

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

MINUTES OF TUESDAY, JANUARY 24, 2012

Chairman Breeden called the meeting to order at 10:00a.m. The following Committee members were present: Scott Breeden; Bob Bless; Mary Donner; Mary McCann; Jim Heisler and Tina Hill. John Hammerand was absent. Also in attendance: Pete Austin, County Administrator; Ken Koehler, County Board Chairman; Ralph Sarbaugh, Associate County Administrator-Finance; John Labaj, Deputy County Administrator; Pam Palmer, Auditor; Cathy Link, Purchasing; and Cindy Kozlowski, Financial Analyst.

Scott Breeden, Chairman	
Bob Bless	Mary L. Donner
John Hammerand	James Heisler
Tina Hill	Mary McCann

MINUTES

Committee members reviewed the committee minutes of the Finance and Audit Committee of January 10, 2012. Ms. Hill made a motion, seconded by Ms. McCann to recommend approval of the above minutes as presented. The motion carried with all members present voting aye on a voice vote.

PUBLIC COMMENT

None.

PRESENTATION

None.

NEW BUSINESS

Resolution Authorizing Entering into a Contract with Paper 101 for the Purchase of Copy Paper for McHenry County Government Center: Mr. Bless made a motion, seconded by Ms. Donner to recommend approval of the above Resolution as presented. Committee members questioned if these types of bids go through the State or joint bid with other government/municipal agencies in the County to get better pricing. Committee members were informed that we go out for bid on our own for this product as the shipping costs for the State bid is too high and therefore not feasible and as far as joining in on the unified buying system we have found better pricing elsewhere. The paper usage has decreased by 10% since 2007. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Heisler, Hill, McCann, Breeden)

Resolution Authorizing Entering into a Contract with Carahsoft Technology Corporation for Agenda Management/Webstreaming Services and a Budget Line Item Transfer in the Non-Departmental Fiscal Year 2012 Budget: Mr. Bless made a motion, seconded by Ms. Donner to recommend approval of the above Resolution as presented. Committee members were reminded that this is the program for Webstreaming and Agenda Management. This item has been extensively reviewed by the Management Services Committee. The Webstreaming services will be used for the County Board Meetings only at this time. The Agenda Management software will be used for all committees. The system can be upgraded as we evolve. Audio streaming has been included at no extra cost. Staff was included in the reviews for the products being offered for consideration. The County Board Agenda will be created by having the committee products “roll” into the County Board Agenda. This contract is on a month to month basis. If the program is not working, we have a 30 day “opt” out clause in the contract. The contract is set to being on March 1, 2012. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Heisler, Hill, McCann, Breeden)

Resolution Authorizing an Emergency Appropriation to Re-Appropriate into Fiscal Year 2011-2012 the Rolled Forward Encumbered Budget Dollars from Fiscal Year 2010-2011: Mr. Bless made a motion, seconded by Ms. Donner to recommend approval of the above Resolution as presented. The motion carried with all members present voting aye on a roll call vote (Bless, Donner, Heisler, Hill, McCann, Breeden). Committee members were informed that these funds are from open purchase orders or contracts that were not finished before the yearend closed out.

OLD BUSINESS

None.

REPORTS TO COMMITTEE

2011 Outstanding Liabilities/Insurance Liability Fund: Mr. Labaj joined committee members to provide an update on the current outstanding liabilities for the Insurance Liability Fund. Annually Risk Management prepares an estimate for our outside auditors of the total outstanding liabilities posted against the County's Insurance Liability Fund. Part of the analysis includes an Incurred but not Reported (IBNR) component. This is an estimate of the amount of the County's liability for claim generating events that have taken place, but have not been settled. The sum of the IBNR losses plus outstanding reserves provide an estimate of the County's liabilities for losses for tort and Workers' Compensation claims.

Mr. Labaj noted that the estimated total outstanding liability of \$2,965,715 is a 10 year low. Mr. Labaj cautioned that this is just a snapshot of what is known at this time. This is a moving target but the year ended in good shape. Committee members thanked Mr. Labaj for this information.

Revolving Loan Fund Update: Committee members reviewed an update of the Revolving Loan Fund. The fund has \$380,000 in funds available to loan. The loans are doing good as there are only two cases that are currently in default. One of the companies has restructured as the owners do not want to walk away from this obligation. We can try to continue to get payments from them, though they are currently 90 days out on their loan. We could also call the loan, though Mr. Labaj thinks they would then file for bankruptcy. This affects \$30,000 in funds owed to the County. This company has indicated a desire to get current. Mr. Labaj noted that we may want to consider lowering the rate of their original loan terms as the rate currently stands at 6.5%. The loan could be restructured to reflect current rates which are now near 1.39% to 3.5%. We don't want to extend out the loan but we don't want them to default either. This would protect the Counties interest while providing relief to this company. Staff understood there to be a consensus to go ahead and restructure the loan.

The other loan that is in default is being pursued by the State's Attorney's office. They are pursuing personal loan guarantees provided under the loan documents.

Committee members questioned if there were any loan requests being considered at this time. Mr. Labaj stated there may be only one at this time, though no applications have been received.

Auditor's Report: Ms. Palmer joined committee members to provide a report to the Committee. She stated that the office is currently in "audit" mode. This is a very busy month for the Department.

They just closed out 2011 and are working to get the 1099's out by the end of the month. These come in from various sources including, but not limited to, the Circuit Clerk, County Clerk, right of way purchases, as well as any vendor that received any payment over \$600. They have a large amount of these to report on.

Contingency Reports: The Contingency Report for 2010-2011 was provided for review by the Committee.

Economic Development Corporation: The EDC has moved into their new quarters. This facility will cost them less. They no longer have a large conference room so they will hold "floating" meetings. The previous meeting was held in the Centegra Corporate office. They had a dialogue regarding the MCEDC strategic plan with Job Training in order to focus on the creation of primary jobs in the County.

Mr. Austin informed the Committee that they will need to have a conversation about the EDC contract with the County. Questions about the contract need to be answered before June of this year. As the economics get bad, he would like to see us move forward with a contract that may justify an increase in what we do with the EDC. Ms. Cumpata has done a great job for the County so we may want to show support for the EDC. Ms. Hill asked if a proposal for an increase and why would be brought forward for discussion.

Chairman Koehler stated that it is very important that the County remembers what the EDC does for the County. One of their primary duties is to retain jobs and business within the County. As the economy gets better it sets the stage for future action.

It was stated that there is a lack of understanding of the work the EDC does. We have a collective advantage as the EDC tries to attract businesses to the County as well as works to find employers to fill the empty corporate mall fronts.

FUTURE TOPICS
None.

EXECUTIVE SESSION
None.

ADJOURNMENT

Noting no further business, Ms. Donner made a motion, seconded by Ms. McCann to adjourn the meeting 10:30 a.m. The motion carried with all ayes on a voice vote.

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RECOMMENDED FOR BOARD/COMMITTEE ACTION:

Resolution Authorizing Entering into a Contract with Paper 101 for the Purchase of Copy Paper for McHenry County Government

Resolution Authorizing Entering Into a Contract with Carahsoft Technology Corporation for Agenda Management/Webstreaming Services and a Budget Line Item Transfer in the Non-Departmental Fiscal Year 2012 Budget

Resolution Authorizing an Emergency Appropriation to Re-Appropriate into Fiscal Year 2011-2012 the Rolled Encumbered Budget Dollars from Fiscal Year 2010-2011

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