



## **City Council**

City Council Chambers ♦ 230 West Stephenson Street ♦ Freeport, IL 61032

---

### **MINUTES SPECIAL MEETING Monday, December 13, 2010**

---

*Note for the record: The special meeting agenda for Monday, December 13, 2010 was delivered to the personal residences of the Freeport City Council members (Klemm, Boldt, Bush, DeVine, Endress, Helms, O'Neill and Corbin) and by email on December 10, 2010. The agenda was posted two places in City Hall on this same day and a mass email was sent to 95 members of Agenda Notice listing including members of the media requesting such notice. Present at this meeting were media personnel from the radio station and newspaper. Also present at the special meeting were representatives from Arthur J. Gallagher Risk Management Services, Inc. in including Tyler LaMantia, Account Executive.*

#### **CALL TO ORDER**

The special meeting of the Freeport, Illinois, City Council was called to order by Mayor George Gaulrapp with a quorum being present at 7:32 pm on Monday, December 13, 2010, in Council Chambers.

#### **ROLL CALL**

Present on roll call council members Tom Klemm, Ronnie Bush, Dennis Endress, Shawn Boldt, Scott Helms, Jennie DeVine, and Randy Corbin (7). Linda O'Neill was absent. Corporation Counsel Sarah Griffin was present.

#### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Alderperson Bush.

#### **APPROVAL OF AGENDA**

Alderperson Endress moved to approve the agenda as presented, seconded by Alderperson Corbin. Motion passed by voice vote without dissent.

#### **PUBLIC COMMENTS - AGENDA ITEMS**

There was no one signed on the sheet for public comments at this time.

#### **APPOINTMENT TO THE FINANCIAL ADVISORY COMMITTEE**

Mayor George Gaulrapp requested approval of the appointments to the Financial Advisory Committee naming Tom Ferguson, Bill Leibman, Steve Fritz, Doug Wagner, Joe Vaske, Diane Vaske, Jim Shankland, Mark Wagner, Ned Furst, Mike Cook, Jim Stein, Bobbi Dykstra, Art Ross, and Chuck Grunder.

Discussion was held regarding the intent of the commission. Mayor Gaulrapp stated that the committee is being formed by request of these people to help find solutions to budgets facing the municipality and to review where their tax dollars are going. There will be courtesy posting of the meetings to abide by the

**MINUTES**  
**SPECIAL MEETING**  
**Monday, December 13, 2010**

open meetings act. Council was asked to provide recommendations of prospective members. Alderperson Boldt moved to approve the recommended appointments as recommended by Mayor Gaulrapp, seconded by Alderperson DeVine. Motion passed by voice vote without dissent.

Mayor George Gaulrapp stated this Financial Advisory Committee has nothing to do with the Financial Summit for Municipalities that he will be hosting on January 26, 2011.

**DEPARTMENT HEAD REPORT – FINANCE**

Mayor Gaulrapp asked the city clerk to read the following into the record, “Request for Qualifications for Property and Casualty Liability Coverage” and called on Finance Director Craig Joesten to present. Each council member received a memorandum to Mayor George Gaulrapp and the City Council from Finance Director Craig Joesten, dated December 10, 2010 regarding City Property and Casualty Insurance Renewal stating, “The referenced is up for renewal effective January 1, 2011. My recommendation is to renew with the IMLRMA with their fixed cost program with an annual premium of \$745,975. All coverage under the program will remain the same as the expiring program.”

Also presented on council desks this evening was a memorandum to the Freeport City Council and Mayor Gaulrapp, from Finance Director Craig Joesten, dated December 13, 2010 regarding the City Insurance Program. This memorandum stated, “Under self-insured the majority of the risk is transferred to the insured subject to very narrow excess limits where the insurance company would respond.

Under the SIR from Gallagher, \$400,000 of each occurrence would be paid by the city. Over the period of two years, the City would bear the financial burden of total losses up to \$1,990,021 with the insurance company stepping in after one or both of these limits have been pierced.

