



**BOARD OF DIRECTORS
Meeting Minutes**

**Wednesday, December 18, 2013
Westbrook Corporate Center Conference Room
9:30 a.m.**

I. CALL TO ORDER

Chair Velkme called the meeting to order at 9:30 a.m. Bush called the roll and a quorum was declared.

II. APPROVAL OF MINUTES – October 30, 2013

Velkme noted that a revised set of minutes was distributed. The only change from the minutes that were in the meeting packet is on page 2 where the minutes were amended to reflect the vote that was taken following the Executive Session. A motion was made by Irvin and seconded by Coren to approve the amended minutes of October 30, 2013. A voice vote was called and the motion carried.

Reports for Information Only Found on the IRMA Website

Velkme asked if anyone had any questions on any of the reports. Hearing none, Velkme moved on to the Chair’s report.

III. CHAIR’S REPORT - VELKME

A. Changes in IRMA Delegates/Alternates

Velkme welcomed new Delegate, Eric Helm of Crystal Lake, and Brad Mitchell, Alternate, of Crystal Lake.

B. Nominating Committee Report – Slate of 2014 Officer Candidates – Malinowski

Malinowski stated that the Nominating Committee convened for the purpose of forming a slate of candidates for the officers of Chair, Chair-Elect, Treasurer and two At-Large Representatives for 2014. The slate of candidates presented and recommended is:

Chair	Drew Irvin, Village of Lake Bluff
Chair-Elect	Kathleen Gargano, Village of Hinsdale
Treasurer	David Clark, Village of Glencoe
At-Large Representative (Large)	Paula Schumacher, Village of Bartlett
At-Large Representative (Small)	Eric Palm, Village of River Forest

Malinowski thanked Stacy Sigman for her efforts and contribution in serving on the Nominating Committee as well as other Members who gave their input in forming the slate of candidates.

A motion was made by Coren and seconded by Peterson to approve the slate of candidates for 2014. A voice vote was called and the motion carried.

IV. COMMITTEE REPORTS

A. MEMBERSHIP RELATIONS COMMITTEE – COREN

1. Legislative Update – Chuck Vaughn

Coren introduced Chuck Vaughn, IRMA’s lobbyist, who presented a legislative update for the Board.

2. New IRMA Market Comparison Study

Coren explained that these market comparison studies are conducted periodically with members and the studies are used primarily for marketing purposes for prospective members and current members. This year we have chosen three members: Addison, Glencoe and Lake Zurich. Coren stated that we expect to have the studies within the next 30-60 days.

B. TRAINING & EDUCATION COMMITTEE – PETERSON

➤ **Parks & Recreation Steering Committee-Statement of Responsibility**

Peterson reported that the Parks and Recreation Steering Committee thoroughly discussed their committee structure and is recommending the following changes:

- Require only 2 Parks & Recreation Steering Committee Officers – a Chair and Vice-Chair serving 2-year terms.
- Eliminate business minutes and the Secretary Officer position.
- Eliminate Past-Chair Officer position. Staff can provide the Training & Education Committee with PRSC updates.
- Rotate committee meetings to varying member locations in addition to the IRMA location.

Peterson stated that both the Training & Education Committee and the Executive Board have approved the changes. A motion was made by Irvin and seconded by Clark to approve the changes to the Steering Committees’ Statement of Committee Responsibility and Structure. A voice vote was called and the motion carried.

Peterson reminded everyone about the two new on-line training programs available on the IRMA website: Summit TrainingWeb with over 80 on-line courses; Safety: Emergency Responder Vehicle Education (S:ERVE).

C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – GARGANO

1. Clarification of Allocation of Damages Provisions

Gargano referred to the memo on page 18 of the packet describing the changes being recommended to the Claims Policy, Section 4.02 of the Contract and Bylaws, and the United Defense Amendments in the GL and POL Coverage Documents in

regards to the provision intending to allow for the allocation of damages between IRMA and the member in situations where there are covered and non-covered damages. Gargano stated that recently a municipal counsel of a member disputed the applicability of the provision because of the use of the word "counts." It could be argued that if there are non-covered damages and they are not in a separate count of the claim, there is no basis for this allocation of the non-covered damages between IRMA and the member. Gargano asked Garvey to provide a little more insight as she did at the Executive Board meeting.

Garvey explained that the provision really applies in settlement situation when a settlement payment will settle covered and non-covered damages. The documents as they now stand reference counts as opposed to damages., If we have one count of a complaint that encompasses both covered and non-covered damages, the argument was made that we would not be able to allocate the non-covered damages of that count because the reference in this provision is to counts and not damages. To correct that we need to broaden the provision to include damages, clams and lawsuits. Garvey noted that there were two examples in the memo that would help the members to better understand why the changes were being recommended. Garvey explained that the change to the provision would be applied going forward.

A motion was made by Irvin and seconded by Velkme to approve the change to Section 4.02 – (A) of the IRMA Bylaws. Bush called the roll for a bylaw vote and the motion carried.

A motion was made by Velkme and seconded by Gargano to approve the recommended changes to the Claims Policy and to the United Defense Amendments to the GL and POL Coverage Documents. A voice vote was called and the motion carried.

D. ADMINISTRATION & FINANCE COMMITTEE – CLARK

1. Investment Consultant Contract Extension

Clark explained that Brian Goding's contract expires at the end of the year. He is proposing to extend Brian's contract for two years at the amount of \$50,000 per year. This is a \$5,000 increase per year; however, there has been no increase in the annual fee since 2005. Clark stated that both the Administration & Finance Committee and the Executive Board have approved the contract extension. A motion was made by Gargano and seconded by Peterson to approve Brian Goding's contract extension. A voice vote was called and the motion carried.

2. Adding Additional Deductible of \$175,000

Clark explained that between the \$100,000 and \$250,000 optional deductibles, there is a pretty big gap. It is being recommended that an additional deductible of \$175,000 be added. Both the Administration & Finance Committee and Executive Board have approved this addition. A motion was made by Coren and seconded by Gargano to approve the addition of a \$175,000 optional deductible. A voice vote was called and the motion carried.

3. 2014 Final Budget

Clark noted that page 39 of the meeting packet outlines the changes to the budget from the preliminary budget that was presented in October. Clark stated that the 2014 Budget has been reduced from the 2013 Budget by 6.9%, and has been approved by both the Administration & Finance Committee and the Executive Board. A motion was made by Irvin and seconded by Gargano to approve the 2014 Budget. A voice vote was called and the motion carried.

4. 2013 Interest Income Credit

Clark reported that the Administration & Finance Committee and the Executive Board have approved a \$4,000,000 2013 Interest Income Credit. A motion was made by Krumstok and seconded by Malinowski to approve the 2013 Interest Income Credit of \$4,000,000. A voice vote was called and the motion carried.

5. Outsourcing – Bylaws – Discussion

Clark noted that this item was for discussion only and reported that there was a great deal of discussion at both the Administration & Finance Committee and Executive Board meetings. Clark stated that at the June 2013 meeting, the Administration & Finance Committee agreed that a revenue base deduction should be allowed for outsourced functions that meet certain conditions:

- The intent is to transfer the risk to the contractor and the contract contains preapproved indemnity language or IRMA's suggested indemnity language.
- The contract is not for construction.
- The total value of the contract is more than 5% of the members' revenue base at the time of application for deduction.

Clark stated that it has been determined that not all the risk could be transferred to the contractor, so the change to IRMA's Bylaws on Revenue Base will be an exclusion of 90% of payment by a Member for services provided by an independent contractor to residents of the Member. Clark also mentioned an item that was brought to the committee's attention by staff – there are two different kinds of outsourcing. There is the outsourcing that has been occurring to date and then there is outsourcing that may occur in the future. For the outsourcing that is already occurring there has already been an impact on the loss fund, so there is a little bit different treatment for that outsourcing. For members that are currently outsourcing, as each year goes by they will get a greater recognition in their revenue base until five years has gone by at which time they will get full recognition. For members who are starting some new outsourcing that hasn't had an impact on the loss fund, there is an opportunity where a member could immediately have it recognized in the revenue base. Clark noted that this also works in reverse. If a member decides to take on additional services, there will also be an immediate additional amount to fund the loss fund.

A brief discussion ensued. Bush stated that the member has to show an expense on their budget to be part of this. For those that do collect the revenue and then pay the contractor, they only get to deduct part of that. If the payment to the provider is not coming through your revenue base, then it cannot be a part of this.

A member asked if this was explicitly clear in the suggested changes to the bylaw. Bush stated that staff would clarify this.

Clark stated that this item would be brought to the March 19, 2014 Board meeting for a vote. Velkme added that if anyone had any questions on this item, they should contact Bush.

V. EXECUTIVE DIRECTOR/STAFF REPORT

Bush noted that besides voting for the officers for 2014, we are also in the process of filling all the standing committees for 2014. All of the committees are filled except the Training & Education Committee. Bush encouraged any member who was interested in serving on that committee to contact Mary Henzler or Jackie Streid.

Bush noted that one very important thing left out of the budget document's goals and objectives was that we have a rate reduction for the fourth consecutive year in a row. The rate is about 20% lower than what it was in 2009. The pool is doing very well.

➤ **2014 IRMA Calendar of IRMA**

Bush noted that the committee meeting calendar in the meeting packet has been updated. Because his successor would only be starting at the beginning of May, it was decided that it would be better to move the Board of Directors meeting to the end of June to give him/her a chance to acquaint himself/herself with the committees before having to go right into a Board meeting.

Bush thanked Velkme for her service to the organization and for serving a second term.

VI. ADDITIONS TO AGENDA

There were no additions to the agenda.

VII. EXECUTIVE SESSION

A motion was made by Coren and seconded by Peterson to move into Executive Session. A voice vote was called and the motion carried.

A motion was made by Irvin and seconded by Gargano to approve a one-time, lump sum bonus to the Executive Director of 3% of the Director's salary base as was discussed in Executive Session. A voice vote was called and the motion carried.

VIII. CONFIRMATION OF NEXT MEETING

Velkme announced that the next meeting of the Board of Directors would be held on Wednesday, March 19, 2014 at 9:30 a.m. in the Westbrook Corporate Center Conference Room.

IX. ADJOURNMENT

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

Submitted by:

Larry Bush
Executive Director

Approved by:

Drew Irvin
IRMA Chair