Academy Leadership, a group of Service Academy graduates who became successful business leaders following military careers. Attendees will also hear presentations from Tom Murphy, Executive Vice President of Manufacturing & Wholesale Distribution for McGladrey and Mark Denzler, IMA's VP and COO. Murphy will be presenting the annual IMA/McGladrey sponsored, "State of Manufacturing" briefing, a detailed study of current trends in manufacturing both nationally and in Illinois. Denzler will be providing a legislative and political update as Illinois heads towards the November elections. More Information: www.ima-net.org/YLC10.cfm

October 21, 2010

IMA Event: Food Industry Seminar, Northern
Illinois University, Naperville Campus

IMA and the law firm of Michael Best & Friedrich LLP invite top-level executives to this half-day program designed to provide practical "how to's" in response to timely issues facing food manufacturers. Contact Colleen Scruggs of Michael Best at clscruggs@michaelbest.com to reserve your seat.

NOVEMBER 2010

IMA EVENT: Sales & Use Tax Seminar


November 10, 2010 — NIU-Naperville Campus,
1120 E. Diehl Rd., Naperville
November 11, 2010 — Peoria

This annual, half-day seminar will cover the Illinois tax structure, how manufacturers are impacted by the sales and use taxes, Manufacturers' Purchase Credit, recent tax law changes and issues relating to sales taxes in other states will also be addressed. Bring your questions for the Q & A session. Cost: \$125 IMA members, \$200 Non-members. Visit www.ima-net.org/seminar_sut1110.cfm for more information.

Visit <http://www.ima-net.org/calendar.cfm> or <http://www.ima-net.org/MIT/open.cfm> for information, pricing, etc., and a complete listing of IMA and IMA-MIT offerings.

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