

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

MINUTES OF TUESDAY, FEBRUARY 27, 2007

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. Marie Chmiel, Tina Hill and Barbara Wheeler arrived after the adjournment of the Management Services Committee. Also in attendance: Ralph Sarbaugh, Associate County Administrator – Finance; Pam Palmer, Auditor; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Gerri Sherman, WIB; Sandra Lewis and Jane Wacker, Mental Health Board; Sheriff Keith Nygren; UnderSheriff Gene Lowery; Captain Dave Shepherd; Rich Weinhandl; 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 approve the Finance and Audit Committee minutes of February 13, 2007 minutes. The minutes were approved as submitted with a unanimous voice vote.

PUBLIC PARTICIPATION: None

PRESENTATION: None

NEW BUSINESS

Resolution authorizing the creation of one new part-time staff position in the McHenry County Workforce Network Department: Mr. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing the creation of one new part-time staff position in the McHenry County Workforce Network Department. After a brief discussion, a roll call vote was called. The motion carried with all members present voting aye on a roll call vote (Ryan, Hammerand, Orphal and Munaretto).

Resolution authorizing acceptance of the Illinois Department of Economic Opportunity Technical Assistance Grant #06-671021 and an emergency appropriation to the McHenry County Workforce Investment Board FY 07 budget: Mr. Hammerand made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing acceptance of the Illinois Department of Economic Opportunity Technical Assistance Grant #06-671021 and an emergency appropriation to the McHenry County Workforce Investment Board FY 07 budget. After a discussion, the motion carried with all members present voting aye on a voice vote (Ryan, Hammerand, Orphal and Munaretto).

Resolution authorizing the addition of one part-time Project Success Coordinator position, salary increases for five project success coordinator positions and the related budget line item transfer and emergency appropriation to the FY 07 County Mental Health Board budget: Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing the addition of one part-time Project Success Coordinator position, salary increases for five project success coordinator positions and the related budget line item transfer and emergency appropriation to the FY 07 County Mental Health Board budget. Ms. Lewis addressed the Committee and reviewed the proposed Resolution. Ms. Chmiel arrived at 9:35 a.m. On a roll call vote, the motion carried with all members present voting aye on a voice vote (Chmiel, Orphal, Ryan, Hammerand and Munaretto). Ms. Lewis announced that analysis of the cash flow for the Mental Health Board revealed that there would be no need to issue Tax Anticipation Warrants this year.

Ms. Hill arrived at 9:30 a.m.

Resolution authorizing the creation of an additional full time activity assistant for the Valley-Hi Nursing Home FY 06/07 budget: Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing the creation of an additional full time activity assistant for the Valley-Hi Nursing Home FY 06/07 budget. Mr. Sarbaugh reported that the request for an additional activity assistant is necessary since the new facility has two floors and activity time for all residents is a requirement. Ms. Wheeler arrived at 9:40 a.m. On a roll call vote, the motion carried with all members present voting aye on a roll call vote (Ryan, Wheeler, Hammerand, Chmiel, Orphal, Hill, and Munaretto).

Resolution authorizing the issuing of debt to lease/purchase for the Motorola StarCom 21 radio Communication System for the McHenry County Sheriff: Chairman Munaretto, noting that all members of the Committee are in attendance, asked that the Committee discuss the financing for the Sheriff's communication system at this time. He invited Sheriff Nygren to "set the stage" by reviewing background information. Sheriff Nygren reported that staff has been evaluating the replacement of the current communication system over the last five years. The current equipment has been in service for the past 34 years and is obsolete. He noted that various systems were researched, including Motorola StarCom 21 and MayCom. He pointed out that the MayCom is a stand alone system. He stated that Motorola won the State of Illinois bid for this communication system, which indicates that the future rests with the StarCom 21 system. He stated that after careful and deliberate consideration, the decision was made to go with the StarCom 21 system and an agreement with Motorola was signed. This will be an expensive project with on-going annual maintenance costs. Mr. Hammerand stated he has discussed this with several fire protection districts and all are going with the StarCom system. Sheriff Nygren stated that whatever system is used it must be operational with other entities. If approved the Motorola system could potentially be operational within a year. The other system would take approximately three years to become operational. Ms. Chmiel noted that the County Board approved the StarCom system on February 20th and that financing for the system needs to be discussed by this Committee. Chairman Munaretto agreed with Ms. Chmiel's comment, noting that a cogent way of financing needs to be determined. Sheriff Nygren also noted that interoperability of the communication system is required and the StarCom system meets this requirement. The County would purchase the radio equipment and lease the technology. The County must be P25 compliant and the StarCom 21 system meets this requirement. Chairman Munaretto thanked Sheriff Nygren for providing the background information.

