

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

MINUTES OF TUESDAY, APRIL 27, 2010

Committee Chair Marc Munaretto called the meeting to order at 9:30 a.m. The following Committee Members were present: Marc Munaretto; John Hammerand; Tina Hill; Lyn Orphal; Scott Breeden; Mary Donner; and Daniel Ryan. Also in attendance: Ralph Sarbaugh, Associate County Administrator-Finance; John Labaj, Deputy County Administrator; Peter Austin, County Administrator; Cindy Kozlowski, Financial Analyst; Pam Palmer and Shannon Teresi, Auditor; Kenneth Koehler, County Board Chairman; Christina Webb and Cindy Schaupp, Assistant State's Attorneys; Sandy Lewis, Mental Health Board; interested public; and press.

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

MINUTES

Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend approval of the minutes of the Finance & Audit Committee meeting of April 13, 2010. The minutes were approved as submitted with a unanimous voice vote of all ayes.

PUBLIC COMMENT: None

PRESENTATION: None.

NEW BUSINESS:

*Resolution authorizing acceptance of \$154,730 in grant funding from the Illinois Department of Public Health and an emergency appropriation to the Health Department's FY 10 budget:* Ms. Donner made a motion, seconded by Ms. Orphal, to recommend the County Board approve a Resolution authorizing acceptance of \$154,730 in grant funding from the Illinois Department of Public Health and an emergency appropriation to the Health Department's FY 10 budget. Mr. McNulty stated this is additional funding to be used for additional testing for breast and cervical cancer. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hammerand, Hill, Orphal, Ryan, Munaretto)

*Resolution authorizing acceptance of a \$38,689.72 grant from the Illinois Department of Public Health for a Mosquito Vector Prevention Program and an emergency appropriation to the Health Department's FY 10 budget:* Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing acceptance of a \$38,689.72 grant from the Illinois Department of Public Health for a Mosquito Vector Prevention Program and an emergency appropriation to the Health Department's FY 10 budget. This grant comes from the State tire surcharge and will allow for an aggressive surveillance program and the purchase of larvicide. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hammerand, Hill, Orphal, Ryan, Munaretto)

Chairman Munaretto reminded Department Heads and Staff members that he does not like taking Resolutions out of order and would appreciate being notified when a Resolution will be reviewed out of order. He stated that there was a committee structure formed to allow review of Resolutions in a specific order and would appreciate this order followed.

*Resolution authorizing the acceptance of an additional \$10,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department's FY 10 budget:* Ms. Orphal made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing the acceptance of an additional \$10,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department's FY 10 budget. This grant will allow for peer counseling for Latino women. This population does not breast feed their children at the same rate as other ethnic populations. This program teaches them the benefits of breast feeding their babies. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hammerand, Hill, Orphal, Ryan, Munaretto) Chairman Munaretto requested the budget for the previous two resolutions be included with the County Board packet.

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*Resolution authorizing a contract with American Legal Publishing for codification services and an emergency appropriation in the County Clerk's Automation Fund FY 09-10 budget:* Ms. Hill made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing a contract with American Legal Publishing for codification services and an emergency appropriation in the County Clerk's Automation Fund FY 09-10 budget. Ms. Hill stated that this was just discussed with the Management Services Committee and this contract comes with a team of 13 attorneys that will review the documents for content and help with the documents that need codification, what is necessary to keep and provide information if any conflicts should arise because of laws that have been changed and will provide ways to change the document. They have worked with another county in Illinois and various Municipalities so they are familiar with Illinois law. The County has obtained these services for a decent price and this bid included everything we needed as well as direct contacts to answer any questions that may arise. The initial scope of services is all inclusive. There may be some yearly maintenance costs for yearly upgrades. The county will cost share with the County Clerk to pay for these services. The balance of funding will come from the county contingency fund. The motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hammerand, Hill, Orphal, Ryan, Munaretto)

