

VILLAGE OF LAKEWOOD
MINUTES OF VILLAGE BOARD MEETING
MARCH 9, 2021

The Village Board Meeting was called to order by President Stephan at 7:00 p.m. Present via Zoom were Trustees Alexander, Augustine, Berman, Eddy, Odom, and Ulrich. Also present via Zoom were Chief Administrative Officer Jeannine Smith; Village Attorney Michael Smoron; Deputy Clerk; and many members of the public

President Stephan started the meeting by saying that he wanted to touch on a few things, concerns and questions that might have come up. He noted that some residents were questioning the Lakewood Ledger and if the Village ever put one out before. President Stephan then showed several past Ledgers from 2017, 2018 and 2019. He explained the importance of the Lakewood Ledger as a year in review. He also addressed the Newsletters and how they provide information for what is going in the Village; hydrant flushing, unbundled brush pick-up, etc. as well as what is being built.

President Stephan then announced that Trustee Odom has 47 concerns regarding the October financials. He noted that the Village takes these allegations very seriously, especially if unfounded. He stated that we have a couple of Trustees that would like to speak to this.

CAO Smith then addressed remarks made about our budget. On one of the blogs there was a comment that the board approves the budget and that it was \$305,000 in the red. But what was not commented on was the fact that this was discussed in detail in April of last year. A conservative approach was taken. CAO Smith noted that The Village ended the prior fiscal year with a Fund Balance in the General Fund of 56%. CAO Smith then addressed comments that there was not a budget. She stated that there was a budget and it was approved. The issue was line items that were in the agenda that were not specifically budgeted for in the budget. She explained that just because we didn't budget for it doesn't mean that the money wasn't appropriated; it was just put in another fund. We're spreading it out so that we can see how much money is going to be spent on Public Works versus the Police vs. what else we have in their administrative services and utilities. There was another comment about there was no budget for computer equipment in Lakewood Utilities. There was a charge for \$124.97 a router that we needed to purchase for the wastewater treatment plants so that the guys could have Wi-Fi access when they're out there. She noted that budgets don't account for emergencies and that there are many reasons why there would be an expenditure in a particular year that is not budgeted for. We watched what our bottom line is we're not going to amend the budget for one line item that was not budgeted for. If you look at our General Fund Net Revenue I'm looking at the period ending November 30th 2020 and I picked November 30th because that's the month that's the last month of financials that would have been approved at the last meeting if Trustee Odom hadn't pulled them from the packet. Had we approved that set of financials you would have seen that the General Fund has \$708,656.36 of revenue in excess of expenditures. I'm not going to go through every fund, they're all healthy. Looking at the Motor Fuel Tax fund - \$152,125.49 of that Revenue is in excess of expenditure. Lakewood Utilities had \$331,508.20 in revenues in excess of expenditures. Refuse Fund shows that we actually had \$634 in net revenue in excess of expenditures. The Village had \$6,668.94 of net revenue in excess of Lake Patrol expenditures.

Village Board Meeting Minutes
March 9, 2021
Page Two of Ten

RedTail was budgeted back in April because we had no idea what was going to happen with the pandemic. The Village was told that the RedTail might have to shut down. We were very conservative in our approach to planning for the golf course so that's probably where you're *going to see some of the differences because we didn't plan for as many employees as we ended up having.* We didn't plan for the expenditures that we would have for maintenance, for instance, because we thought that we were going to be shut down or people would be walking because that's what we were told was going to happen. We also didn't plan for the revenue that came in and so when you look at the November 30th financials, you will see that the net revenue for Red Tail Golf Club is \$375,335.89 in excess of expenditures. CAO Smith explained that the Village is in the process of implementing a new software program and that is part of the reason why things are a little delayed. We want to make sure that the software is implemented properly before we move on to budgeting for the next fiscal year.

CAO Smith then asked Trustee Augustine to comment on the meeting that he attended with Trustee Eddie, Kris Thune and Village Treasurer Kim Berman.

