

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

MINUTES OF TUESDAY, OCTOBER 24 2006

Chairman Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto, Chairman; Ann Gilman; Blake Hobson; Marie Chmiel; Don Brewer; John Hammerand; and Perry Moy. Also in attendance: Ralph Sarbaugh, Associate County Administrator – Finance; Pam Palmer, Auditor; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Donna Mayberry, Supervisor of Assessments; Lou Czarny, Court Administration; Judge Sullivan; Sandy Lewis, Mental Health Board; interested public; and the press.

Marc Munaretto, Chairman	
Don Brewer	Marie Chmiel
Ann Gilman	John Hammerand
Blake Hobson	Perry Moy

MINUTES

Mr. Moy made a motion, seconded by Mr. Hobson, to approve the Finance and Audit Committee October 17, 2006 minutes. Ms. Chmiel noted that Ms. Gilman seconded the first motion in those minutes. The minutes were approved as amended with a unanimous voice vote.

PUBLIC PARTICIPATION: None.

Chairman Munaretto asked Ms. Lewis to provide an update on a grant at this time. Ms. Lewis reported that the first year of the Family Care Grant ended on September 30<sup>th</sup>. This grant requires a one-third match. She stated in managing this grant they worked to maximize the federal funds first and they were able to expend all the federal funds. A September trip to Washington provided the forum to discuss funding allocations and through the conversation it was agreed that funds from the various Children programs could be used to satisfy the match. Ms. Lewis stated she would just like to provide a “head’s up” that the Mental Health Board will be asking for a request to adjust their 2007 budget at the November 21, 2006 meeting. Mr. Sarbaugh explained that any adjustments can be made on the Board floor during that meeting.

PRESENTATION: None

NEW BUSINESS

Chairman Munaretto moved item 5.9 (Loan Fund) up on the agenda so it could be addressed at this time. Chairman Munaretto noted that several months ago the Board agreed to procedural changes to the loan fund process to internalize the financing through the Finance and Audit Committee. Mr. Labaj provided historical background to the loan fund request of Millennium Electronics, Inc. This company is an electronic contract manufacturer that provides circuit boards for aerospace products, medical products, military weapons, etc. The business has grown from one employee in 1995 to over 100 employees currently and it is expected to double by 2008. The requested loan is to purchase equipment to increase production lines. A fire in June, 2006 caused significant damage to equipment and the insurance carrier rented two new machines. Millennium would like to purchase these two machines, with the rental payments being applied to said purchase; along with a third machine that will complete their equipment purchasing project. The loan fund policy allows for a maximum loan amount of \$200,000 or 45% of the total project cost. They are requesting a loan of \$275,000. Underwriting services for the County were provided by Harris Bank which noted that the company is in a strong position and shows strong earnings noting that they have sufficient collateral for the proposed transaction. The County would hold the first lien on equipment while the bank would hold a blanket lien on corporate assets. Ms. Chmiel questioned if any of the loans had a personal guarantee. The representative responded “yes”. Members also had questions on the personal financial statement for the company. Chairman Munaretto pointed out that Harris Bank provides these functions on the County’s behalf and the Committee is only responsible for making a recommendation to either approve or deny the request. Ms. Chmiel asked that for future requests, the Committee should know the “pecking” order for liens along with personal guarantees. Mr. Labaj noted that the cash flow of the company is excellent, along with excellent receivables. He stated this request fits nicely with the original intent of the loan fund. Mr. Brewer then made a motion to approve the loan request in the amount of \$275,000 for Millennium Electronics, Inc. of Crystal Lake. Ms. Gilman seconded the motion. On a roll call vote, the motion carried with all ayes (Moy, Hobson, Gilman, Chmiel, Hammerand, Brewer and Munaretto).

