

# Fire GUARD



A Publication of the Northern Illinois Association of Fire Protection Districts

Fall 2013

## Letter from the President



Hope everyone enjoyed the summer! I'm looking forward to the Fall season and cooler weather.

### Conference

The NIAFPD Conference Committee recently held their meeting, and as a result, Chairman Jim Quinn advises that the lineup of topics and speakers are almost complete. See the conference program grid in this issue of the Fire Guard and begin your plans to attend the NIAFPD Conference.

### Legislation

The veto Session in Springfield for the 98th General Assembly will begin on October 22, 2013 so be prepared to file On-Line Witness Slips when necessary. As in the past, we will be getting guidance from Chuck Vaughn and Bob Buhs on the various bills as they come up.

When we receive information from Chuck or Bob our Executive Director Kathy Haage will blast out information to the membership to act on. Please file the Witness slips as soon as possible as we need to show our Legislators that we are involved. The NIAFPD is a member of the Illinois Fire Caucus and will be in attendance at the Legislative Summit at the Motorola Headquarters in Schaumburg on October 30th 2013. If you have legislative issues you feel should be brought forward please contact Ron Kubicki or myself.

The IAFPD and the NIAFPD are offering Advanced Trustee Training (three part twelve hours) at Bartlett FPD on October 13-16, 2013. Advanced Trustee Training classes will be held when there are at 25 trustees in attendance. Trustees can earn 3 CEU hours at our upcoming Conference in February.

For those who have not heard Chief Bob Tinucci will be retiring from the Roselle Fire Department this month. I'm sure he will stay active with an organization within the fire service. Bob, on behalf of the NIAFPD I would like to thank you for your many years of hard work and dedication to the organization.

*Bill Hoffmeister  
President, Northern Illinois Alliance of Fire Protection Districts*

## Letter from the Executive Director



Fall is here and I will be sending out dues and lobbyist assessment notices. Lobbyist assessments are based on your assessed valuation reported to the Illinois Controller's office. Note that your assessment may have been adjusted based on current information. Please update your accounting system to reflect our address: P. O. Box 5819, Buffalo Grove, IL 60089.

It is our hope that our members will take advantage to the tools on our website. One way to provide current

information to our members is by completing any surveys under the member only tab of our website. If you do not know your log-in information please contact me through email. Khaage@comcast.net

The 2014 Conference and registration information will be available by the end of October. We encourage you to register on-line for the conference and remember to answer all questions asked on the registration link. Payment for your registration can be done with a credit card or by check.

*Kathy Haage, Executive Director  
Northern Illinois Alliance of Fire Protection Districts*



## Court Upholds Demotion of At-Will Minority Fire Officer

by Timothy Hoppa & Vladimir Shuliga, Ottosen Britz Kelly Cooper Gilbert & DiNolfo, Ltd.

Fire management must be ever vigilant about its employment decisions particularly when those decisions have an adverse impact on members of a protected class provided legal protections by federal and state law. The well-established legal test in discrimination cases, the McDonnell Douglas test, was recently applied and reaffirmed in a recent United States Court of Appeals for the Seventh Circuit decision affirming the non-discriminatory demotion of an African-American District Chief of the Chicago Fire Department in *Bates v. City of Chicago*, 2013 U.S. App. LEXIS 16563 (7th Circuit, August 9, 2013).

Under the McDonnell Douglas test, a plaintiff who is claiming discrimination must show four things: (1) he or she belongs to a protected class; (2) he or she met his or her employer's legitimate performance expectations; (3) he or she suffered an adverse employment action; and (4) he or she was treated worse than similarly situated employees outside the protected class. (*McDonnell Douglas Corp. v. Green*, 411 U.S. 792, 802 (1973)). In *Bates* the Seventh Circuit held that the plaintiff was unable to prove that he was treated worse than similarly situated white firefighters and he did not satisfy the McDonnell Douglas test.

Ronald Bates worked his way up the chain of command from firefighter up to District Chief at the Chicago Fire Department. A District Chief is part of the Fire Commissioner's personnel management team and it is an at-will position. In 2004, Fire Commissioner Jim Joyce retired and he was replaced by Cortez Trotter. Commissioner Trotter named his own management team. In doing so, Trotter made thirty promotions, demotions, and lateral assignments for at-will positions in the Chicago Fire Department. As part of the restructuring, Bates was demoted from District Chief to Deputy District Chief. Nicholas Russell, the person promoted to fill Bates' position, was also African-American. In addition, Russell served as the president of the African American Firefighters League for over a decade. After all of the changes Trotter made to his management team, the number of African American firefighters serving in the position of District Chief actually increased from two to three.

When the Seventh Circuit evaluated whether Bates was able to prove that he was treated worse than similarly situated non-black firefighters, it made a "common-sense" inquiry into the situation. The court found that the numbers simply did not support Bates' claim of racial discrimination. Of the eight demotions that occurred as part of Trotter's restructuring, five were for non-black firefighters. The court also emphasized the fact that Bates' replacement was an African-American firefighter who was known in the Chicago Fire Department for his advocacy against racial discrimination during his time with the African American Firefighters League. The court found it highly unlikely that Trotter's decision to demote

Bates was motivated by racial discrimination if Trotter filled the position with someone known as a vocal advocate against racial discrimination.

The court went on to conclude that even if Bates was able to prove the fourth element of the McDonnell Douglas test, Trotter had a legitimate, non-discriminatory reason for the demotion. Bates was demoted when Trotter, a new Fire Commissioner, restructured the existing management team to better fit his own management style. Trotter was looking for "high energy [and] enthusiasm" which better reflected his own management style. Trotter was "not impressed by the overall demeanor or enthusiasm" he saw in Bates. The court accepted Trotter's evaluation of Bates' leadership skills as a legitimate, non-discriminatory reason for the demotion. The court also pointed out that the restructuring a management team it is typical for employers who undergo a change at the highest level. Trotter exercised his discretion to shape his management team to conform to his own management style. Furthermore, African-American firefighters, as a group, benefited from Trotter's restructuring because the restructuring resulted in an increase in minority District Chiefs and added a well-known advocate for the African American Firefighters League to Trotter's management team.

*Bates v. City of Chicago* is a positive ruling for employers who undergo significant changes to their senior management structure. Change at the top of an organization often results in a ripple effect throughout the organization as the new leader moves to implement his or her own style and philosophy for the organization. Nonetheless, organizational restructuring should never be used as a guise for unlawful employment actions. Prior to taking any action which may create even the appearance of impropriety, it is well advised to contact your legal professionals



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## Session Report

Charles R. Vaughn, Vaughn Consulting Services

As we approach the 2013 veto session period much in the Illinois legislative picture is unclear. The leadership continues to, in a fashion, try to find a solution for vastly under-funded pensions. Even the members of the special committee feel they are living in a very dark room. Only time will tell if the solutions happen, work, or are in any part realistic. Sadly, I am afraid that we will see a claim of victory for what may be only a partial solution. Even that will be based on two ideas I believe are in conflict.

1. The solutions will need many years to be effective, and much of the pain will start later.
2. Future legislatures will resist convenient changes that may render these solutions less than workable.

What we will be asked to count on is a "promise that they will never do it again." Since any limits placed on future legislators can just as easily be changed by future legislators there is real doubt. While legislators seek cover for the members, the retired, and those working now, wonder how safe their futures are in the hands of those who caused the problems in the first place.

Sen. Link will attempt to move a bill on consolidation during these 6 days. What began as a bill we has epic doubts about has been weakened to one that has very little effect on districts. Two areas are still of concern to us:

1. Since we have worked closely with the IML in resting a bad bill we must take care to not "sell out" those who shared our fight.
2. Will this be an incremental process where labor starts a step-by-step long campaign to get the parts we opposed back?

This has been a highly effective campaign for Districts, and while not bragging to claim victory, we certainly did VERY WELL. My role will be to balance the two above concerns for you. We have not seen the end of this, and municipalities will still come to us to explore contracting for services.

The issue of "paper districts" is a hot topic, and needs serious attention quickly (See the stories about claims made by the Springfield chief about districts). At our conclave we need to address this. In addition, power to dissolve other governments was given to the DuPage county board. We succeeded in getting some protection by including the right to a back-door referendum. This was aimed at about 6 DuPage paper districts.

In my October report to the members I will summarize the new bill we care about that got signed. Some of that process is still in play. As we approach the Issue Summit we go to every fall it is important that members forward suggestions for bills to the legislative committee as much before October 20 as is possible.

As always, I appreciate your trust in me.



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**NIAFPD Website**

All NIAFPD members have been issued a username and password for the NIAFPD website. If you have not received your information please email khaage@comcast.net.

Here are a few things you can do from the Members Only section of the website:

- Update Your Contact Information – This will insure you are receiving current information.
- Submit an Event – This is an opportunity for the NIAFPD to post your districts upcoming events.
- Take A Survey – This is an opportunity for the NIAFPD to gather pertinent information to share with other fire protection district members. An example is salary and benefit information.

**U** pcoming  
**D** ates

Illinois General Assembly Veto Session

October 22 - 24, 2013  
November 5 - 7, 2013

NIAFPD Annual Conference - Lombard, IL

February 6 - 9, 2014

IFCA Annual Symposium - Peoria, IL

May 14 - 16, 2014

IAFPD Annual Conference - Springfield, IL

June 19-22, 2014



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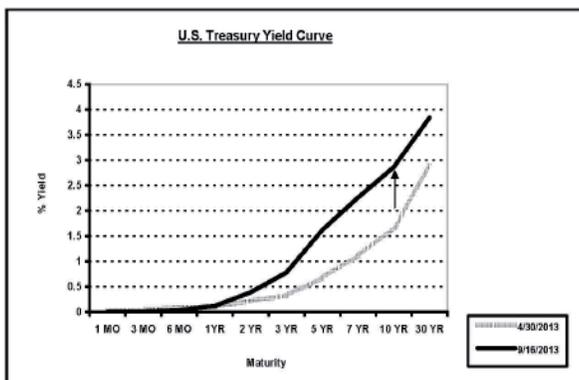
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## Tapering Concerns Influence Bond Prices

Thomas S. Sawyer, Sawyer Falduto Asset Management, LLC

A new buzz word came to the forefront of the financial media during the three short months since our last writing. On the eve of the September meeting of the Federal Open Market Committee, investment community speculation is clearly focused on whether or not the Fed will begin to “taper” off of the \$85 billion in monthly purchases of U.S Government bonds. Consensus speculation is that the Fed will likely announce an initial reduction (taper) of \$10 billion. From our vantage point Treasury yields appear to have already discounted the expected reduction in bond purchases.



Since the initial speculation surrounding off of the quantitative easing gas pedal commenced, the yield on the benchmark ten-year U.S. Treasury note has ratcheted higher from recent lows of 1.63 percent observed in May to 2.85 percent at this writing. Readers should note that the Fed has continued to affirm its forward guidance that short-term interest rates will be held near zero until target unemployment and inflation levels have been achieved. With inflation running around 2 percent and headline unemployment measures in the area of 7.5 percent there is little in the economic data to dissuade the Fed from its current position with respect to short-term interest rates.

What should both our district and pension trustee readers of FireGuard make of all this? Structurally, the shape of the yield curve has changed dramatically. As is graph above shows, short-term rates have not moved at all while yields for securities with maturities of two years and longer have moved higher. In investment parlance, the yield curve has “steepened” substantially. The yield difference between the two-year and ten-year U.S. Treasury has increased by over 100 basis points (1 percent) since the end of April. In other words, investors have the opportunity to invest proceeds from bond maturities and cash flows at notably higher yields than were available a few months ago.

While we are of the opinion that interest rates will continue to move higher over a longer time horizon, there remains a significant opportunity cost that comes with taking too conservative a stance when structuring fixed income portfolios. When one considers the current economic environment, the current structure of interest rates could endure for some time. The U.S. economy continues to grow at approximately a 2 percent pace with inflation running at similar levels. Both measures are below levels normally associated with a period of economic recovery. The unemployment picture continues to improve but still has a fair amount of ground to cover before reaching the Fed’s target level. As noted earlier, there is little reason for the Fed to raise short-term rates. With all due respect to volatility that often comes with the news of the day, yield spreads (short maturity vs. long maturity) are fairly wide when compared to historical norms. Furthermore, cash investments and securities with maturities of less than two years are producing painfully low amounts of current income for investors.

*“The allocation to equities, fixed income and all available asset classes should be determined with careful consideration given to factors such as investment time horizon, liquidity requirements, diversification and the risk tolerance. The resulting asset allocation guidelines should be well documented in your investment policy statement and guidelines. Information contained in this commentary is solely the opinion of the author and obtained from sources believed to be reliable. Accuracy can not be guaranteed. Past performance is not predictive of future returns.”*



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**ILLINOIS FIRE SERVICES ASSOCIATION  
REQUEST FOR LEGISLATIVE INITIATIVES FOR 2013 SUMMIT**

The IFSA invites your community to propose legislative initiatives you would like pursued during the 98th Illinois General Assembly's session. Please submit your proposed initiative to the NIAFPD [khaage@comcast.net](mailto:khaage@comcast.net) and include the following:

Name

Email Address

District Name

Summary of Proposal

Problem that has caused legislation needed

Proposed solution (attach any draft legislation or language you may have)

Examples and background (provide examples of how the problem adversely impacts your organization)

Will this legislation cause an unfunded mandate?

Partnerships that you believe should be sought for support on this legislation

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- \* Explaining the nuances of the pension world to your active members?

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# Has Your District Made Plans to Attend the 2014 NIAFPD Conference?

## NIAFPD by Conference Chairman, Jim Quinn

In just four months the Northern Illinois Alliance of Fire Protection Districts will host its 21st annual conference at the Westin Hotel in Lombard, February 7 – 9, 2014. We ask that you place the NIAFPD Conference on your meeting agendas now so it may be discussed and board members can make arrangements to attend this valuable training opportunity for trustees, commissioners, chief officers, pension board trustees and administrative staff members. If you would like to have one of our executive board members attend one of your meetings to explain the benefits of this conference, we'd be pleased to do so.

The conference committee has completed the program and the entire program can be found in this newsletter. In reviewing the program you'll note that the Thursday afternoon sessions and all day Friday sessions are geared to provide educational opportunities for fire district administrative personnel and pension trustees. District trustees and commissioners can also benefit from these informative sessions. In addition to the knowledge you'll gain continuing education credit will be available. On Saturday we'll have a combination of joint general track sessions as well as individual trustee tracks, commissioner tracks, general tracks and administrative/pension tracks that qualify for continuing education credit.

As part of your registration fee you're invited to the Thursday special pension reception, the Friday sponsor reception and the Saturday closing reception. All receptions will have cocktails and Hors D'oeuvres with an extensive selection of Hors D'oeuvres at the Saturday reception. These receptions are an excellent opportunity to network with your peers from other districts.

You send your firefighting personnel to conferences and various training sessions, it's only right that you train yourselves in order to provide the best for your district and the citizens your district protects. Just as the training you provide your firefighting personnel a very justifiable expense of your district's tax dollars, so is the educational and networking opportunities available to you at the NIAFPD 2014 Conference.

Again, if you would like a member of our Board of Directors to attend one of your board meetings to discuss the benefits of our conference please call our Executive Director Kathleen Haage at 224.355.9778 or contact her via e-mail at [khaage@comcast.net](mailto:khaage@comcast.net).



**Visit our website to register for the conference**  
**[www.niafpd.org](http://www.niafpd.org)**

**Registration Deadline: January 14th**

**This conference will offer 16 CEU Credit Hours**



### **INTERESTED IN SERVING ON THE NIAFPD BOARD?**

*The NIAFPD Board of Directors is looking to appoint a director to fill an unexpired term ending February, 2014. The director must be a trustee from a member in good standing fire protection district. Only one trustee from a fire protection district can be a director at one time. Contact President Bill Hoffmeister if you are interested in being considered. [Hoffmeister@frankfortfire.org](mailto:Hoffmeister@frankfortfire.org) or 708-641-9672.*



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