

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

MINUTES OF TUESDAY, FEBRUARY 23, 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; Kathleen Bergan Schmidt, County Board Member; Kenneth Koehler, County Board Chairman; Robert Ivetic, Human Resources; Julie Courtney, Workforce Network; Representatives from Corporate Benefit Consultants, Inc.; interested public; and press.

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

MINUTES

Ms. Hill made a motion, seconded by Mr. Ryan, to recommend approval of the minutes of the Finance & Audit Committee meeting on February 9, 2010. Chairman Munaretto commended the secretary for doing an excellent job of transcribing the minutes. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None.

PRESENTATION:

Group Health Insurance Program – by Corporate Benefits Consultants (CBC): Chairman Munaretto provided background information on the County's past three years of having a self-funded health care program. He then introduced Jim Cornelius and John Rowlette from Corporate Benefit Consultants (CBC) who provided an update to the County's Plan Performance. Trends in the marketplace were reviewed along with the first, second and third year performances by the County. It was noted that medical costs were escalating at a higher than normal rate in advance of Healthcare reform along with prescription costs which are increasing. Some of these trends are seen because of specialty drugs and the increase in medical costs. This is an area that needs to be monitored in order to manage these high costs. Specialty Drugs and the multi-million dollar proposed tax on Pharmaceutical Companies is causing the cost of drugs to escalate. Prescription drug costs have increased from 4.3% to 35.3% in one year alone. 21% to 25.4% of the medical claims come from prescription drug costs. Other increases are the direct result of utilization within the market for the same procedures which are up 10-20% from previous years. McHenry County has saved by changing from a Fully Insured Non-Refunded Contract to a self funded program. The County established a "reserve" fund through the savings which can be used for future claim obligations. The County also received prescription rebates from Blue Cross Blue Shield of Illinois in the amount of \$140,300 which would not have been available under a fully-insured program. CBC will continue to monitor costs and trends and will provide updates as necessary. In response to questions, it was noted that a pool could be formed for units of government to take advantage of self funded programs which would need to be done with a contractual relationship (employer/employee relationship). CBC also submitted information on the Health Reform legislation that the members could review at their leisure. Committee members thanked Mr. Cornelius and Mr. Rowlette for their presentation.

Chairman Munaretto announced that the County sold some bonds this last Thursday (2/18/10) Tax exempt interest rates for 2010A series bonds was 2.483% (including costs of issuance); and for 2010 B the tax exempt interest rate was 2.552% (including costs of issuance).

NEW BUSINESS:

Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #09-66202 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget: Ms. Donner made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #09-66202 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget. Mr. Sarbaugh

asked that the second "be it further resolved" be removed as it would not be necessary to adjust the budget. Members agreed with the removal of this paragraph. On a roll call vote, the Resolution as changed was approved with all members voting aye (Breedon, Donner, Ryan, Orphal, Hill and Munaretto).

Resolution appropriating funds for the payment of the County Engineer's Annual Salary: Mr. Ryan made a motion, seconded by Mr. Breedon, to recommend the County Board approve a Resolution authorizing appropriating funds for the payment of the County Engineer's Annual Salary. Mr. Austin reported that this Resolution was approved by the Transportation Committee on February 17th. After discussion, a roll call vote was called. The motion carried with all members present voting aye (Breedon, Donner, Ryan, Orphal, Hill and Munaretto).

Resolution approving an engineering services agreement amendment and appropriating funds in the amount of \$638,828.95: Ms. Orphal made a motion, seconded by Ms. Donner, to recommend the County Board approve a Resolution authorizing an engineering services agreement amendment and appropriating funds in the amount of \$638,828.95. The motion carried with all members present voting aye (Breedon, Donner, Ryan, Orphal, Hill and Munaretto).

Resolution authorizing the payment of Special Prosecutor Fees from the General Fund FY 2010 Contingency: Mr. Breedon made a motion, seconded by Ms. Donner, to recommend the County Board approve a Resolution authorizing the payment of Special Prosecutor Fees from the General Fund FY 2010 Contingency. Chairman Munaretto stated that this Resolution is in response to a Court Order issued by Judge Graham for the appointment of Special Prosecutors. The initial payout for fees incurred from September 4, 2009 to December 31, 2009 is \$21,987.50. The Resolution provides for additional funds to be set aside for anticipated costs for the Special Prosecutors services. Any additional fees will also be reviewed by the Committee prior to payments being made. After discussion, a roll call vote was called. The motion carried with five ayes (Breedon, Ryan, Orphal, Hill and Munaretto) and one nay (Donner).

Ms. Donner left the meeting at 10:30 am.

Discussion regarding a request from the Illinois International Port District for a letter of concurrence for "Alternative Site Framework": Mr. Labaj reported that the County has received a letter from the Illinois International Port District with information to include the County within the foreign-trade zone service area. The new Foreign Trade Zone #22 will provide more flexibility and efficiency making the process more attractive. The restructure would enable users to activate space within several counties including McHenry. A letter of concurrence seeking the approval of McHenry County is being requested. Mr. Labaj stated he is researching this issue to find out its advantages and disadvantages and has not yet received any additional information. Members asked that they be kept informed as additional information becomes available.

OLD BUSINESS:

Update on a project for McHenry County Sportsplex LLC: Mr. Labaj reported that he has received Target Employment Area (TEA) confirmation, but there is still a question of the site location confirmation. It is anticipated that this information will be received in the near future. Mr. Labaj will continue to keep the Committee informed regarding this project.

REPORTS TO COMMITTEE:

Auditor's Report: Ms. Palmer provided the third part to her eight part series on the Auditor's office. This part reviewed the accounts payable process. Future projects that staff is working on include: a vendor clean-up project; imaging of invoices, an Election Judge Payment upload which would eliminate manual entry; and training and monitoring of shipping costs and discounts. It was noted that in 2009 a total of 38,398 invoices were approved for a total amount of \$75,910,658.48. The County processes vendor invoices within an average of 16 days from the invoice date to data entry/department approval. Members thanked Ms. Palmer for the information provided.

Contingency Reports: The General Fund Contingency Account for statement of activity as of 2/23/2010 was distributed and reviewed by the Committee.

Economic Development Corporation: Ms. Orphal reported that the EDC had an executive meeting last week. They had a lengthy discussion on the Port Authority and it was the general feeling that utilization of such an opportunity at this time is low for the County.

Convention & Visitors Bureau: This is a quiet time of year for the CVB with nothing significant to report at this time.

EXECUTIVE SESSION: None

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Ms. Orphal, 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 acceptance of the Illinois Department of Commerce and Economic Opportunity Grant #09-66202 and an emergency appropriation to the McHenry County Workforce Network FY 10 budget
- Resolution appropriating funds for the payment of the County Engineer's Annual Salary
- Resolution approving an engineering services agreement amendment and appropriating funds in the amount of \$638,828.95
- Resolution authorizing the payment of Special Prosecutor Fees from the General Fund FY 2010 Contingency

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