

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

MINUTES OF TUESDAY, FEBRUARY 9, 2010

Committee Chair Marc Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto; Tina Hill; Lyn Orphal; Scott Breeden; Mary Donner; and Daniel Ryan. John Hammerand was absent. Also in attendance: John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Ralph Sarbaugh, Associate County Administrator – Finance; Cindy Kozlowski, Financial Analyst; Pam Palmer, Auditor; Jane Wacker Sandy Lewis and Frank Gosser, Mental Health; Mary McCann and Kathleen Bergan Schmidt, County Board Members; Cassandra McKinney, Water Resource Manager; Representatives from the Master Property Owners Association Inc.; Representatives from the Village of Fox River Grove; interested public; and press.

Marc Munaretto, Chairman	
Scott Breeden	Mary L. Donner
John Hammerand	Tina Hill
Lyn Orphal	Daniel P. Ryan

MINUTES

Ms. Donner made a motion, seconded by Mr. Ryan, to recommend approval of the minutes of the Finance & Audit Committee meeting on January 26, 2010. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None

PRESENTATION:

*Debt Certificate Sale Update*

- Series 2010 A (Capital Projects)
- Series 2010 B (Mental Health)
- Series 2010 C (Refunding)

Mr. Eric Anderson joined committee members to provide an update on the upcoming Debt Certificate Sales for Series 2010A, 2010B and 2010C. He stated that in speaking with representatives from Moody's they heard positive news regarding McHenry County. They indicated that the County is "acting" in a AAA fashion and they only issue is the average demographics and size of the County. McHenry County has a value of \$30 billion dollars, which is ½ the level of those that have achieved a AAA rating. If the County does receive this rating the County would be the lowest valuation County in the nation. They may not want to elevate us because of our size though it is rewarding that the County is behaving like a Aaa rated County. Mr. Anderson stated he expects to receive the ratings later this week. By achieving a AAA rating the debt is treated most favorably in the market place. This equates to lower interest rates and makes refunding more attractive with more bids of the highest quality. Committee members were informed that the three ordinances authorizing and providing for an installment purchase agreements for the debt certificates are in near final form. Committee members were provided with the preliminary official statement, which is subject to completion and amendment. The final numbers will not be ready for the County Board Meeting and some of the documents wording will need to be changed. So far the total value is \$11,975,000, which is subject to change. Committee members were informed that what is recorded would be different because of refunding. Chairman Munaretto stated that they would be adopting these ordinances with the understanding that some of the provisions would need to be changed.

NEW BUSINESS:

*Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 A; Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 B and Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 C:* Ms. Hill made a motion, seconded by Mr. Ryan, to recommend the County Board approve the Ordinances authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 A; approve an Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 B; and approve an Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 C and waive of the 30 day review. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hill, Orphal, Ryan, Munaretto)

FINANCE AND AUDIT COMMITTEE

February 9, 2010

Page 2

Chairman Munaretto stated that he is moving items 5.8 and 5.9 up on the agenda so that the representatives could leave upon completion of their business.

*Amended Resolution allocating Recovery Zone Volume Cap and approving a project or the Village of Fox River Grove for the purposes of the American Recovery and Reinvestment Tax Act of 2009:* Mr. Art Osten, the Village Administrator joined committee members to answer questions from the committee. The Village has requested additional time to issue bonds to finance the project. After review, Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve an Amended Resolution allocating Recovery Zone Volume Cap and approving a project for the Village of Fox River Grove for the purposes of the American Recovery and Reinvestment Tax Act of 2009. The motion carried with all members present voting aye on a voice vote.

*Resolution allocating Recovery Zone Volume Cap and approving a project for the Master Property Owners Association Inc., for the Wonder Lake Illinois area for the purposes of the American Recovery and Reinvestment Tax Act of 2009:* Representatives from Wonder Lake and the Master Property Owners Association joined committee members to review the above request. Chairman Munaretto stated he was impressed with the thoroughness of the application. After review, Ms. Donner made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution allocating \$5,923,730 of Recovery Zone Volume Cap to the Master Property Owners Association for its Wonder Lake dredging project for the benefit of the properties inside the Wonder Lake SSA pursuant to the American Recovery and Reinvestment Tax Act of 2009. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hill, Orphal, Ryan, Munaretto)

*Resolution authorizing a modification to the agreement with the Illinois State Geological Survey to extend project deadline by one year and expand the scope of work to include additional mapping analysis:* Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing a modification to the agreement with the Illinois State Geological Survey to extend project deadline by one year and expand the scope of work to include additional mapping analysis. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hill, Orphal, Ryan, Munaretto).