*Resolution authorizing an emergency appropriation in the Non-Departmental FY 09-10 Contingency budget:* Mr. Ryan made a motion, seconded by Mr. Breeden, to recommend the County Board approve a Resolution authorizing an emergency appropriation in the Non-Departmental FY 09-10 Contingency budget. Chairman Munaretto stated that if the committee members recall, there were funds left in the 2009-2010 General Fund reserve and some of these funds are being used to increase the contingency fund. Mr. Sarbaugh reminded committee members that last year departments were asked to give back some of their budget to the County to help during these tough economic times. Some of the departments became vulnerable to shortages because of this. Increasing the contingency fund will help for any unplanned emergencies and will help with any shortfalls created because of the give back. This will also allow the funds to be taken from the contingency fund instead of hitting the reserve fund. The motion carried with all members present voting aye on a roll call vote ((Breeden, Donner, Hammerand, Hill, Orphal, Ryan, Munaretto)

*Resolution authorizing a Letter of Agreement with Carl Martens and reclassification of the Director of the workforce Investment Board position:* Ms. Orphal made a motion, seconded by Mr. Ryan, to recommend the County Board approve a Resolution authorizing a Letter of Agreement with Carl Martens and reclassification of the Director of the Workforce Investment Board position. Committee members were informed that Washington DC has proposed some changes to the Act that governs the WIB. Carl Martens is retiring and has agreed to stay on as a part-time contract employee to fill the needs of the WIB during the interim period. After discussion, the motion carried with all members present voting aye on a roll call vote (Breeden, Donner, Hammerand, Hill, Orphal, Ryan, Munaretto)

Chairman Munaretto informed committee members that the State of Ohio created a "County Board Land Bank Bill." In addition, the General Assembly is negotiating with Cook County on a lender mediation program, which will help with foreclosures in Cook County. He questioned if a similar program should be created within McHenry County. He stated there have been a number of Federal programs created that seem to hamper any help for current homeowners. This program would be more in line with what is happening around the country. This would be similar to the Federal NSP (Neighborhood Stabilization Program) but would not have the restrictions of areas where there are high incidents of foreclosures. He questioned the committee if they felt this was a program that should be looked into for McHenry County residents and stated this is for information purposes only.

Chairman Munaretto informed committee members that there may be some reasons of concern regarding the Recovery Zone Bonds. He stated he has entered into discussions with Senator Althoff and Representative Tryon regarding a proposal to change the legislation surrounding the Recovery Zone Bonds. This bill is in its third and final reading and could end up law. The County has been set up to lose volume cap funds if any portion of the County's sub-allocations that has not been used as issuance by July. By legislative action, bonds must be issued by May 1<sup>st</sup>. Chairman Munaretto stated he does not think anyone could do that and because of this we would lose these funds. The concern arises because this legislation allows States to then decide which projects are worthy for the County. \$27.5 million has already been granted to be funded by September 30<sup>th</sup>. This is past the date set in this legislation. He stated he is unsure of how to respond to the unintended consequences of this legislation.

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Committee members entered into discussion regarding "Local Preference in Procurement". Ms. Hill stated this issue was just discussed at the Management Services Committee. If an item is a commodity, the county must purchase the cheapest items, but, this discussion would be in consideration of professional services. It was stated there are professional people located in the County that can do as good a job on projects that firms outside the County can do. For this reason the County should try to keep this type of service within the County. KSA has done several jobs for the County and has been hired to do work for the Mental Health Board. This is work that should have been given to a County business. It was stated that a lot of the Highway Department projects hire firms from Chicago and though the County wouldn't be able to hire a firm from the County for every project, they should look to see if there are competitive bids from County companies in order to keep county funds here. It was questioned if the County Board needs to sign a memorandum of understanding stated that we keep tax funds in the county where we can. It was stated that there is some latitude to do this as discussed at the County Board. Committee members were informed that the Management Services Committee asked staff to look at what the County can do on the professional services side to set the challenge to stay within the perimeters of the law and still hire within the County. Committee members were cautioned that since companies know, only local companies will be considered, they will stop applying for bids and drive the cost of services higher. Ms. Link stated that Purchasing has a brochure that instructs businesses on how to do business with the County but maybe the local businesses do not understand the process. She suggested a seminar that vendors could be invited to let them know how to fill out the appropriate paperwork. This would be an education piece to try to fix the perception that they cannot compete on a level playing field. Committee members were reminded that when the Mental Health Board requested their bond funding, the County Board members were lead to believe that the project was ready to go. Now it is discovered that all that was completed was a feasibility study. It was stated that the Mental Health Board does not have the expertise to prepare an RFP and they have solicited the community for input on the project. Modifications have been completed to change the project and some of the information obtained from the feasibility study could be used to create the RFP. An RFQ went out to select the Architectural firm to review the scope of the project and to help with the design of the RFP and selection process for the firms. The company chosen for the RFP cannot bid on the RFP. The funds spent to date were for the land purchase, legal issues and feasibility study. KSA was chosen because 97% of their business has been for government agencies. This group will facilitate the master facility plan so they already have some information regarding the Mental Health Board project. It is hopeful that the RFP's will be sent out by the end of May with the project scheduled to begin sometime in July. Chairman Munaretto stated there needs to be some discussion on how to best use the services of the Public Building Commission. He stated they should be relied on more for some of the County projects as they have the expertise needed for some of the projects going on at the County.

