

**FINANCE AND AUDIT COMMITTEE**  
**McHenry County Government Center – Administration Building**  
**667 Ware Road**  
**Woodstock IL 60098**

MINUTES OF TUESDAY, OCTOBER 28, 2008

Committee Chairman Marc Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto; John Hammerand; Lyn Orphal; and Daniel Ryan. Tina Hill, Marie Chmiel and Barbara Wheeler arrived at 9:38 am. Also in attendance: Peter Austin, County Administrator; John Labaj, Deputy County Administrator; Ralph Sarbaugh, Associate County Administrator – Finance; Pat McNulty, Health; Julie Courtney and Carl Martens, Workforce Network; UnderSheriff Lowery, Chief Sedlock, Angela Wood-Zuzevick – Sheriff’s Department; Cathy Link, Purchasing; Bob Yearian, Valley-Hi; Pam Palmer and Jim Bernier, Auditor’s Department; John Hadley, Facilities Management; Mary Lou Zierer, County Board Member; Eric Anderson, of BMO Capital Markets Harris Bank; interested public; and the press.

Marc Munaretto, Chairman	
Marie M. Chmiel	John Hammerand
Tina Hill	Lyn Orphal
Daniel P. Ryan	Barbara Wheeler

MINUTES

Mr. Hammerand made a motion, seconded by Mr. Ryan, to recommend approval of the October 14, 2008 Finance and Audit Committee minutes. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None.

Chairman Munaretto noted that item 5.18 (Discussion – agenda items) would be deferred to the next regularly scheduled meeting of the Committee. He then asked to move item 5.17 (An Ordinance authorizing the issuance of debt certificates, series 2008) up on the agenda to be part of the discussion on financing.

PRESENTATION

*FY 08-09 Budget:* Chairman Munaretto stated that this item would be considered at a meeting that will be scheduled prior to the November 18<sup>th</sup> County Board meeting. He noted that staff will inform the members once this meeting has been scheduled.

*Financing Klehm Property:* Chairman Munaretto reported that the Klehm property was purchased on September 15, 2008 with financing from the General Fund. He stated the General Fund is to be reimbursed once funding is determined. He also reported that a letter of intent has been initiated to purchase the Cardinal Bank building. If purchased, it is anticipated that the Treasurer’s Department will move to this location. He then asked Mr. Anderson to join the Committee to provide information on funding options for the acquisition of the Klehm property and the Cardinal Savings Facility.

Mr. Anderson began his presentation with an overview of the current rate environment which is exceptionally volatile at this time. He reviewed interest rate trends over the last five years. He noted that the County is limited when issuing debt in 2008 as the Board has already authorized the issuance of debt this year in the amount of \$2,020,775 and can issue no more than \$7,979,225 as bank-qualified debt during the remainder of calendar year 2008. To finance the purchase of both properties the amount would be \$4,479,500. He stated that time of the debt issuance is important and the County may wish to consider the adoption of a resolution setting the parameters that would enable the sale of debt on a date other than a County Board meeting date to avoid interest rate volatility. A parameters ordinance would allow the County to avoid aligning its debt sale on a specific date and it would be a useful tool in avoiding interest rate volatility. This would not provide assurance that this would result in a lower interest rate. Under this parameters ordinance, the County Board would assign and empower three County officials to act on behalf of the entire Board and bind the County to a purchase agreement on the debt. He suggested that these designated officials include the County Board Chairman; the County Board Finance and Audit Committee Chairman; and the County Administrator or County Treasurer. Parameters to be established by the Ordinance would include interest rate limits, issuance amount and retirement term limits along with annual debt service limits. A six month window for the designated officials to act would be provided in the ordinance. Traditionally the County has offered its bank-qualified debt sales to local banking institutions and this process would be available. Local banking would also be provided a “fill priority” for any order provided versus non-local investors providing exact bids. It is expected that the County’s Aa1 rating will be affirmed. Chairman Munaretto noted that if the adoption of interest rates is not achieved in six months,

the County would have the option to re-adopt the ordinance for another six months. We must keep in mind that the County has been empowered to reimburse the General Fund. Ms. Chmiel questioned if three designated officials must reach a unanimous decision. Mr. Anderson responded that it is implied that the agreement could be a 2 to 1 vote, but a unanimous decision would be anticipated.