*Resolution authorizing entering into a three year agreement with the Illinois State Water Survey to conduct a groundwater study for the purpose of water supply planning in McHenry County, Illinois:* Ms. Donner made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing entering into a three year agreement with the Illinois State Water Survey to conduct a groundwater study for the purpose of water supply planning in McHenry County, Illinois. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hill, Orphal, Ryan, Munaretto).

*Resolution authorizing an emergency appropriation to re-appropriate into FY 09-10 the rolled forward encumbered budget dollars from FY 08-09:* Mr. Ryan made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing an emergency appropriation to re-appropriate into FY 09-10 the rolled forward encumbered budget dollars from FY 08-09. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hill, Orphal, Ryan, Munaretto).

*Resolution authorizing payment from the General Fund Contingency for a court ordered property clean up:* Ms. Donner made a motion, seconded by Ms. Hill, to recommend the County Board approve a Resolution authorizing payment from the General Fund Contingency for a court ordered property clean up. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hill, Orphal, Ryan, Munaretto). Ms. Donner stated that the above resolution does not add up correctly and should be amended prior to review by the County Board.

*Resolution authorizing the transfer of \$11,000 within the Dental Budget and the creation of a part time position in the Dental Care Clinic:* Ms. Orphal made a motion, seconded by Ms. Hill, to recommend the County Board approve a Resolution authorizing the transfer of \$11,000 within the Dental Budget and the creation of a part time position in the Dental Care Clinic. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hill, Orphal, Ryan, Munaretto).

*Resolution authorizing the acceptance of an additional \$26,164 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 10 budget:* Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing the

## FINANCE AND AUDIT COMMITTEE

February 9, 2010

Page 3

acceptance of an additional \$26,164 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 10 budget. The motion carried with all members present voting aye on a roll call vote (Breedon, Donner, Hill, Orphal, Ryan, Munaretto).

*Resolution authorizing the acceptance of an additional \$5,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 10 budget:* Mr. Ryan made a motion, seconded by Ms. Donner, to recommend the County Board approve a Resolution authorizing the acceptance of an additional \$5,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 10 budget. The motion carried with all members present voting aye on a roll call vote (Breedon, Donner, Hill, Orphal, Ryan, Munaretto).

*Resolution to accept \$28,000 in grant funding from the Illinois Department of Public Health and to make an emergency appropriation to the Health Department FY 10 budget:* Mr. Ryan made a motion, seconded by Mr. Breedon, to recommend the County Board approve a Resolution to accept \$28,000 in grant funding from the Illinois Department of Public Health and to make an emergency appropriation to the Health Department FY 10 budget. The motion carried with all members present voting aye on a roll call vote (Breedon, Donner, Hill, Orphal, Ryan, Munaretto).

*Resolution authorizing Facilities 360 Hosted Service Subscription:* Ms. Orphal made a motion, seconded by Ms. Donner, to recommend the County Board approve a Resolution authorizing Facilities 360 Hosted Services Subscription. The motion carried with all members present voting aye on a roll call vote (Breedon, Donner, Hill, Orphal, Ryan, Munaretto).

### OLD BUSINESS:

*Update on a project for McHenry County Sportsplex LLC:* Ms. Miyun Cho from Stern Brothers & Co., joined committee members to provide an update on the Recovery Zone Bonds for the McHenry County Sportsplex LLC. Sterns Brothers in the due diligence process. Once the operating LLC raises \$8 million in equity and the project is located in a Targeted Employment Area CFG commits \$27 million in long term financing, Stern Brothers will structure a private placement of debt. Alternate property has been located if they are unable to achieve the required TEA in the Lakewood, Il site. The property surrounding the proposed site has the required TEA, but, because the property is farmland, it never received this designation. The group (DCEO) that makes the designation has not given a date when this process will be complete. Because of this delay, an alternative property has been found that has the required designation. Funds for the project can still be collected but, once all funds have been collected and placed into escrow the group will have to make a choice between the properties. This creates a dilemma for the County as the Resolution that was adopted is site specific. The resolution can be amended, if needed, to include an alternate site. Chairman Munaretto stated that he does not have a problem with this request and will allow for an amendment to the application to include the alternate site. Additional information regarding the site would be needed and he invited Mr. Tenori to return to the committee to give a new presentation on the new site, if needed. The new site is more suited to the size of the project and is already located in a TEA. It was suggested that no action be taken at this time, but, if the location changes, the application must be amended so that it states where the facility would be built. Committee members were informed that \$2.5 million of the \$8 million dollars for the project has already been committed.

