

EXECUTIVE BOARD Committee Meeting Minutes

*Wednesday, October 2, 2019
IRMA Office
9:32 a.m.*

PRESENT: Jessica Frances, Chair
Kathleen Gargano
Lisa Scheiner
Michelle Robbins
Michael Braiman
Eric Helm
Julia Cedillo
Denise Joseph

ALSO PRESENT: Margo Ely
Rita Boserup
Keena Marks-Cutler
Susan Garvey
Jennifer Swahlstedt
Lisa Leban

ABSENT: Ashley Engelmann

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES – JUNE 4, 2019

A motion was made by Cedillo and seconded by Robbins to approve the June 4, 2019 meeting minutes. A voice vote was called, and the motion carried.

III. INFORMATIONAL ITEMS

- A. Reports found in the Member Section of the IRMA website –
<http://www.irmarisk.org/Publications/IRMA-Reports.aspx>
- IRMA Financial Statements
 - IRMA Investment Portfolio
 - IRMA Payables
 - 1st Quarter Investment Performance Report

B. Standing Committee Reports

Membership Relations Committee

- Workers' Compensation Focus Program – Q2 2019 Report
- 2018 Unemployment Compensation Claims Administration-Annual Overview
- 2019 IRMA Safety Internship Program – Final Overview
- Membership Recruitment Report – Q2 2019

Ely mentioned that Elmhurst is not coming into IRMA. They joined IPRF, which is a very large workers compensation pool and they hired a new broker. Huntley is going to join IRMA in May 2020. Boserup is working on a quote for Winnetka. They retained Peter Wright to analyze whether they should stay self-insured or join IRMA.

- Report of Low Participation by East Hazel Crest
- 2020 Preliminary Budget

Administration & Finance Committee

- Consideration of a Contingency Fund

Training & Risk Management Committee

- Training & Risk Management Services Report – Q2 2019
- Grant Administration Report – Q2 2019
- Fall Hazard Assessment Visit Revisions
- Hazard Survey Visit Revisions
- IRMA Management Assessment Program Revision-Update
- 2019 Education Summit
- 2020 Preliminary Budget

Coverage, Claims & Litigation Committee

- Milliman-Performance Report

Cedillo encouraged everyone to look at this report. There is an executive summary that outlines the benefits of having this data.

- RFP Process for Defense Counsel Panel
- Litigation Successes

Cedillo mentioned it was very important to read the last story on “Another Subrogation Win.” You will see how much work goes into subrogation. It’s about getting the money back to the membership and to the members.

- 2020 Preliminary Budget

IV. CHAIR’S REPORT – FRANCES

Announcement of Formation of Nominating Committee for 2020 Officers (Immediate Past Chair – Gargano)

Gargano reported the Bylaws require us to put together the nominating committee chaired the immediate past chair and she asked for those interested to contact her. There are currently 2 vacancies Chair Elect and At-Large Representative-Small Member.

V. ACTION ITEMS

A. TRAINING & RISK MANAGEMENT COMMITTEE – ROBBINS

1. Proposed Staffing Changes to the Risk Management & Training Department for 2020

Robbins gave an overview of the proposed staffing changes to the Risk Management and Training Department. A motion was made by Braiman and seconded by Gargano to concur with staff’s recommendation regarding the staffing changes to the Risk Management and Training Department. The motion carried.

2. Risk Control Technology Software: Purchase 2020

Swahlstedt gave an overview of the software comparison chart on page 143 of the packet and the background on Risk Control Technologies Software recommended to be purchased. A motion was made by Cedillo and seconded by Joseph to approve staff’s recommendation to purchase risk management software through Risk Control Technologies for \$52,000. The motion carried.

3. 2020 Proposed Training & Grant Programs

Robbins gave an overview of the proposed 2020 Training & Grant Programs. Swahlstedt went into more detail on the Fit Responder Injury Free Program and on the new grants proposed, which are the Body Camera Equipment & Technology Storage; Fleet Safety Training & Equipment and Facility Equipment & Safety. A motion was made by Braiman and seconded by Gargano to approve the training and grant program for 2020. The motion carried.

B. MEMBERSHIP RELATIONS COMMITTEE – JOSEPH

1. Stickney Resolution Rescinding Notice of Withdrawal

Joseph reported earlier this year the Village of Stickney provided a notice of withdrawal from IRMA effective January 1, 2020. At their August 6th Board meeting, they passed a resolution to rescind their notice of withdrawal. At the September MRC meeting, the committee concurred with staff's recommendation to accept the Villages rescission of their notice of withdrawal. A motion was made by Cedillo and seconded by Scheiner to approve Stickney's resolution. The motion carried.

C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO

1. Claims Audit Results

Cedillo reported that Northshore International Insurance Services, Inc. completed the claims audit and the report is included in the packet. In addition, staff put together a summary in each of the areas and there were a lot of strong scores. A couple of notes relate to file documentation and reserving, which is addressed in the memo. After some discussion, a motion was made by Scheiner and seconded by Braiman to accept the Claims Audit Report as presented. The motion carried.

2. 2020 Coverage Renewal

Cedillo reported the areas that need to be discussed were the general liability limits, an increase in the property reinsurance coverage and enhanced coverage for cyber liability. Cedillo gave an overview of these areas for discussion. Garvey gave an overview of the cyber options on the enhanced coverage for cyber liability. Ely mentioned the preliminary budget has \$350,000 in it for cyber and whatever was decided at the meeting will impact the budget. Cedillo commented that staff is recommending cyber coverage with HSB at the \$1M aggregate level with extortion coverage at \$25,000 but having \$75,000 excess from IRMA, for a total of \$100,000 extortion coverage, at no additional cost to the membership for 2020. Approval of the cyber as presented will increase the budget by \$200,000. It was agreed to go with the enhanced cyber liability coverage at a cost of \$550,000 and to purchase the additional \$3M in general liability coverage for total limits of \$15 million. After some discussion, a motion was made by Braiman and seconded by Gargano to approve the coverage as presented. The motion carried.