#### NEW BUSINESS

*Ordinance authorizing the issuance of Debt Certificates, Series 2008 in an amount not to exceed \$4,500,000:* Ms. Hill made a motion, seconded by Ms. Chmiel, to request that the County Board waive the 30 day review and approve the Ordinance authorizing the issuance of Debt Certificates, Series 2008. Members asked that the Ordinance be reviewed to make sure it is stated and not implied that a vote of 2 to 1 by the designated officials would be the deciding factor and not necessarily a unanimous vote. Mr. Anderson noted that Bond Counsel would attend the November 6, 2008 County Board meeting to provide input and answer questions in more detail. On a roll call vote, the motion carried with all members present voting aye (Chmiel, Orphal, Ryan, Hammerand, Wheeler, Hill and Munaretto).

*Chairman Munaretto asked that agenda item 5.15 (Resolution authorizing entering into a contract with Correct Care Solutions to provide healthcare for the correctional facility) be addressed at this time:* Ms. Wheeler made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing entering into a contract with Correct Care Solutions to provide healthcare for the correctional facility. It was noted that the Law and Justice had reviewed this Resolution and recommended its approval. Ms. Wood-Zuzevich and Chief Sedlock joined the Committee to review the proposed contract and answer questions. The proposal is to enter into a contract with Correct Care Solutions to provide healthcare for the inmates of the McHenry County Correctional Facility. Requests for bids were sent and six bids were submitted. After a review, the Sheriff and Purchasing Department have recommended said contract should be awarded to Correct Care Solutions for a 36 month period. Correct Care Solutions is the current vendor and has provided excellent care to inmates. The cost is based on a census of 521 inmates. Should the census increase an additional per diem of \$1.00 will be charged for each inmate exceeding the 521 figure for the first year. This will increase to \$1.25 in year two and \$1.75 in year three. After a discussion and an invitation for members to take a tour of the facility, a roll call vote was called. The motion carried with all members present voting aye (Chmiel, Orphal, Ryan, Hammerand, Wheeler, Hill and Munaretto).

*Resolution authorizing Settlement of Workers' Compensation Claim #06-3200-08; a Resolution authorizing Settlement of Workers' Compensation Claim #08-4300-01, a Resolution authorizing Settlement of Workers' Compensation Claim #07-0600-01 and a Resolution authorizing settlement of Workers' Compensation Claim #06-3210-01 and 06-3210-12D:* Ms. Orphal made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing Settlement of Workers' Compensation Claim #06-3200-08; a Resolution authorizing Settlement of Workers' Compensation Claim #08-4300-01; a Resolution authorizing Settlement of Workers' Compensation Claim #07-0600-01; and a Resolution authorizing settlement of Workers' Compensation Claim #06-3210-01 and 06-3210-12D. The motion carried with six ayes (Chmiel, Orphal, Ryan, Hammerand, Wheeler and Munaretto). Ms. Hill was not present during this vote.

*Resolution authorizing a budget line item transfer in the County Clerk's Election Administration Improvement Grant FY 08 budget:* Ms. Chmiel made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing a budget line item transfer in the County Clerk's Election Administration Improvement Grant FY 08 budget. The motion carried with six ayes (Chmiel, Orphal, Ryan, Hammerand, Wheeler and Munaretto). Ms. Hill was not present during this vote.