Using the Min/Max program with the IMLRMA our minimum contribution would be \$665,969. Of this amount, the insurance company would pay \$453,366 in claims. After paying \$453,366 in claims, the City would pay for claims from \$453,367 up to \$693,384 at which time the insurance would step back in and pay claims. Under this program our maximum exposure is \$905,987.”

Director Joesten’s memorandum stated, “I have continued to recommend the fixed cost offering from the IMLRMA for a guaranteed annual cost of \$745,975. My reasons are;

1. In this period of fluctuation revenues this gives us a solid number to use in budgeting. Although there are timing advantages under self-insured for cash flow, unless there is significant improvement in our experience the ultimate cost is close to a wash. Due to almost non-existent returns on our money there is minimal positive impact due to time of cash flows.
2. We have initiated several new procedures we are hoping will have a positive effect on our results and ultimately drive future cost reductions in our insurance costs.
3. Although we are on the watch list and cancellation next year or after remains a possibility, I believe we will continue to have the self-insured option available. Bear in mind under this arrangement a major portion of the risk is shifted to the city.

This memorandum also included City of Freeport Worker’s Compensation loss history since 2004/2005 and the Large Loss Review over \$50,000 for the period on 12/31/04 through 1/2/2010.

**MINUTES**  
**SPECIAL MEETING**  
**Monday, December 13, 2010**

Present at the meeting were representatives from Arthur J. Gallagher Risk Management and they provided council with a letter to Mayor Gaulrapp dated December 9, 2010 as written by Account Executive Tyler LaMantia, CLCS. Representatives from Gallagher reviewed a chart of the Workers Compensation Loss History, Claims Counts and Payroll Summary. The cost of Arthur J. Gallagher will be \$400,000 under the SIR for each occurrence to be paid by the city. Losses are typically paid 45% the first year, 35% the second year and 10% in the third year. Over the period of two years, the City would bear the financial burden of total losses up to \$1,990,021 with the insurance company stepping in after one or both of these limits have been pierced.

Representatives from Gallagher provided an overview of risk management efforts beginning with overall safety awareness training programs. Employees and staff should be made aware of their surroundings, understand Freeport is focused on controlling losses and that they are empowered to report problematic issues and concerns to the administration for resolution. The Gallagher loss control program would be a five part approach including risk assessment, loss control recommendations/visits, webinars/risk management updates/literature, quarterly claims meetings with workers compensation carrier, and consistent insurance program assistance and review.

Discussion was held regarding the IML cancellation and questions arose as to whether it is imminent. Training programs have been implemented in the City and Director Joesten was asked to provide a listing to the council.

Director Joesten stated that he recommended the council to continue with the IML at a cost to the City of \$745,975.

Aldersperson Boldt moved to proceed with the IML alternative, seconded by Aldersperson Corbin. Mayor Gaulrapp stated there is a motion on the floor to go with the IML. A roll call vote was taken.

Yeas: Endress, Boldt, Corbin, and Klemm (4)

Nays: Bush, Helms, and DeVine (3)

Mayor George Gaulrapp voted nay bringing the vote to 4-4.

Aldersperson Helms moved to go with the SIR with Gallagher, seconded by Aldersperson Klemm.

Discussion was held in taking a couple of days to think it over. Discussion was held regarding the budget and costs for training, on-the-job training and overtime due to training.

Aldersperson Boldt made a motion to adjourn the meeting to a specific date and time which would be Saturday, December 18, 2010 at 10:00 am, seconded by Aldersperson Helms.

Discussion was held regarding the time on Saturday.

Aldersperson Boldt amended the motion to meet on Saturday, December 18, 2010 at 8:00 am, seconded by Aldersperson Helms. Motion passed by voice vote without dissent.

**MINUTES**  
**SPECIAL MEETING**  
**Monday, December 13, 2010**

**PUBLIC COMMENTS – Agenda items**

Bernie Mrugala, 1310 S. Galena Avenue spoke on his viewpoint of the property casualty loss prevention programs stating that if losses can be prevented then the cost of losses can go down.

Upon motion duly made and seconded, this meeting on December 13, 2010 was adjourned at 9:15 pm.

s/ Meg Zuravel  
Meg Zuravel, City Clerk