3. Extension of JLT Re (Guy Carpenter) Contract

Cedillo reported we currently have a 5-year agreement with JLT. They work with staff to secure the best lines of coverage in the market. The current cost for their services is \$102,000 annually. They get a 5% bonus for exceptional services. They have agreed to a one-year extension. A motion was made by Braiman and

seconded by Robbins to approve the extension of the JLT Re agreement. The motion carried.

D. ADMINISTRATION & FINANCE COMMITTEE – HELM

1. Succession Plan and Recruitment for Director of Financial and Administrative Services

Helm reported that the AFC approved the request to retain GovHR to recruit for a new Finance Director in 2020. The AFC had a lengthy discussion and concluded that Ely and Boserup had to be more definitive regarding a timeline for overlap training. The AFC felt a year of overlap was excessive and were more comfortable with a 3-6 month time period where Rita can consult or work part-time thereafter. Ely commented the preliminary budget presented to the AFC included a full year of salary. The budget that is in front of the Executive Board has just 4 months of Rita's replacement. A motion was made by Gargano and seconded by Scheiner to approve the contract for GovHR. The motion carried.

2. 2020 Personnel Report

Helm reported the AFC approved the 2020 Personnel Report. Helm gave a brief overview of the report and noted the elimination of the Director Financial Services & Administration Succession Plan. It was recommended to revise the Personnel Report to reflect a headcount of 1.25 for the Finance Director, allowing for 4 months of Rita's replacement. There was discussion on the current position of Director of Finance & Administration with the responsibilities from finance, to administration and Human Resources as well as IT functions. The Executive Board found that the position is out-of-date and not realistic today. Staff will work with GovHR on revising the position for a successful recruitment and also an analysis to assist in deciphering how the non-finance functions can be performed, through existing staff, new staff or outside consultants. After much discussion, a motion was made by Braiman and seconded by Cedillo changing the headcount to 1.25 for the flexibility at this point and time noting this is subject to potentially change in fiscal year 2020. The motion carried.

3. 2020 Preliminary Budget

Helm mentioned rate stabilization to possibly offset some of the insurance cost increases and the impact to contributions for current members and potential new members as well. Without rate stabilization, there could be a 6% increase in the contribution rate. AFC felt it was best to slowly reduce reliance on rate stabilization and recommended \$1.25 million for 2020. However, since that time, the reinsurance costs have increased, which has increased the overall contribution rate. Ely mentioned that our loss fund rate is going down and our claims are trending in a very positive direction. The loss fund is going down approximately 4% but our budget is going up because of the insurance market. This budget is up primarily because the property insurance is going up approximately 37%; GL going up about 17% and the cyber increase is at \$500,000. There was much discussion on the rate stabilization, interest income and the contingency fund. Boserup gave the committee 3 pages showing potential adjustments to the contribution rate. After deliberation, a motion was made by Braiman and seconded by Cedillo to include \$1.5M for rate stabilization from the interest income credit in order to keep the contribution rate increase to 3.5% and changing the cyber security to the \$550,000 expenditure. The motion carried.

EXECUTIVE DIRECTOR/STAFF REPORT

1. Strategic Planning Workshop Not Necessary

Ely reported that she is asking to eliminate the strategic plan that we talked about last year, stating that it is simply not necessary. Of note, we have finished the contingency fund discussion. In addition, we will be negotiating an office lease in the next 1-2 years, and we anticipate we will need office space to accommodate up to 25 employees. There simply is not a need for a strategic discussion. It was agreed to put this item on the consent agenda for the Board of Directors meeting. A motion was made by Gargano and seconded by Braiman to concur with staff's recommendation to eliminate the strategic plan. The motion carried.

2. Villa Park Revenue Base Appeal

Ely reported there was an appeal by Villa Park about their revenue base for the 2020 contribution based on the impact from the Village revising their fiscal year. For the current revenues for the contribution calculation they had all their property tax revenue in 8 months rather than 12. The AFC had an appeal committee look at the issue and recommended allowing Villa Park to change the combined property tax proration to avoid a \$2M bump to their revenue for the 2020 contribution. After much discussion, a motion was made by Scheiner and seconded by Cedillo to concur with the appeals committee. The motion carried.

VI. CLOSED MEETING

A motion was made by Braiman and seconded by Scheiner to move into Closed Meeting to discuss matters of pending litigation pursuant to 5 ILCS 120/2(c) (11). A roll call vote was called, and the motion carried.

A motion was made by Braiman and seconded by Gargano to give settlement authority requested by staff in 2 litigated cases. The motion carried.

VII. ADDITIONS TO AGENDA

Executive Session Minutes of February 27 and June 4, 2019

A motion was made by Scheiner and seconded by Robbins to approve the Executive Session Minutes of February 27 and June 4, 2019. The motion carried.

VIII. CONFIRMATION OF NEXT MEETING

Frances stated the next scheduled Executive Board meeting is Thursday, November 21, 2019 at 9:30 a.m. at the IRMA office.

IX. ADJOURNMENT

A motion was made by Cedillo and seconded by Joseph to adjourn the meeting. A voice vote was called, and the motion carried.

Submitted by:

Approved by:

Margo Ely
Executive Director

Jessica Frances
IRMA Chair