*Resolution authorizing increasing the daily room rates at Valley-Hi Nursing Home:* Ms. Orphal made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing increasing the daily room rates at Valley-Hi Nursing Home. Ms. Hill returned to the meeting. Mr. Ryan stated he was unhappy with the proposed Resolution since only rates for private facilities were looked at with no review or cost of services taken into consideration. He stated that there should be a reasonable price difference between public and private facilities to be able to initially attract persons needing such care. Chairman Munaretto thanked Mr. Ryan for his observation. Mr. Yearian commented that it is important to have competitive rates and the proposed rates should cover service expenses. Chairman Munaretto noted that services depend on the need of each person and these issues are taken into consideration during the budget process. Ms. Chmiel stated the numbers have not changed since this was initially proposed and she supported the Resolution as presented

noting it should have been approved months ago. Mr. Ryan commented that from a sales perspective, if the price is the same as the competition, the facility will not attract a private pay patient. A vote was called. The motion carried with five ayes (Wheeler, Hill, Orphal, Chmiel and Munaretto) and two nays (Ryan and Hammerand).

*Resolution authorizing a contract with the McHenry County Economic Development Commission:* Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing a contract with the McHenry County Economic Development Commission (EDC), Mr. Hammerand stated that since Chairman Munaretto serves as the County's liaison to the EDC he should abstain from chairing this discussion and voting on this issue. He added that the EDC business meetings should be open to the public if they choose to attend. Chairman Munaretto responded that Mr. Hammerand's observations were incorrect and that serving as liaison to the EDC was not a conflict of interest. He stated that the EDC is a private corporation in a public/private relationship with the County. Mr. Hammerand disagreed adding that he also takes issues with County staff serving on the EDC Board and a Committee Chairman serving as a liaison. He went on to state that his constituents have raised concern with the County's \$5,000 contribution to the EDC. Chairman Munaretto noted that the public has the right not to agree on any issue. Ms. Chmiel stated she had no problem with Chairman Munaretto being the facilitator for this matter. Ms. Wheeler asked if Chairman Munaretto was a voting member of the EDC. Chairman Munaretto reviewed his role as liaison to the EDC, which was initially overseen by the Planning and Development Committee. Ms. Wheeler commented that she felt the contribution to the EDC should remain at \$147,000 throughout the proposed four year contract and if necessary the contract could be reviewed annually. She stated that in her opinion the EDC currently has a leadership problem and this needs to be taken into consideration. Chairman Munaretto stated he respected Ms. Wheeler's opinion and noted that when these concerns arise they can be presented to him so they can be appropriately channeled to the EDC. He noted that the County's relationship is not subject to EDC leadership and to tie this with the contract would be a mistake. He noted that the \$5,000 allowed for a feasibility study to be conducted which will be completed in the near future. This study may address many concerns and make proposals for changes to the EDC structure. Ms. Wheeler then made a motion to amend the Resolution and contract to keep the County's contribution at \$147,000 and revisit the contract annually for possible changes to said contribution. Mr. Hammerand seconded this motion. Mr. Labaj noted that the proposed resolution contract includes wording that it is subject to the annual appropriation by the County Board. Chairman Munaretto agreed that for all intent and purposes it is a one year contract. Mr. Labaj pointed out that on pages 9-10 of the Contract there is a section on Suspension or Termination which allows the County to suspend or terminate the agreement if the goals and objectives of the EDC would substantially change from the current mission of the organization. Ms. Hill stated she supports the Resolution noting that the EDC is an important component and provides valuable service to the County. Mr. Hammerand stated in this constantly changing environment the costs will go back to the people's taxes and to build this into our budget at this time sends a bad message to the public. Mr. Austin noted that there are varying levels of satisfaction with the EDC, but there is comfort in knowing changes will be coming. He agreed that more private funding is needed. After discussion, a roll call vote on the motion to amend was called. The motion to amend failed with two ayes (Hammerand and Wheeler) and five nays (Ryan, Hill, Orphal, Chmiel and Munaretto). Discussion on the main motion then ensued. Members agreed that the EDC needed more accountability. The motion carried with a roll call vote of five ayes (Chmiel, Orphal, Ryan, Hill and Munaretto) and two nays (Wheeler and Hammerand).