OLD BUSINESS: None

### REPORTS TO COMMITTEE:

*Auditor's Report:* Ms. Palmer introduced Shannon Teresi to committee members. She is the new internal auditor for the department.

Ms. Palmer presented part 7, of an 8 part series of what takes place in the Auditor's office. The department has turned in the drafts of the CAFR report. This report has been through the first review. The internal control letter has been reviewed and should come out shortly.

Ms. Palmer reported that the Auditor is in charge of the County's accounting system. The contract is now handled by Cogsdale Corporation out of Canada. They are currently working with Microsoft Dynamics to change this but they are waiting to see the development of the modules. Ms. Palmer reviewed historical review of the numbers put into the system. This included the number of invoices processed, journal entries prepared, budget adjustment entries, purchase orders originated, and cash receipt documents processed in the past ten years. The department encourages the use of the Purchase Orders for their purchases.

*Contingency Reports:* Mr. Sarbaugh presented his contingency report for 2010. The County is entering into the 6<sup>th</sup> month of its fiscal year. We are still watching what is going on in Springfield. It is projected that the income tax received will be 30% less than previously received. During the first quarter meeting with the Department Heads they were requested to continue to run stable on their expenses. The Recorder reported a slight increase in recordings but feel this is because of the homebuyer program. The Sales Tax numbers are running at the 2002/2003 numbers. There has been an increase seen in the national report of an increase to auto sales. The national numbers suggest an uptick in retail sales though McHenry County has not seen this same increase. The County is right on track with what was predicted for its revenues. Talks are

scheduled to begin for the employee health insurance. There is an expected increase of 5-9% which has been budgeted.

*Economic Development Corporation:* Committee members were informed that the EDC has been calling on businesses to inform them that there is an RSS fee to review information on what is going on with the free-trade zone for Rockford and their work on Route 22 and 176. Mr. Munaretto stated he went to the area EDC meeting. Information is being posted on the EDC webpage as well.

*Convention & Visitors Bureau:* Committee members were informed the Convention and Visitors Bureau are in the process of selecting their board members and officers for the Bureau. They are discussing agri-tourism and are hoping to participate in providing information to the ZBA regarding a request for this zoning. The County Board should see this on the agenda for the evening County Board meeting in May.

Committee members were informed that Kane County is revisiting their discussion on video gaming. They wanted to obtain all the information on this topic prior to making a final decision on this issue.

EXECUTIVE SESSION:

None

ADJOURNMENT

Noting no further business, Ms. Hill made a motion, seconded by Mr. Hammerand, to adjourn the meeting at 10:44 a.m. The motion carried with a unanimous voice vote.

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**RECOMMENDED FOR BOARD ACTION:**

- Resolution authorizing acceptance of \$154,730 in grant funding from the Illinois Department of Public Health and an emergency appropriation to the Health Department's FY 10 budget
- Resolution authorizing acceptance of a \$38,689.72 grant from the Illinois Department of Public health for a Mosquito Vector Prevention Program and an emergency appropriation to the Health Department's FY 10 budget
- Resolution authorizing the acceptance of an additional \$10,000 in grant funding from the Illinois Department of Human Services and an emergency appropriation to the Health Department's FY 10 budget
- Resolution authorizing a contract with American Legal Publishing for codification services and an emergency appropriation in the County Clerk's Automation Fund FY 09-10 budget
- Resolution authorizing an emergency appropriation in the Non-Departmental FY 09-10 Contingency budget
- Resolution authorizing a Letter of Agreement with Carl Martens and reclassification of the Director of the workforce Investment Board position