

**EXECUTIVE BOARD  
Committee Meeting Minutes**

**Wednesday, September 27, 2017**

**IRMA Office**

**9:30 a.m.**

**PRESENT:** Kathleen Gargano, Chair  
Drew Irvin  
Bridget Wachtel  
Julia Cedillo  
Lisa Scheiner

David Clark  
Jessica Frances  
Peggy Halik  
Michelle Robbins

**ALSO  
PRESENT:** Margo Ely  
Dan LeTourneau  
Donna Sluis  
Jennifer Swahlstedt

Susan Garvey  
Rita Boserup  
Keena Marks-Cutler

**ABSENT:** None

**I. CALL TO ORDER**

Chair Gargano called the meeting to order at 9:30 a.m. Roll was taken and a quorum declared.

**II. APPROVAL OF MINUTES**

**A. Meeting Minutes of June 1, 2017**

Gargano asked if anyone had any comments/questions on the minutes. Hearing none, a motion was made by Clark and seconded by Frances to approve the June 1, 2017 meeting minutes. A voice vote was called and the motion carried.

**B. Reports for information only, found in the Member Section of the IRMA website –**

<http://www.irmarisk.org/Publications/IRMA-Reports.aspx>

- IRMA Financial Statements
- IRMA Investment Portfolios
- IRMA Payables
- 2<sup>nd</sup> Quarter Investment Performance Report
- Membership Recruitment Report
- Claims Operational Report
- Risk Management Services Report
- Training & Education Quarterly Report

Gargano asked if anyone had any comments or questions regarding the reports on the website. There were none.

### **III. CHAIR'S REPORT - GARGANO**

Announcement of Formation of Nominating Committee for 2018 Officers (Chair – Irvin)

Gargano thanked Irvin for coordinating this and at the October 16<sup>th</sup> Board of Directors meeting he will invite other members to join the nominating committee. At the December 13<sup>th</sup> Board of Directors meeting we will present the nominations. We have Dave Clark coming in as Chair and Jessica Frances as Treasurer.

### **IV. COMMITTEE REPORTS**

#### **A. MEMBERSHIP RELATIONS COMMITTEE – WACHTEL**

1. **Member Marketing & Retention Update**  
Wachtel stated that you will find a report starting on page 10 of the packet. IRMA staff participated in the ILCMA Summer Conference in Galena. They tried to participate in the IML Winter Conference, but their request was rejected as a competitive vendor with IML RMA. New Member Recruitment: Staff is working to provide prospective members some quotes including Glenview, Mount Prospect, Lincolnshire, Deer Park, Highwood and SWANCC. They are also in the process of quoting West Central Consolidated Communications and the Morton Grove-Niles Water Commission that is under development. On the front of member retention, they recently provided a presentation to the Village of Berkeley on the Public Officials Liability Program. We have been notified by the Village of Tinley Park that they are going to engage in a due diligence process for obtaining insurance quotes for January 2019. IRMA staff will meet with the Village and their trustee who is involved in the process. The Village of Westchester sent a letter that they were providing their 120-day notice, although they did not do it correctly. Ely commented further that there have been quite a few discussions with Westchester and they will no longer be a member of IRMA as of January 1, 2019.
2. **IRMA Website Re-Design – Update**  
Wachtel reported that staff provided the committee with an update on the re-design of the IRMA website. Staff received 4 proposals from Sikich, Weblinx, Ocreative and the current provider Muniweb. There a few members on our committee that will assist IRMA staff in reviewing those proposals to make a recommendation.
3. **2018 Preliminary Budget**  
Wachtel reported the Membership Relations Committee is responsible for two (2) items in the 2018 Preliminary Budget. The first is regarding Legislative efforts. There seems to be not much movement regarding workers' compensation reform and suggested a reduction from \$15,000 to \$10,000. Regarding the Unemployment Claims Administration we are recommending an increase based on the existing contract terms and the number of employees from \$13,000 to \$14,000. MRC approved that recommendation. A motion was made by Wachtel and seconded by Frances to approve the Membership Relations Committee 2018 budget as presented. The motion carried.