*Resolution authorizing the Board of Review an extension of time for the processing of the 2006 assessment roll and all subsequent years:* Mr. Moy made a motion, seconded by Mr. Hobson to recommend the County Board approve a Resolution authorizing the Board of Review an extension of time for the processing of the 2006 assessment roll and all subsequent years. Ms. Mayberry explained that State Statutes fix the time for completion of assessment work by December 31, but recognizes that said work is rarely completed by that deadline and thus the State allows the option to continue the review process through an extension. She stated the proposed resolution allows the extension for all subsequent years, noting that other counties have used this method so such a request does not need to be done on an annual basis. Mr. Hobson questioned if allowing for the extension of subsequent years would "void" the State law. Mr. Brewer expressed his concerns with approving a "blanket" resolution and suggested that the County Board continue to address this on an annual basis. Ms. Gilman stated she would have no problem in having this resolution cover subsequent years, noting that the County has never denied this request. Chairman Munaretto suggested adopting the Resolution subject to State's Attorney's review. Mr. Hammerand supported an annual approval for the extension. Chairman Munaretto called for a roll call vote on the motion. The motion passed with four ayes (Moy, Gilman, Chmiel and Munaretto) and three nays (Hobson, Hammerand and Brewer). Chairman Munaretto added that the Resolution as presented would be subject to State's Attorney's review.

*Resolution authorizing settlement of a Workers' Compensation Claim:* Ms. Gilman made a motion, seconded by Mr. Hobson to recommend the County Board approve a Resolution authorizing settlement of a Workers' Compensation Claim. Mr. Labaj reviewed the claim after which a roll call vote was taken. The motion carried with all members voting aye on a roll call vote (Moy, Chmiel, Gilman, Brewer, Hammerand, Hobson and Munaretto).

*Resolution authorizing monthly transactions for the Delinquent Tax Program:* Mr. Brewer made a motion, seconded by Mr. Hobson to recommend the County Board approve a Resolution authorizing monthly transactions for the Delinquent Tax Program. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Gilman, Brewer, Hammerand, Hobson and Munaretto).

*Resolution authorizing an emergency appropriation in the Law Library FY 06 budget:* Mr. Brewer made a motion, seconded by Ms. Gilman to recommend the County Board approve A Resolution authorizing an emergency appropriation in the Law Library FY 06 budget. Mr. Hobson stated that he felt the request for \$30,000 was an "insane" amount and questioned why there was a need for this emergency appropriation. Chairman Munaretto pointed out that County procedures require such an appropriation when budget adjustments are necessary. Mr. Brewer added that legal publications are very expensive and the amount requested was not unreasonable. Ms. Chmiel asked if the County considers value discounts for such purchases. Chairman Munaretto agreed that Ms. Chmiel made a valid point that should be looked into for next year. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Gilman, Brewer, Hammerand, Hobson and Munaretto).

*Resolution authorizing a reclassification and mid-year salary adjustments in the State's Attorney's Departmental roster and FY 06 budget:* Chairman Munaretto deferred this issue to a future meeting.

*Resolution authorizing a reclassification of Position #042-E10-002-5 from a Grade E10 to a Grade E12:* Mr. Brewer made a motion, seconded by Mr. Moy to recommend the County Board approve a Resolution authorizing a reclassification of Position #042-E10-002-5 from a Grade E10 to a Grade E12. Mr. Austin reported that the Human Resources Committee had approved this Resolution by a vote of 4 to 3. He noted that this request was included in last year's supplemental requests but was not approved. The person received a 2.9% increase last year while remaining personnel received 3.5%. The Courts determined they would pay the extra \$27 each month to make this person whole. The Auditor identified the issue noting that the use of retro-pay as part of compensation is not allowed and the process was stopped in August. Mr. Czarny is requesting that this position now be reclassified to a grade E12, with said reclassification being retroactive to August 1, 2006. Committee members questioned why this was not part of this years budget requests. Mr. Austin stated that the position has been reclassified for the 07 budget. After further discussion, a roll call vote was called. The motion carried with six ayes (Brewer, Hammerand, Chmiel, Hobson, Moy and Munaretto) and one nay (Gilman).

*Resolution authorizing a reclassification of Position #042-08-007-99 from 37.50 hours per week to 40 hours per week:* Mr. Hobson made a motion, seconded by Mr. Moy to recommend the County Board approve a

Resolution authorizing a reclassification of Position #042-08-007-99 from 37.50 hours per week to 40 hours per week. It was noted that this position is that of an interpreter, who is already putting in 40 hours per week. The request is to reclassify the position for the FY 07 budget. On a roll call vote, the motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Gilman, Brewer, Hammerand, Hobson and Munaretto). Mr. Hammerand asked if the Courts would be adding another interpreter position in the near future. Judge Sullivan responded that such an addition would be a consideration but not in the immediate future. He noted that interpreters are in high demand in the court system as each defendant is entitled to an interpreter.

*Resolution authorizing approval of Unit 3 Contract:* Mr. Brewer made a motion, seconded by Mr. Moy to recommend the County Board approve a Resolution authorizing approval of Unit 3 Contract. Mr. Brewer reported that the Law & Justice Committee would consider this contract at their November 6<sup>th</sup> meeting and he had approved taking this request out of order so if approved it can go to the County Board on November 9, 2006. The motion carried with all members present voting aye on a roll call vote (Moy, Chmiel, Gilman, Brewer, Hammerand, Hobson and Munaretto).

*E's Bakery – Discussion:* Mr. Labaj provided a report for the Month of September on Loan accounts. He noted that E's Bakery is two months delinquent and is running at 60 to 70 percent of projected income. He stated there had been many problems with one of the main issues being the road construction which has made access to the bakery difficult. He asked the Committee for direction on how to handle the loan. After a discussion, the Committee directed Mr. Labaj to work with the owner to see if the loan could be modified by either deferring payments or payment of interest only while the roadwork is being done.

Chairman Munaretto reported that the original loan request of Millennium Electronics was for \$375,000 and they were asked to reduce the request to \$275,000 in an effort to keep funds available for other loans. Chairman Munaretto stated he would like to see a minimum of \$100,000 kept in this account. Members agreed that it is a good idea to keep such an amount on hand.

*Discussion – Negotiations Local 150, Facilities Management / Division of Transportation:* It was noted that the Human Resources Department had discussed these negotiations in executive Session. Chairman Munaretto did not see a reason for this Committee to have such a session.

Mr. Austin reported that concerns on storage during the election process has been raised by the County Clerk and administration has been looking at various options. The area must be able to be locked-down and secure. A temporary solution is to use the employees' break-room. Chairman Munaretto noted that there have been dramatic changes with the voting process and there is no good solution. As a temporary solution the break-room should be used, although it may inconvenience some.

EXECUTIVE SESSION: None

OLD BUSINESS:

*Resolution authorizing an emergency appropriation to the Senior Services Grant Fund FY 06 budget for funding for Valley-Hi Soil Investigation:* This item was deferred for another month.

REPORTS TO COMMITTEE:

*Auditor's Report:* Ms. Palmer reported that the search continues for an internal auditor. She also noted that the outside auditors would be conducting a preliminary review of information later this month. She added that a toll free number has been added that will allow the caller to report any cases of fraud, waste, etc., she noted one she would have access to these calls.

*Contingency Reports:* Mr. Sarbaugh distributed contingency reports for the General Fund, the Courthouse remodeling and Valley-Hi. The General Fund has approximately \$107,000 remaining; the Courthouse Remodeling Fund is looking good as is Valley-Hi, which is 98% complete at this point. The Sales Tax Report was also distributed.

Members questioned what the plan was for the use of any remaining funds once Valley-Hi is complete. Mr. Sarbaugh pointed out that there have been requests that have not been met to date and these funds are likely to be spend before the project is complete.

Mr. Brewer commented that a water leakage has been reported in the basement of the "old" valley-Hi building in a location where I.T. has run fiber optics.

ADJOURNMENT

Noting no further business, Ms. Gilman made a motion, seconded by Ms. Chmiel, to adjourn the meeting at 11:08 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD ACTION:**

- Resolution authorizing the Board of Review an extension of time for the processing of the 2006 assessment roll and all subsequent years
- Resolution authorizing settlement of a Workers' Compensation Claim
- Resolution authorizing monthly transactions for the Delinquent Tax Program
- Resolution authorizing an emergency appropriation in the Law Library FY 06 budget
- Resolution authorizing a reclassification of Position #042-E10-002-5 from a Grade E10 to a Grade E12
- Resolution authorizing a reclassification of Position #042-08-007-99 from 37.50 hours per week to 40 hours per week
- Resolution authorizing approval of Unit 3 Contract