*(1) Resolution authorizing acceptance of the IL Dept. of Commerce & Economic Opportunity Grant #07-637002; (2) a Resolution authorizing acceptance of the IL Dept. of Commerce & Economic Opportunity Grant #08-653002; (3) a Resolution authorizing acceptance of a modification to the IL Dept. of Commerce and Economic Opportunity Grant #08-681002; and (4) a Resolution authorizing acceptance of the Illinois Department of Commerce & Economic Opportunity Grant #08-661002 and an adjustment to the projected McHenry County Workforce Network FY 09 budget.* Ms. Chmiel made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing acceptance of the IL Dept. of Commerce & Economic Opportunity Grant #07-637002; a Resolution authorizing acceptance of the IL Dept. of Commerce & Economic Opportunity Grant #08-653002; a Resolution authorizing acceptance of a modification to the IL Dept. of Commerce and Economic Opportunity Grant #08-681002; and a Resolution authorizing acceptance of the Illinois Department of Commerce & Economic Opportunity Grant #08-661002 and an adjustment to the projected McHenry County Workforce Network FY 09 budget. The motion carried with all members present voting aye on a roll call vote (Chmiel, Orphal, Ryan, Hammerand, Wheeler, Hill and Munaretto).

*Resolution authorizing entering into an agreement with the Ferguson Group, LLC for continuation of providing Federal Legislative consultant Services for McHenry County:* Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing entering into an agreement with the Ferguson Group, LLC for continuation of providing Federal Legislative consultant services for McHenry County. The motion carried with a roll call vote of six ayes (Ryan, Wheeler, Hill, Orphal, Chmiel and Munaretto) and one nay (Hammerand).

*Resolution to authorize County financial support of a breast and cervical cancer program for FY 09:* Ms. Orphal made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution to authorize County financial support of a breast and cervical cancer program for FY 09. Mr. McNulty reviewed the success of the program reporting that the current case load is at 400 and this is anticipated to increase to 600 in the coming year. A number of women have been identified as needing treatment and are receiving treatment from local providers. It was noted that the department is researching a possible prostrate cancer program but have yet to find a grant to allow for funding. After a discussion a roll call vote was called. The motion carried with all members present voting aye (Orphal, Chmiel, Ryan, Hammerand, Wheeler, Hill and Munaretto).

*Resolution authorizing approval of the County of McHenry's Property and Casualty Insurance Program FY 2008-2009:* Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board amend and approve Resolution authorizing approval of the County of McHenry's Property and Casualty Insurance Program FY 2008-2009. Mr. Labaj provided an overview to the proposed resolution and contract. It was noted there is no conflict or duplication in services for the management at Valley-Hi. On a roll call vote, the motion carried with all members present voting aye (Orphal, Chmiel, Ryan, Hammerand, Wheeler, Hill and Munaretto).

*Resolution authorizing acceptance of two grants (Illinois Clean Energy Community Foundation for \$43,050 and the Illinois Department of Commerce and Economic Opportunity Grant for \$35,304):* Ms. Orphal made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing acceptance of two grants (Illinois Clean Energy Community Foundation for \$43,050 and the Illinois Department of Commerce and Economic Opportunity Grant for \$35,304). On a roll call vote, the motion carried with all members present voting aye (Orphal, Chmiel, Ryan, Hammerand, Wheeler, Hill and Munaretto).

In response to a member's question on the 3% merit increase, it was noted that this issue was discussed in the Human Resources Committee and during the Chairman's Advisory Committee.

#### OLD BUSINESS

*Continuation of discussion re supplemental requests: 708 Board; Health Dept; U. of I Extension; and Soil and Water District:* Mr. Austin noted that in discussing the 708 Board's supplemental requests for adjustments to various positions, it was acknowledged that the 708 Board has the funding available in their budget and although staff is not recommending these changes, the 708 Board can do what they need to do because the funds are in their budget. The 708 Board did agree to the 3% merit increase.