Chairman Munaretto invited Eric Anderson, Mr. Austin and Mr. Sarbaugh to join the Committee to discuss financing options for the Motorola communication system. He stated that the annual service fee will become a budget line item in the Sheriff's budget and this will not be included as part of the borrowed funds as this fee is not considered a capital item. Mr. Anderson provided an update on interest rates, reminding the Committee that interest rates change daily. He then compared financing options through Motorola Credit Corporation to financing through the issuance of debt certificates. He noted that although the Motorola interest rate is higher it offers a prepayment with no penalty. Under debt certificates, defeasement is available but could be subject to negative arbitrage. Motorola also offers a locked-in interest rate. Interest rates for debt certificates can change up until the County approves the offering. Mr. Anderson reviewed options available to retire a portion of the debt certificates without penalty should the County receive a grant for the radio acquisition. He noted that it would depend on existing interest rates at the time of the prepayment and also that the U.S. Treasury rates would need to be greater than the rate at which the debt certificate was originally issued. Chairman Munaretto noted that it is currently unknown if the County will receive any funding or grants through the State. He stated that it is the Committee's opinion that the best financing method is to borrow the funds. Mr. Austin stated that the County requested a 2 million dollar earmark to offset costs involved with the purchase of the communication system and he felt there is a good chance "some" federal funding will be received. Mr. Hammerand questioned how such funding would be issued. Chairman Munaretto stated we are only hopeful of such funding. He recommended authorizing Eric Anderson to begin the process to borrow through the issuance of debt certificates on a 10 year basis and not callable within the first year. Said funds will only be used for the purchase and not maintenance services. The funding for the judicial center remodeling will come from the County's fund balance. After discussion, Ms. Hill made a motion, seconded by Ms. Chmiel, to recommend the County Board approve a Resolution authorizing the issuing of debt to lease/purchase of the Motorola StarCom 21 radio Communication System for the McHenry County Sheriff. The motion carried on a roll call vote of all ayes (Hill, Chmiel, Orphal, Ryan, Wheeler, Hammerand and Munaretto).

The Committee reviewed the proposed timeline for the issuance of debt certificates. The proposed date for adoption by the County Board is set for March 20, 2007.

Resolutions authorizing Workers' Compensation Claim Settlements for #05-3200-07; Claim #05-3210-09; and, Claim #06-3210-06: Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve three Resolutions authorizing Workers' Compensation Claim Settlements for Claim #05-3200-07; Claim #05-3210-09; and, Claim #06-3210-06. It was noted that the Resolutions had been approved by the Human Resources and Management Services Committees. Chairman Munaretto stated that these settlements had been properly negotiated and were within an acceptable range. On a roll call vote, the motion carried with all members present voting aye on a roll call vote (Chmiel, Hill, Orphal, Ryan, Wheeler, Hammerand and Munaretto).

Discussion of self-funded health insurance: Mr. Ivetic reported that staff has been researching a long-term solution to manage the escalating costs of health insurance over the past several months. He noted that most organizations similar to McHenry County have selected a self-funded program and it appears that this would be a viable option for the County given certain parameters such as (1) do not change the plan and (2) the third party administrator would be BC/BS. The change would be "seamless" with no change in the Health Care Card, etc. The County would be responsible for the payment of claims. The proposed firm made a presentation to the Human Resources Committee on February 26th. Mr. Ivetic stated a liability limit would be set and the firm would administrator the plan. He stated that benefit levels would not change. Chairman Munaretto stated that the Committee would need complete information before making a final decision. He asked that a presentation similar to the one made to the Human Resources Committee be given at the March 13th Finance and Audit Committee along with a financial analysis for the proposed company. Mr. Ivetic stated he would schedule this presentation.

EXECUTIVE SESSION: None

OLD BUSINESS

None

REPORTS TO COMMITTEE

Auditor's Report: Ms. Palmer reported that the outside auditors have been in-house the past three weeks and the work is going well.

Contingency Reports: Mr. Sarbaugh submitted the General Fund Contingency Account as of February 26, 2007 along with the Sales Tax Analysis summary.

EDC: Committee members were reminded that the annual EDC dinner is scheduled for April 8, 2007.

McHenry County Convention & Visitors Bureau: The MCCVB recently received two awards from the Illinois Bureau of Tourism, both of which were oriented to the website. Ms. Hill stated that the Artwork SubCommittee will be contacting the Bureau to perhaps do some work with them.

Chairman Munaretto thanked Ms. Chmiel for chairing the previous meeting.

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Mr. Ryan, to adjourn the meeting at 11:03 a.m. The motion carried with a unanimous voice vote.

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RECOMMENDED FOR BOARD ACTION:

Resolution authorizing the creation of one new part-time staff position in the McHenry County Workforce Network Department

Resolution authorizing acceptance of the Illinois Department of Economic Opportunity Technical Assistance Grant #06-671021 and an emergency appropriation to the McHenry County Workforce Investment Board FY 07 budget

Resolution authorizing the addition of one part-time Project Success Coordinator position, salary increases for five project success coordinators positions and the related budget line item transfer and emergency appropriation to the FY 07 County Mental Health Board budget

Resolution authorizing the creation of an additional full time activity assistant for the Valley-Hi Nursing Home FY 06/07 budget

Resolutions authorizing Workers' Compensation Claim Settlements for #05-3200-07; Claim #05-3210-09; and, Claim #06-3210-06

Resolution authorizing the issuing of debt to lease/purchase for the Motorola StarCom 21 radio Communication System for the McHenry County Sheriff

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