

**MINUTES OF THE WARREN – WAUKEGAN FIRE PROTECTION DISTRICT
GURNEE STATION #2**

Wednesday, September 21, 2011

President DeRuntz called the meeting of the Board of Trustees of the Warren-Waukegan Fire Protection District to order at 7:30 p.m.

Trustees Present: John Badtke, Phil DeRuntz, Martin Klauber

Other Officials Present: Linda E. Spring, Attorney

Others Present: Angela Moreno, Recording Secretary
Fred Friedl, Fire Chief, Gurnee Fire Department
John Kavanagh, Deputy Chief, Gurnee Fire Department
Doug Taveirne, Dam, Snell & Taveirne, Ltd.
Courtney Rios, PMA Financial

THESE MINUTES ARE NOT A VERBATIM ACCOUNT, EXCEPT WHERE OTHERWISE NOTED.

Public Comment: There was no public comment.

Approval of minutes: Trustee Klauber made a motion to approve the July 20, 2011 budget hearing minutes as submitted. Trustee Badtke seconded the motion.

AYES: Badtke, DeRuntz, Klauber NAYS: None. Motion carried.

Trustee Klauber made a motion to approve the July 20, 2011 regular meeting minutes as submitted. Trustee Badtke seconded the motion.

AYES: Badtke, DeRuntz, Klauber NAYS: None. Motion carried.

REPORTS

President's Report: President DeRuntz stated he has been very busy since the last meeting. He met with PMA Financial per the Board's request. He noted that they will be providing a proposal at this evening's meeting. He has also been working with Ms. Spring on exploring options regarding the levy.

Treasurer's Report: Trustee Klauber presented the Treasurer's reports for August 2011 and September 21, 2011 (see attached).

Trustee Klauber reported that the Illinois Funds account has approximately \$1.7 million and the MaxSafe CD's at the Libertyville Bank and Trust have approximately \$2 million. He stated that the first CD is earning 65 basis points and the second CD is earning 50 basis points. The Private

Bank CD is earning about 1%. He noted that the CD's at Community Trust, Consumer's, Great Lakes and Bay Tree all expire in March 2012.

Trustee Klauber noted that when Trustee Badtke opened the CD at Banco Popular he informed the Board that it would earn 1.1%; however it's only earning .1%. Trustee Klauber noted that he works for Banco Popular and made several inquiries about this. President DeRuntz also inquired to try to correct it and was told they were "too busy" to address the issue. Trustee Klauber expressed frustration with the customer service. He stated the bank is now offering 50 basis points on the CD however it requires that a checking account. Trustee Klauber stated that he will abstain from any action the Board may choose to take on this account.

Trustee Klauber also expressed frustration with the process of transitioning into the role of Treasurer, noting the varying requirements at each banking institution, the number of accounts and uncertainty about where correspondence from each bank is being sent. He stated that it takes a lot of work to get it all in order, and unfortunately this will happen every time the Board elects a new Treasurer. He recommended using a financial services company to consolidate the accounts in order to streamline the process, which would also ensure that all the necessary documents get to the auditor in a timely fashion.

Trustee Badtke made a motion to approve the Treasurer's Reports pending audit. President DeRuntz seconded the motion.

AYES: Badtke, DeRuntz, Klauber NAYS: None. Motion carried.

Trustee Klauber listed proposed expenditures in the amount of \$660,413.13. It was noted that the Village of Gurnee invoice listed was erroneously listed as the 1st quarter payment, however it is the 2nd quarter payment. Trustee Klauber stated that Ms. Haage, the District's bookkeeper has the invoices however she is on vacation. He will scan them and send them to Ms. Spring to distribute to the Trustees.

Ms. Spring suggested that future Treasurer reports include a line under the approved payments listing the posted checks, which would assist her in reconciling the Treasurer's report and the expenditures. Ms. Spring also suggested that when an expenditure is added to the list at the meeting that the amended list should be prepared for the following meeting. The Board agreed with both of Ms. Spring's suggestions.

Trustee Badtke made a motion to approve the proposed expenditures. President DeRuntz seconded the motion. A roll call vote was taken.

AYES: Badtke, DeRuntz, Klauber NAYS: None Motion carried.

Secretary's Report: There was no report.

Fire Chief's Report: Chief Friedl reported that his staff met with the fire apparatus dealer to discuss a proposal for an ambulance and for a fire engine. He provided the Board with copies of the quotes for each vehicle. He stated that the ambulance is very similar to the ambulance the

District previously donated to the department; however it has a different chassis and therefore is less expensive. He pointed out that this company has a power loading unit that loads the stretcher into the ambulance, which is ideal for heavier patients and to reduce the risk of injury. The company will be at Station 1 on September 28th at 11:00 a.m. to demonstrate the system; the Board is invited to attend. This ambulance would replace a 2000 ambulance with approximately 130,000 miles that is getting expensive to maintain. The truck that would be replaced is a 1995 suppression engine that can no longer carry the proper equipment. The new unit has Class A foam, which uses less water and causes less damage. Trustee Klauber inquired about whether it's possible to retrofit the other ambulances in the fleet with the same power loading unit, and Chief Friedl stated he believed that can be done but he'll confirm. The Board requested that Chief Friedl provide a report at the next meeting that details how the new engine and ambulance will provide improved service to the district.

