



City Council

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

MINUTES SPECIAL MEETING Saturday, December 18, 2010

Note for the record: The special meeting was called on a motion by Alderperson Boldt at the meeting held on December 13, 2010 by adjourning to a specific date and time set as December 18, 2010 at 8:00 am, seconded by Alderperson Helms. Motion passed by voice vote without dissent.

On December 14, 2010, the agenda was posted two places in City Hall and on this day at 3:57 pm the agenda was emailed to the council and a mass email was sent to 95 members of Agenda Notice listing including members of the media requesting such notice. Agendas were delivered to the personal residences of the Freeport City Council members (Klemm, Boldt, Bush, DeVine, Endress, Helms, O'Neill and Corbin).

Present at this meeting were media personnel from the radio station and newspaper.

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 8:00 am on Saturday, December 18, 2010, in Council Chambers.

ROLL CALL

Present on roll call council members Dennis Endress, Linda O'Neill, Shawn Boldt, Scott Helms, Jennie DeVine, Randy Corbin Tom Klemm, and Ronnie Bush, (8). Corporation Counsel Sarah Griffin was present.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Alderperson Endress.

APPROVAL OF AGENDA

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

PUBLIC COMMENTS - AGENDA ITEMS

Present at the meeting was John Cook, 1310 Stover, Freeport, Illinois who stated he was signed on the sheet as a non-agenda item. Mr. Cook asked council for a motion to accept his public comments.

Corporation Counsel Sarah Griffin stated that at a special meeting the only things that can be discussed are agenda items and that is why on the special meeting agenda you will note under the public comments it is for agenda items and that is how it has been interpreted. Corporation Counsel Sarah Griffin stated the state statutes says that you can only discuss things that are specifically stated on the agenda for a special

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agenda and that is why the agenda is specifically set that way. Mayor Gaulrapp asked Corporation Counsel Sarah Griffin to provide an interpretation to the council on Monday.

DEPARTMENT HEAD REPORT – FINANCE

On council agenda was “RFQ’s (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 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.

Director Joesten asked council if they had any comments or questions. Director Joesten stated that since the meeting on Monday, council had received two documents clarifying the IML intention for the watch list and potential cancellation and the other memo provided clarity to training that the City has been provided and the partnership with IML.

Corporation Counsel Sarah Griffin stated there is a motion on the floor from Alderperson Helms to approve the RFQ by Gallagher Bassett services proposal.

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Aldersperson Helms made a motion to retract his motion to go with Gallagher, seconded by Aldersperson Bush.

Aldersperson Helms stated when he went with the proposal from Gallagher was to make sure that the city didn't get cancelled by the IML and have us put into the high risk pool for the Worker's Compensation. Aldersperson Helms stated that the questions in the letter by Eric Little of the IML that he had answered and were they provided a two year guarantee as long the City holds up their end of the bargain then he is good with that and at this point he recommended that the council go with the IMLRMA.

Aldersperson Helms requested monthly updates on claims.

Aldersperson Helms made a motion to continue with the IMLRMA with the two year guarantee, seconded by Aldersperson Bush. Council was provided the opportunity to state their viewpoints. Discussion was held regarding the IML watch list, the risk pool and a municipality's progress once in the pool. This municipality had some employees who work for the city that had bad records and in this case they needed to do things to help this person along and do something about it.

Finance Director Craig Joesten reviewed the progress in place noting that there has been several remedial actions including training for infectious material and confined spaces in order to heightened awareness of employees.

Mayor George Gaulrapp stated there is a motion on the floor to continue with the IML and asked the deputy clerk to take roll call. Motion prevailed by roll call vote of:

Yeas: Endress, O'Neill, Boldt, Helms, DeVine, Corbin, Klemm and Bush (8)

Nays: none

Aldersperson Klemm made a motion to appropriate the funds to pay for the \$745,975 for property casualty insurance by authorizing release of funds, seconded by Aldersperson Endress. Discussion was held whether the funds are in the budget.

Finance Director Craig Joesten stated the budgeted amount was \$600,000 and the quote from the IML was \$745,975 and he asked for authorization to release these funds due to a slight increase in sales tax revenue, the cash flow is ok at this point in time, the property casualty funds will come out of the general fund and there is penalty is made in payments so it is the Finance Department's recommendation to pay the whole amount to avoid the \$3,700 penalty.

Finance Director Craig Joesten stated the State of Illinois is 13 weeks behind in paying the City and owes it \$951,000. Even if there were two payments made, the second one would be due on May 12 which comes before the property taxes are received. The \$600,000 was incorporated as a line item.

Duane Price was called to the podium and stated the amount appropriated was \$600,000, the amount due is \$745,000 and there is an amount in the interdepartmental with a contingency and he believes we have the amount appropriated.

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Mayor Gaulrapp requested a roll call vote to approve the appropriation of funds to pay \$745,975 to the IML and asked the deputy clerk to take roll call. Motion prevailed by roll call vote of:

Yeas: Endress, O'Neill, Boldt, Helms, DeVine, Corbin, Klemm and Bush (8)

Nays: none

PUBLIC COMMENTS – Agenda items

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

Upon motion duly made and seconded, this meeting on December 13, 2010 was adjourned at 8:20 am.

s/ Meg Zuravel

Meg Zuravel, City Clerk