Trustee Augustine then took the floor to explain that he went over each of the line items that Trustee Odom identified as being incorrect. He first noted that the Village has moved from one finance tracking program to Caselle Connect. The new software should be a more efficient way of logging and reporting financials. As a result of the software migration, certain things had to be re-inputted. Trustee Augustine said that 4 of the discrepancies were due to rounding up or down to the nearest dollar. He went on to say that the numbers as of after October were correct. He also said that there were 13 duplicate entries. The money was not spent twice; it was just entered twice by a Finance employee. Also, he stated that they found 19 payroll reclassifications, not extra payroll, not more money going out and it caught up in October. He summarized by saying that there were 4 issues of rounding, 13 duplicate entries, 19 payroll classifications, 3 invoice data issues and 5 were fine (there were no mistakes found).

Trustee Odom commented that she understands that the duplicated entries and reclassification invoice date issues make sense and that it is not an alarming situation.

Trustee Eddy said that once the errors were noticed and corrected that the September financials should have been run and reprinted with the corrections made so that it would not be so alarming.

Resident Laura Tobin stated that since transparency has been such an issue that she would like Trustee Augustine to continue to go through issues so that everyone is aware.

Trustee Augustine commented that he had no problem with Trustee Odom pulling items from the Consent Agenda but did not approve how she presented it at the last meeting. He then asked if Kris Thune or Treasurer Berman had anything to add.

Village Board Meeting Minutes
March 9, 2021
Page Three of Ten

Kris Thune said that they are working with the new system so that it presents the cash and investment information is presented in the way that they are used to seeing it.

Trustee Augustine then proceeds to go through each point to identify the issue while checking with Trustee Odom that she is satisfied with the information until they both agree that it does not have to continue.

Trustee Augustine then took the time to thank the staff for explaining everything to him. He states that he learned a great deal and is able to walk away knowing that nothing nefarious is going on.

Trustee Alexander asked if Trustee Augustine found any systemic fraud. Trustee Augustine replied that he did not.

Trustee Ulrich brought up the fact that many residents have told him that there are people knocking on doors telling residents that this administration has stolen \$150,000. He then commented that it was good to know that there is not \$150,000 missing.

President Stephan thanked Trustee Augustine and said that it's a testament to just how hard the staff does work.

Trustee Augustine added that he also heard the rumor about \$150,000 being stolen from a resident. When he questioned the resident as to where they heard it, they responded that it was on social media.

Trustee Berman stated that residents' getting their information from social media is not a great idea. He said that he does not think it's the right venue for discussing Village business. He feels that it is an echo chamber and that lies are propagated and reinforced. He then commented that if someone knocks on your door and says that there is \$150,000 missing, that they should call one of the Trustees. The Trustees are here for you.

President Stephan thanked Trustee Berman for his input and the staff for coming to the meeting. He then opened the floor to Public Comments.

PUBLIC COMMENTS:

Andy Knapp from 7314 Fairway Drive thanked the President and Board for putting the discussion on the agenda.

Dave Stavropoulos from 7425 Bonnie drive thanked the Trustees for their service to the Village. He stated that he has been quiet for the last several months as it was important to him to listen to

Village Board Meeting Minutes
March 9, 2021
Page Four of Ten

the Board and the meeting participants. He has spent time listening to residents' thoughts and concerns about the Village. He states that they feel that their voices have gone on unheard. Their concerns are about the 83% employee turnover rate, discrepancies in monthly financials, police firing, dashcam fights, and delays in our audit filings. He says that latest audit shows our net position is down, reserves are down, revenues are down, liabilities are up and expenses are up. We're at least \$10 million in debt and our bond rating is now on credit watch. He adds that there is also a silent majority that is out there. They too are equally concerned as to what is happening to our village. He states that he and the "silent majority" want to fix this by being empathetic leaders that are accountable to the people that they serve. Finally, he comments that he hopes that our leaders are accountable to the people that they serve, and most importantly, leaders or listeners. He hopes that our leaders can find a way to start to listen before the next Northwest Herald article, before the next McHenry County blog, before the next downgrade in our credit rating, before the next property tax increase.

Tricia Babischkin at 8404 Trevino Way stated that she has tried to get responses on several occasions from our CAO regarding the concerns that she has about the finances. She stated that CAO Smith has rarely responded to her. She continues to say that there are still errors on the financials that are more than 32 cents. She states that calling out \$7 in postage seems trivial and minor but that it is not the only line item that was never budgeted for, for example the software system for \$31,000 that is causing issues was not budgeted. She says that it appears that we are spending, thinking about it and then budgeting. Mrs. Babischkin would like to know when the budget workshops will be presented. She would like the Board to tell the CAO that she needs to respond to a resident's concern and then her questions would be answered.