Attorney's Report: There was no report.

OLD BUSINESS

Ambulance Billing Complaints: There are none at this time.

Annexations: There are none at this time.

District Investments: There is nothing to discuss at this time.

NEW BUSINESS

PMA Financial Network Presentation: Courtney Rios, PMA Financial Network, appeared before the board to provide an overview of the investment services offered by PMA. She stated that they have been in the business for over twenty-five years and explained that they deal exclusively with public funds. She stated that her firm takes a conservative approach, focusing on safety, liquidity and yield. They adhere to Illinois statutes and the Board's investment policy. Ms. Rios provided an overview of the various types of investments they offer and stated they work with an extensive network of banks both locally and nationally. If the Board retains PMA, they would pass a resolution designating authority to PMA so they are able to execute all of the investments on behalf of the district. Ms. Rios explained their fee structure stating that they are compensated per transaction and there is no monthly management fee. Trustee Klauber requested a formal proposal for the November meeting that is specific to the district and requested to view investment policies of other fire districts.

2011 Audit: The 2011 audit will be presented at the November meeting.

Draft 2011 Levy: Ms. Spring provided the board with a handout detailing three possible scenarios, a reduction of \$2 million, \$2.73 million and \$3 million, which Mr. Taveirne assisted in preparing. Mr. Taveirne explained the three scenarios and the accumulation rate under each scenario. Trustee Klauber inquired about the impact each reduction would have on a typical homeowner in the district. Mr. Taveirne stated that under the \$2 million reduction scenario, a \$300K home would see a reduction of \$300-\$350 from the property tax bill. Under the \$3

million scenario that amount would increase to \$500. Mr. Taveirne explained that the reduction of the levy needs to be a one time reduction, because if it is done for multiple years the district will revert to a lower base, which would then require a referendum. He stated that by reducing the levy the district is deciding to forego the increase that it would receive this year and going forward, and that it's best to do it during a low CPI year. Ms. Spring stated that other districts that are in this situation are weighing whether to lower the levy or make an expenditure that would benefit the district in order to lower the reserves. She explained that tax dollars are not for the district to invest on behalf of taxpayers, they are for fire service. If the district takes a reduction for one year, the county will take the highest extension over the last 3 years and use that as the base. Any expenditure must benefit the district residents. Ms. Spring suggested a meeting between one of the Trustees, Ms. Spring and Chief Friedl to throw around some ideas for expenditures to benefit the district.

Trustee Klauber stated that he believes the Board needs to reduce the levy at some point; however he would prefer delaying it on year because he feels unprepared at this time. Ms. Spring provided an overview of each reduction scenario. Trustee Badtke stated that even with the \$3 million reduction scenario the district would be able to buy equipment for the fire department. Trustee Klauber inquired what waiting one year to reduce the levy would do, and Mr. Taveirne estimated it would increase the fund balance by approximately \$600,000.

Trustee Klauber made a motion to levy the standard levy. The motion failed for lack of a second.

Trustee Badtke made a motion to reduce the levy by \$3 million from the prior year's extension. The motion failed for lack of a second.

President DeRuntz made a motion to reduce the levy by \$2 million from the prior year's extension. Trustee Klauber seconded the motion.

President DeRuntz stated that even with the reduced levy the district can still consider purchasing equipment. Ms. Spring noted that as long as the levy is less than 5% more than last year's extension a Truth-in-Tax hearing is not necessary, which means that the 7-14 day notice is not required. President DeRuntz stated that the board needs to reduce the reserves and this is a step in the right direction. Trustee Badtke noted that equipment purchases are factored into the contract with the village and that only 25% of the residents served by the fire department live in the district and the remaining 75% live in the village. He suggested that the village provide 75% of funding for equipment and that the district provides 25% of the funding. Trustee Klauber stated that while he agrees in theory that will not happen and acknowledged the need for the equipment.

AYES: Badtke, DeRuntz

NAYS: Klauber

Motion carried.

VFIS Insurance Renewal: This is complete.

MESS Contribution: Deferred to the next meeting.

Closed Session: None.

Next Meeting: The next meeting of the Warren-Waukegan Fire Protection District is scheduled for November 16, 2011. Due to a scheduling conflict, Trustee Klauber requested a change to the meeting date.

Motion by Trustee Klauber to change the meeting date to November 15, 2011. Trustee Badtke seconded the motion.

AYES: Badtke, DeRuntz, Klauber NAYS: None. Motion carried.

Ms. Spring reviewed the agenda items with the Trustees.

Adjournment: Having no further business to come before the Board, President DeRuntz made a motion to adjourn at 9:26 p.m. Trustee Badtke seconded the motion.

AYES: Badtke, DeRuntz, Klauber NAYS: None. Motion carried.

Secretary of WWFPD

Date minutes approved