The Health Department made a supplemental request of \$31,000 as "start-up" funds for the Solid Waste Manager position that will be moved to their department. After discussing this request further, it was agreed that the department will receive \$12,000.

Mr. Austin stated that additional funding requests from the University of Illinois Extension in the amount of \$15,000 and the Soil and Water Conservation District in the amount of \$10,000 remain open for discussion. He stated it is possible to accomplish these requests through some new found money in benefits. After discussion, the consensus was to move forward and fund these two requests.

Mr. Sarbaugh presented a final list of supplemental requests for Valley-Hi. This list was not completed for the consideration at the last meeting and through discussions with staff many requests were changed to address the needs of the facility. Valley-Hi supplement requests now total \$184,875.89 which is a significant decrease from the original list. Ms. Zierer (Chairman of the Valley Hi Committee) stated she contacted each of the Committee members and everyone agreed with the supplement requests as presented today. There are several new part-time positions which will decrease agency costs significantly. Consensus of the Committee was to move forward and fund these requests as presented.

Ms. Hill asked to go back to the minutes as she had an adjustment to make. She asked that the word "supplemental" be deleted on page two referring to building automation as this was not a supplemental. Members agreed and directed the secretary to make this change in the final minutes.

REPORTS TO COMMITTEE:

*Auditor's Report:* Ms. Palmer reported that the Quarterly Report is completed and will soon be up in the web. She noted that Virchow Krause will begin the preliminary work in December and will be on-site December 3<sup>rd</sup> and 4<sup>th</sup>. She stated that training classes on internal controls and the accounting system were well received.

*Contingency Reports:* Reports were distributed and indicated a remaining balance of \$219,828.52 as of October 28, 2008.

EXECUTIVE SESSION: None.

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Ms. Orphal, to adjourn the meeting at 11:45 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD ACTION:**

- Resolution authorizing Settlement of Workers' Compensation Claim #06-3200-08
- Resolution authorizing Settlement of Workers' Compensation Claim #08-4300-01
- Resolution authorizing Settlement of Workers' Compensation Claim #07-0600-01
- Resolution authorizing settlement of Workers' Compensation Claim #06-3210-01 and 06-3210-12D
- Resolution authorizing a budget line item transfer in the County Clerk's Election Administration Improvement Grant FY 08 budget
- Resolution authorizing increasing the daily room rates at Valley-Hi Nursing Home
- Resolution authorizing a contract with the McHenry County Economic Development Commission
- Resolution authorizing McHenry County 2008-2009 Insurance Program
- Resolution authorizing acceptance of the IL Dept. of Commerce & Economic Opportunity Grant #07-637002
- Resolution authorizing acceptance of the IL Dept. of Commerce & Economic Opportunity Grant #08-653002
- Resolution authorizing acceptance of a modification to the IL Dept. of Commerce and Economic Opportunity Grant #08-681002
- Resolution authorizing acceptance of the Illinois Department of Commerce & Economic Opportunity Grant #08-661002 and an adjustment to the projected McHenry County Workforce Network FY 09 budget
- Resolution authorizing entering into an agreement with the Ferguson Group, LLC for continuation of providing Federal Legislative consultant Services for McHenry County
- Resolution to authorize County financial support of a breast and cervical cancer program for FY 09
- Resolution authorizing approval of the County of McHenry's Property and Casualty Insurance Program FY 2008-2009
- Resolution authorizing entering into a contract with Correct Care Solutions to provide healthcare for the correctional facility
- Resolution authorizing acceptance of two grants (Illinois Clean Energy Community Foundation for \$43,050 and the Illinois Department of Commerce and Economic Opportunity Grant for \$35,304) and an emergency appropriation in the Facilities Management FY 08-09 budget

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