Steve Gough, 7050 Longmoor Drive started by saying that he recognized that his Facebook Group, the Village of Lakewood local news and politics was referred to earlier in the meeting. He states that "If we were to analyze echo chambers, you guys live in the smallest one." He says that they have over 700 residents in their community group. He claims that they work together on things, talk about what's going on and break with information a lot of times before the city does.

Laura Tobin, 2055 Broadway Avenue began by asking if there was anything in the budget for the upkeep on the median on Broadway. She is wondering if anyone has been hired yet. She notes that all of the beautiful rocks that were donated for the meridian were dug up by the snowplows. She is concerned that it will cost more money to put more rocks down and hopes that the Village will not do it. It is a waste of money. She again asks when the upkeep will be included in the budget. She wonders why the Village did not increase the vehicle sticker cost to pay for this. President Stephan noted that if someone wanted to see the Lakewood Ledger that it was on the Village website.

Village Board Meeting Minutes
March 9, 2021
Page Five of Ten

Laura Tobin stressed that the message needed to get out otherwise how will people know that they are supposed to buy a vehicle sticker.

Shelby Younge, 6915 Inverway claims that she has seen budgets and line items and that she is still confused. She feels that there is a lot of money missing, "like, over \$90,000 missing". She does not think it's an Excel mistake. She says that maybe she is reading it wrong and is not sure what is going on. She is very concerned and would like some answers.

Janice Hansen, 7130 Marsh Drive noted that the Village stickers have not been on the agenda to be approved as to how much they cost and when they are due. She also states that by now we should have a budget amendment to find out how much money we have in the budget from the previous budget.

President Stephan said he would like to start answering some of the questions. He addressed Dave Stavropoulos' allegations of employee turnover, missing money, bad financial position and that the Village was on the brink of getting their Triple A bond rating lowered. He state that there is not truth in any of those claims. He invites Mr. Stavropoulos to meet him at Village Hall and he will show him around. He addresses Ms. Babischkin's claim that money is missing. He noted that she cannot state that without backing it up. He says that the financial staff is shaking their heads. He states that this is strictly political and that she is just throwing things out there. He feels that it is unhealthy for the Village. He finishes with the fact that if there were any money missing that the auditor would have found it so these are all false allegations.

Trustee Berman stated that there's a qualitative difference, though, in the way that Shelby Younge phrased it. He would like to have that particular public comment verbatim.

President Stephan stated that the vehicle stickers are mentioned in the water bills that were sent out recently and that the Gates will get it in a few more weeks. He notes that he does not think that the stickers should have ever been discontinued. It brings in about \$60,000 per year for the Village, the Police Department, signage and roads.

CAO Smith noted that the residents that pay through ACH will be getting the newsletter via email and that the information is on the Village's Facebook page.

President Stephan addressed the resurfacing in the Gates. He stated that we have to make sure that the infrastructure underneath the street is sound. He explained that every time Public Works puts in a drain that connects to Broadway that they have to carve a large H out of Broadway. If Public Works just paved over Broadway, they would be systematically tearing it down year after year as they put the inverts in the streets.

Village Board Meeting Minutes
March 9, 2021
Page Six of Ten

President Stephan stated that one of the large funding mechanisms the he is relying on is revenue from the Travel Center. He said that people are saying that half a million dollars is a lot of money if you are only getting 2% revenue. He explained that there would also be 12 gaming terminals there which the Village would be getting 5% of that revenue.

President Stephan then addressed the median on Broadway. He pointed out that the East End belongs to Crystal Lake and that Crystal Lake has to maintain their portion. He said that he would prefer that ornamental grasses or things that will do well in a wet area should be put in as it is easier to maintain.

President Stephan said that he does not think that the low lying areas on Sunset will flood after opening up the drains and clearing them out.

Trustee Eddy commented that she had gone through "Robert's Rules of Order" and noted that it is very much appropriate to amend previously approved minutes.

President Stephan thanked her for doing the research.