4. 2017 Summer Safety Intern Program – Final Overview  
Wachtel reported on page 14 of the packet is a report on the IRMA Summer Safety Intern Program. We had 2 interns from Northern Illinois University providing risk management services to 10 agencies. Member feedback was very positive and the interns did a lot of work on research and policy development. Staff will be requesting a budget for two summer safety interns for 2018.
5. Workers' Compensation Focus Program – 2<sup>nd</sup> Quarter 2017 Reports  
Wachtel gave an overview of each of the four (4) members that are in the program and each is reducing their overall workers' compensation claims experience. The report starts on page 15 of the packet. There was some discussion on Westchester regarding services and continuing on the Focus program. Ely mentioned that there will be a memo at the next MRC meeting recommending removing them from the program for 2018.

**B. TRAINING & EDUCATION COMMITTEE – ROBBINS**

1. Proposed 2018 Training Programs  
Robbins gave an overview on the proposed 2018 Training programs to the committee. New online training programs that are being added will be the Online Video Streaming and Videography. Onsite Training programs will continue to be offered to members at no cost. The 2018 Special Training Programs being offered can be found on page 22 and 23 of the packet for each of the steering committees. Staff will be partnering with PDRMA and split the cost of the programs for Public Works and Parks & Recreation. Robbins gave an overview of the expanded pool services pricing for the police, fire and public works departments. Swahlstedt elaborated more on some of the services to the committee. Irvin proposed how staff was going to roll this out and if it was going to be on the website. Swahlstedt mentioned that the services will be posted to the website and will be highlighted in the E-News and send an email blast to the sub-committees. Wachtel mentioned it would be nice to have a handout or brochure at the education summit. Robbins mentioned that IRMA is working on putting together a reference guide with MUTCD recommendations and START Group will be contracted to assist in the development to be distributed to the Public Works Department. For the 2018 Grant Programs, IRMA will continue with the existing programs and the new grants being proposed is the Fire Service Ballistic Protective Equipment (BPE) program; Work Zone Safety Equipment and Lift Assist Equipment. Swahlstedt elaborated more on the programs and the amount being budgeted for each of the grants. There was much discussion on the Fire Service Ballistic Protective Equipment program and staff will bring this to the next Fire Chiefs Steering Committee meeting to come up with criteria on this grant. A motion was made by Cedillo and seconded by Frances to approve the programs for 2018. The motion carried.
2. 2018 Preliminary Budget  
Robbins reported the committee is asking for a total of \$405,451. Swahlstedt mentioned the increase is approximately 29% compared to 2017. Staff has created new programs and we have doubled our special training programs. There is a cost for the special training programs and we are also splitting the

programs with PDRMA, so we will recover some of the money. Frances mentioned if staff can track the success of these programs and any analytics to see if there is a decrease in claims. Ely commented we don't track training with losses at all. Frances mentioned with injuries in general trying to see who registered for those classes and maybe the Training & Education Committee can come up with to show the successes of the programs. Swahlstedt mentioned she can do that, but it will be hard to track something that doesn't happen. For example, if we are doing Mower Safety, just because they didn't have mower incident doesn't mean the program didn't assist them in their job safely. Gargano inquired if OSHA/IDOL work site safety write ups to municipalities were tracked by IRMA and if not, could it. If a violation is received, IRMA could provide an opportunity through the equipment grant to assist and provide training on safe practices. Ely commented that this is part of our Safety First Initiative. Gargano asked if it could be mandated that OSHA/IDOL violations be reported to IRMA. Ely commented staff can look into that. After some discussion, a motion was made by Irvin and seconded by Wachtel to approve the 2018 Preliminary Budget

**C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO**

1. Property Appraisal Report – Contract Extension  
Cedillo reported the action that is being requested is to approve the five-year property appraisal contract extension for Marshall & Stevens for the contract terms of 2018-2022. The details of the renewal are outlined in the staff memo. A motion was made by Irvin and seconded by Frances to approve the proposed five-year contract extension option from current property appraiser Marshall & Stevens for 2018-2022 as presented. The motion carried.
2. 2018 Coverage Renewal  
Cedillo reported the action being requested is to approve the 2018 Excess/Reinsurance Coverage Renewal effective November 1, 2017. Overall, we received favorable rates for Excess/Reinsurance, but due to some significant adverse experience in workers' compensation the excess insurance for workers' compensation is going up. The coverage renewal also includes an increase in the liability coverage limits from \$10 million to \$12 million. LeTourneau gave a brief overview of the program summary. A motion was made by Irvin and seconded by Clark to approve the 2018 Excess/Reinsurance Coverage Program Renewal as presented. The motion carried.
3. 2018 Preliminary Budget  
Cedillo reported that the committee is responsible for 3<sup>rd</sup> Party Claims Administration; the Claims Audit - which does not have to be budgeted for since the Claims Audit is conducted every 3 years and there is not an audit due in 2018; Insurance Brokerage Consultant Services with JLT Towers Re - staff recommended the 5% bonus based on the quality of service that they provide; Property Appraisal Services and Commercial Insurance Services. Garvey wanted to acknowledge the JLT Re the 5% bonus indicating that JLT has done a lot of work for us on coverage comparisons when we are marketing to potential new members and have put in a lot of time and effort for IRMA. A motion was made by Halik and seconded by Frances to approve the 2018 Preliminary Budget as presented. The motion carried.

4. Special Counsel – Zoning Cases  
Cedillo mentioned this is for information only. This provides notification that Ely has selected special counsel for zoning cases. There have been 17 zoning cases in the past 10 years. There are a couple of active cases. IRMA has recently assigned John Murphey of Rosenthal Murphey Coblentz & Donahue. This information is consistent with the previous request from this group to receive these notifications.
5. Litigation Successes  
Cedillo mentioned this is a great addition for our committee, this group and the membership to learn from the successes and share in the lessons learned.

**D. ADMINISTRATION & FINANCE COMMITTEE – FRANCES**

1. Additional Staffing – Accounting Assistant Position  
Frances reported that the AFC discussed adding an additional person for the accounting assistant position based on the increased workload. A great example that was given was payroll. If one of them is out, the other person must review it remotely. The salary range was discussed and if it was sufficient. Ely and Boserup are confident based on where it's placed within their pay plan and staffing structure that it's appropriate. The job description is also included. A motion was made by Frances and seconded by Cedillo to approve the staffing recommendation as presented. The motion carried.
2. 2018 Personnel Report  
Frances reported the report includes the 2018 salary ranges, which were increased by a 2% cost of living adjustment. Incorporated in this report is the accounting assistant position. AFC approved staff's recommendation for the salary ranges, the adjustment factor, the merit increase of 3% and increasing the number of positions to 21. A motion was made by Frances and seconded by Wachtel to approve the personnel report for 2018. The motion carried.
3. 2018 Preliminary Budget  
Frances mentioned that a lot of the budget has been discussed at the other committees and has been incorporated as part of the 2018 preliminary budget. Also included is Arlington Heights and it was a flat contribution rate. Our expenses did increase by 5.75%. The IMRF contribution rate has increased and is attributable to the retirements that have occurred at IRMA over the last couple of years. We will be utilizing the \$1.7 million as a rate stabilization from the interest income credit. A motion was made by Irvin and seconded by Robbins to approve the preliminary budget as presented. The motion carried.
4. Financial Auditor Recommendation  
Frances reported Plante Moran is the new auditor with a 5-year agreement. A motion was made by Irvin and seconded by Frances to approve staff's recommendation to contract with Plante Moran for the financial years 2017-2021. The motion carried.

5. Potential for Supplemental Assessment to 4 Withdrawn Members  
Ely mentioned this is for information only. There is very likely going to be a supplemental assessment that we will bring back to the full membership next year. The highest and most significant withdrawn member is Palatine. We will have conversations with them soon letting them know this is going to occur. After much discussion by the committee, it was recommended to concur with staying with the Bylaw.
6. Revision to Reserve Fund Policy  
Frances reported currently we require 9 months advanced notice for withdrawal procedures. The purpose of the changes within this policy is to diminish the likelihood of these types of scenarios happening where we don't have sufficient funding or people have withdrawn and we didn't necessarily capture enough for those reserves for future claims that come up. The AFC approved this change unanimously. There was a question if this would impact Buffalo Grove and the answer was yes it would, but would not impact Wood Dale. Ely mentioned we are making a revision that treats withdrawn members the same way that current members are treated with respect to the claims that they leave with the pool. We are saying that withdrawn members should also be paying the pool a portion of their claims they leave behind. A motion was made by Frances and seconded by Clark to approve the revision to the Reserve Fund Policy. The motion carried.
7. Credit Card Acceptance  
Frances mentioned this item was for information only and being used for subrogation purposes.
8. Revision to Exposure Base  
Frances reported this was discussed at length at the AFC about the creation of this Ad Hoc Committee. Ultimately, the group concurred to be in agreement with creating this Ad Hoc Committee. Essentially what is being recommended is the creation of the Ad Hoc Committee to review from moving to an expenditure formula versus a revenue base formula. Gargano commented that this memo shows that it went to the committees and the committees approved to creating the Ad Hoc Committee. We can sit here and still not come to a conclusion as to whether we all agree individually. The reality is that this is a pool and that we should bring it to the membership for a full vote and see if they agree with the committees. A motion was made by Irvin and seconded by Clark to create an Ad Hoc Committee. The motion carried.
9. Approve New Investment Managers – Parametric & Neuberger Berman  
Frances mentioned we have two new proposed investment managers, Parametric and Neuberger Berman. IRMA will have \$10 million that were going to invest and elected to split it between the two (2) investment managers from the contributions received in February 2018. A motion was made by Frances and seconded by Clark to approve Parametric's Defensive Equity and Neuberger Berman's U.S. Equity Index PutWrite Strategy as additional investment managers. The motion carried.

**V. EXECUTIVE DIRECTOR/STAFF REPORT**

1. IRMA Appeal 2017 01–Connolly/Tinley Park Appeal  
Garvey reported this arises from the Tinley Park vs. Buckeye case, which was recently settled for \$900,000. As a part of that case, there were some allegations about Amy Connolly and how a change was made to the code to potentially benefit the housing company. Connolly ultimately left Tinley Park and got a new job and the village sued her for an alleged breach of fiduciary duty. As a former employee of Tinley Park, Connolly tendered the lawsuit to IRMA. Garvey advised that IRMA does have an obligation to defend her and we have provided her a defense under a reservation of rights. Based upon the fact that it was an IRMA member suing its employee, there is a direct conflict of interest and therefore she is entitled to choose her own attorney. She requested Patrick Walsh to defend her. We were not comfortable with him handling the defense based on the information that he could have received from this litigation. We originally denied her request and she appealed that decision. In the meantime, to protect her interests, she retained John Murphey to defend her in this case. The Appeals Committee found in favor of Connolly to allow her to have Patrick Walsh defend her. After some discussion, a motion was made by Irvin and seconded by Clark to approve the Findings and Recommendations of the Appeals Committee. The motion carried.

**VI. ADDITIONS TO AGENDA**

There were no additions to the agenda.

**VII. EXECUTIVE SESSION**

Executive Session Minutes of June 1, 2017 and June 27, 2017

A motion was made by Irvin and seconded by Clark to approve the Executive Session Minutes of June 1, 2017 and June 27, 2017. The motion carried.

**VIII. CONFIRMATION OF NEXT MEETING**

Gargano stated the next scheduled Executive Board meeting is Wednesday, November 29, 2017 at 9:30 a.m. at the IRMA office.

**IX. ADJOURNMENT**

A motion was made by Irvin and seconded by Gargano to adjourn the meeting. A voice vote was called and the motion carried.

Submitted by:

Approved by:

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Margo Ely  
Executive Director

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Kathleen Gargano  
IRMA Chair