*Update on Revolving Loan Fund:* Committee members were informed that there is \$300,000 in the revolving loan fund. Millennium Electronics paid off two loans have been paid off with \$290,000 being put back into the fund.

### REPORTS TO COMMITTEE:

*Auditor's Report:* Ms. Palmer presented committee members part two in her special eight part series on the Auditor's office. This report includes a list of received reports. A key component of Moody's reporting is the Auditor's reporting. The report included the County Auditing Law that must be followed, a CAFR report, a PAFR report, a quarterly financial report, single audits, continuing financial disclosure which includes eight different conditions where they have to report and IRS reporting. Committee members thanked Ms. Palmer for her information.

*Contingency Reports:* None

Chairman Munaretto informed committee members that he has had some dialogue with the Chairwoman of the Transportation Committee about oversight of the Division of Transportation (DOT) finances. He stated it is better to formalize the financial oversight of the DOT. He stated he does not want to review every contract, but, there should be some connection between this committee and a Department that is a big component of the County finances. Any design contract with a cumulative value of \$750,000 as well as any construction contract with a cumulative value over \$5 million dollars will come before the committee for review. This will allow for better financial oversight of projects. He stated it is important to review the financial plan of the department. Since the department has its own levy this has not been done in the past but, it is the only department not reporting its major expenditures. Since the County receives RTA sales tax money, this is a proper vehicle for review of the use of these funds. He reminded committee members that this would only include any use of RTA sales tax proceeds by the department which was required when the County Board adopted its policy on the use of these funds.

Mr. Austin informed committee members that the Valley Hi Committee will be recommending the hiring of a new Administrator for the facility. This will not come before this committee as the Administrator's starting salary is below the midpoint range for this position. This will go directly to the County Board next Tuesday and will operating within the bounds of the Personnel Policy. Committee members agreed that this was okay to take to the Board.

EXECUTIVE SESSION:

None

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Ms. Orphal, to adjourn the meeting at 10:54 a.m. The motion carried with a unanimous voice vote.

\* \* \* \* \*

**RECOMMENDED FOR BOARD ACTION:**

- Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 A
- Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 B
- Ordinance authorizing and providing for an Installment Purchase Agreement – Debt Certificates, Series 2010 C
- Resolution authorizing a modification to the agreement with the Illinois State Geological Survey to extend project deadline by one year and expand the scope of work to include additional mapping analysis
- Resolution authorizing entering into a three year agreement with the Illinois State Water Survey to conduct a groundwater study for the purpose of water supply planning in McHenry County, Illinois
- Resolution authorizing an emergency appropriation to re-appropriate into FY 09-10 the rolled forward encumbered budget dollars from FY 08-09
- Resolution authorizing payment from the General Fund Contingency for a court ordered property clean up
- Resolution allocating Recovery Zone Volume Cap and approving a project for the Master Property Owners Association Inc., for the Wonder Lake Illinois area for the purposes of the American Recovery and Reinvestment Tax Act of 2009
- Amended Resolution allocating Recovery Zone Volume Cap and approving a project for the Village of Fox River Grove for the purposes of the American Recovery and Reinvestment Tax Act of 2009
- Resolution authorizing the transfer of \$11,000 within the Dental Budget and the creation of a part time position in the Dental Care Clinic
- Resolution authorizing the acceptance of an additional \$26,164 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 10 budget
- Resolution authorizing the acceptance of an additional \$5,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department FY 10 budget
- Resolution to accept \$28,000 in grant funding from the Illinois Department of Public Health and to make an emergency appropriation to the Health Department FY 10 budget
- Resolution authorizing Facilities 360 Hosted Services Subscription