MOTION TO APPROVE THE FEBRUARY 9, 2021 REGULAR VILLAGE BOARD MEETING MINUTES

Trustee Ulrich, seconded by Trustee Alexander, moved to approve the February 9, 2021 Regular Village Board Minutes. Voting Aye: Trustees Berman, Eddy, Ulrich, Alexander, and Augustine. Voting Nay: Trustee Odom. Motion declared carried.

MOTION TO ACCEPT AN OFFER TO PURCHASE A LOT AT 8732 SHADE TREE CIRCLE IN THE AMOUNT OF \$22,000.

Trustee Alexander, seconded by Trustee Eddy, moved to accept an offer to purchase a lot at 8732 Shade Tree Circle in the amount of \$22,000. Voting Aye: Trustees Berman, Eddy, Ulrich, Alexander, Odom, and Augustine. Voting Nay: None. Motion declared carried.

MOTION TO AUTHORIZE THE CHIEF ADMINISTRATIVE OFFICER TO EXECUTE A CONTRACT FOR THE PURCHASE OF A LOT AT 8732 SHADE TREE CIRCLE IN THE AMOUNT OF \$22,000.

Village Board Meeting Minutes
March 9, 2021
Page Seven of Ten

Trustee Alexander, seconded by Trustee Augustine, moved to authorize the Chief Administrative Officer to execute a contract for the purchase a lot at 8732 Shade Tree Circle in the amount of \$22,000. Voting Aye: Trustees Berman, Eddy, Ulrich, Alexander, Odom, and Augustine. Voting Nay: None. Motion declared carried.

President Stephan stated that the next motion to vote on was the final payment for Schroeder Asphalt to close out last year's resurfacing.

Trustee Odom then questioned the difference in the initial Schroeder bid of \$193,856 vs. the \$208,000 final amount. She said that it was a difference of \$47,000 that was over what the Board approved.

President Stephan explained that the money for the project came from 2 different funding mechanisms; \$110,000 came from the Motor Fuel Tax and the other \$100,000 came from the General Fund. That amounts to \$210,000. The money was appropriated and then the project changed to better suit the residents.

Discussion then ensued regarding Trustee Odom's questions. It was mentioned that the questions could have been brought up before the meeting vs. during the meeting. It was also noted that there was \$210,000 appropriated and that the final cost was under that number by approximately \$1,700. After several minutes of comments by the Trustees, it was decided to put it to the vote.

MOTION TO AUTHORIZE FINAL PAY REQUEST FROM SCHROEDER ASPHALT SERVICES TO CLOSE OUT THE 2020 ROAD MAINTENANCE PROGRAM.

Trustee Alexander, seconded by Trustee Ulrich, moved to authorize the final pay request from Schroeder Asphalt Services to close out the 2020 Road Maintenance Program. Voting Aye: Trustees Berman, Eddy, Ulrich, Alexander, and Augustine. Voting Nay: Trustee Odom. Motion declared carried.

President Stephan then introduced the next motion of adopting new branding for RedTail and asked PGA Professional Jim Rafferty to discuss the marketing ideas behind it. Jim Rafferty explained that they did a small marketing test and that the results were favorable to the new branding.

MOTION TO ADOPT NEW BRANDING IMAGE FOR REDTAIL.

Village Board Meeting Minutes

March 9, 2021

Page Eight of Ten

Trustee Berman, seconded by Trustee Augustine, moved to adopt the new branding image for RedTail. Voting Aye: Trustees Berman, Ulrich, Alexander, and Augustine. Voting Nay: Trustees Eddy and Odom. Motion declared carried.

MOTION TO AUTHORIZE CAO SMITH TO EXECUTE N2 PUBLISHING ADVERTISEMENT AGREEMENT.

Trustee Ulrich, seconded by Trustee Augustine, moved to authorize CAO Smith to execute N2 Publishing advertisement agreement. Voting Aye: Trustees Ulrich, Alexander, and Augustine. Voting Nay: Trustees Berman, Eddy and Odom. With President Stephan casting the tie-breaking vote, the motion declared carried.

MOTION TO AUTHORIZE THE ACCURATE BIOMETRICS, INC. AGREEMENT.

Trustee Alexander, seconded by Trustee Eddy, moved to authorize the Accurate Biometrics, Inc. agreement. Voting Aye: Trustees Ulrich, Alexander, Berman, Eddy, Odom, and Augustine. Voting Nay: None. Motion declared carried.

REPORTS:

Village Treasurer Kimberly Berman thanked Trustees Augustine and Eddy for coming to talk in person regarding the financials.

Trustee Berman thanked everybody that put the effort into addressing the allegations that were made regarding the Village's financials; Kris Thune, Trustees Augustine and Eddy and Village Treasurer Berman. He then commented that Trustee Odom could have brought her questions to the Boards' attention prior to the meeting. He felt that it was for political effect. He then addressed the fact that the Village just passed a vigorous audit with flying colors. He said that social media had previously stated that the Village would lose their Triple A Bond rating. He explained that they were now saying that a Triple A Bond rating was to be expected. Trustee Berman stated that the recent issues such as lawsuits, large number of FOIA requests, and threats of investigations by the Attorney General make our Village look stupid. He asked that the residents work together.

Trustee Ulrich then addressed the fact a lot of residents' tax money has been spent of FOIAs and the majority of them are coming from one resident. He said there were also complaints to the Attorney General Open Meetings Act. They even sat down with the Village's audit only to find that the allegations were unfounded. Trustee Ulrich likened their actions to burning down the

Village Board Meeting Minutes

March 9, 2021

Page Nine of Ten

house that you are living in. He said that it's only a handful of people and the rest know that the Board is working hard to generate revenue, lower taxes, increase house values, and get more parks and trails.

President Stephan then commented that the FOIAs were being weaponized. He noted that we spent almost \$5,500 on FOIAs in one week which could amount to \$286,000 in a year. He said that some of the people behind these FOIAs are running for office. He asked CAO Smith to give examples of FOIAs requested that are unduly burdensome. CAO Smith noted that Tricia Babischkin requested a FOIA that would have resulted in over 3,000 pages. Tricia was asked to narrow her scope and her next request produced about 3,000 emails. She was then asked to narrow it again. CAO Smith said that it is a constant back and forth requesting for a narrower scope to come up with a manageable number. CAO Smith added that there are normal requests that occur from a building perspective in the Village on a regular basis as well and that the recurrent requestors just add to it. She also commented that the legal bills and hours last week were in response to what happens if they have a FOIA response that they don't agree with or wasn't responded to properly. They will then file a complaint with the Attorney General.

Trustee Berman asked CAO Smith how often she is dealing with complaints filed with the Attorney General and how that compared to her previous experience in other Villages. CAO Smith said that this is unique to the Village of Lakewood.

Trustee Ulrich noted that it is not only time and money but that it prevents the staff from being able to do their daily work.

Trustee Berman commented that the complaints to the Attorney General are serious issues.

CAO Smith explained that the Village has been able to respond to every request with the information requested. Several times the AG has come back and said that even though the requester didn't agree with the Village's response that the case was closed and no further action was required. It's very time consuming. The Village spent 45-46 hours on FOIAs and AG responses last week alone. She explained that we may have to look at either engaging the law firm or hiring an additional employee and either way, it's a cost to the Village.

Trustee Ulrich asked if that came out of the taxpayer's money.

CAO Smith answered that that was correct, that the Village is mandated by law and that we have to respond.

Trustee Alexander commented that he did not think it was fair to the residents to have to go through questioning financials when we're chasing down 3000 emails for political gain.

CAO Smith replied that it could be put on the next agenda. The issue would really be the training of the employee.

Village Board Meeting Minutes
March 9, 2021
Page Ten of Ten

Trustee Berman said that this is not the right way to conduct yourselves as citizens of where you live. He says that it's not right. That there will always be people on the opposite of the political spectrum. He said that no matter who wins the election coming up to not expect things to get better. Things might get worse and it might not be the same people it might be different people doing the same things that you guys all started.

President Stephan commented that it is unfortunate as we talked earlier on trying to focus on things like transportation or roads.

Trustee Ulrich asked what the Village's total levy is.

Trustee Augustine replied that it's like 1 million.

Trustee Ulrich said that we are nearing 5% of the budget.

President Stephan asked that someone move to adjourn.

Trustee Ulrich, seconded by Trustee Berman motioned to adjourn. Voting Aye: Trustees Ulrich, Alexander, Berman, Eddy, Odom, and Augustine. Voting Nay: None.

Karen M. Crowe
Deputy Village Clerk

Approved: _____ Dated: