



**EXECUTIVE BOARD
Meeting Minutes**

**Monday, June 13, 2011
IRMA Office
1:30 p.m.**

PRESENT: Art Malinowski, Chair
Ingrid Velkme
Scott Coren
Sharon Peterson
Stacy Sigman

Kevin Wachtel
Barry Krumstok
Kathleen Gargano
Drew Irvin

**ALSO
PRESENT:** Larry Bush
Mary Henzler
Susan Garvey

Laura Vesecky
Dan LeTourneau
Jackie Streid

ABSENT: None

I. CALL TO ORDER

Chair Malinowski called the meeting to order. Roll was taken and a quorum declared.

II. APPROVAL OF MINUTES

A. Meeting Minutes of March 9, 2011

A motion was made by Irvin and seconded by Velkme to approve the Executive Board meeting minutes of March 9, 2011. A voice vote was taken and the motion carried.

B. Reports in the Member Section of the IRMA Website

Malinowski asked whether anyone had any questions/comments on any of the reports. There were no questions.

III. CHAIR'S REPORT - MALINOWSKI

➤ **Procedures for Calling for Votes**

Malinowski stated that this item will add some continuity to the procedure followed when calling for motions, seconds and votes at the Executive Board and Board of Directors meetings.

IV. COMMITTEE REPORTS

A. MEMBERSHIP RELATIONS COMMITTEE – COREN

1. 2011 Claims to Contribution/Watchlist Report

Coren reported that the 2011 Claims to Contribution/Watchlist Report was in the packet for review, pointing out that on page 11-13 was a listing of members with their five-year ratio of claims to loss fund contribution.

Coren stated that the Village of Park Forest has been on the Watchlist for five years and the Membership Relations Committee has been reviewing them and discussing them over the past five years. Coren reported that Park Forest has had some difficulty in coming off the Watchlist, and in discussing their situation in fairly good detail at the most recent Membership Relations Committee, the committee decided that the best alternative for them would be to give them another full year on the Watchlist. Coren reported that staff ran numbers for the committee, looking at how they would appear under certain deductibles. Under their current situation, they would fall off the Watchlist this year, but would come right back on it the following year. If they took a \$100,000 deductible, they would be off the Watchlist. Coren stated that one of the recommendations of the Membership Relations Committee was to encourage them to take a \$100,000 deductible. If they do that, we believe they will fall back with the rest of the members.

Bush reported that LeTourneau, Coren and he met with the staff at Park Forest to talk about the importance of them moving to the \$100,000 deductible. They were reluctant at first, but now understand the importance of going with the higher deductible. They need to discuss this with their Board.

A motion was made by Coren and seconded by Velkme to approve offering the Village of Park Forest a sixth year on the Watchlist with a strong recommendation for them to take a higher deductible next year. A voice vote was taken and the motion carried.

LeTourneau reported that it is being recommended that both the Village of Oak Brook and the Village of Hazel Crest, who are both making improvements, remain on the Watchlist for 2012. If they stay as they are now, the recommendation next year will be to remove them. No other member is being recommended for the Watchlist. Seven members are receiving advisory letters.

A motion was made by Krumstok and seconded by Wachtel to accept the 2011 Claims to Contribution/Watchlist Report. A voice vote was taken and the motion carried.

2. Revised Watchlist Policy – Withdrawal Criteria

Coren reported that the Membership Relations Committee is recommending more specific guidelines for staff to use when evaluating removal of a member from the Watchlist.

A motion was made by Irvin and seconded by Peterson to approve the Revised Watchlist Policy. A voice vote was taken and the motion carried.

3. Early Withdrawal – Payments and Refunds

Coren explained that the Membership Relations Committee discussed when a member leaves or is expelled in the middle of the year how to assess their contribution and what would be eligible for a refund. The Membership Relations Committee is recommending revising the IRMA Statement of Guidelines for Member Selection to include statements on Withdrawal and Expulsion, stating that

the Executive Board, at its sole discretion, can establish the effective date of the withdrawal of the member and, if approved, the member will receive a reimbursement of the pro-rata share of its contribution to the Loss Fund and its contribution for commercial insurance, but shall not be reimbursed for its contribution to administration of the pool.

Irvin asked whether there was a requirement to make payments to a withdrawing member in a specific timeframe, or is it at IRMA's discretion. Garvey stated that this would be at IRMA's discretion, but within a reasonable amount of time.

A motion was made by Irvin and seconded by Krumstok to approve the recommended changes to the IRMA Statement of Guidelines for Member Selection. A voice vote was taken and the motion carried.

4. Review Revised Membership Participation Guidelines

Coren explained member NAPD & IAPD instructors are no longer being contracted through IRMA, but are coming through NIPSTA. There was a participation category for these instructors in IRMA's Membership Participation Guidelines. This revision will remove these instructors from the member participation program. A motion was made by Irvin and seconded by Peterson to approve the recommended revision to the Member Participation Guidelines. A voice vote was taken and the motion carried.

5. Legislation

Coren asked Garvey to give this report. Garvey explained that there was a pretty good legislative analysis in the April E-news, but would now give a brief overview.

In regards to the pooling legislation, it is at a stop at this point in time. The original House bill did not move, so a Senate bill came over and they put an amendment on the Senate bill with the language we have been talking about. That got out of Executive Committee, but didn't get called for a vote. The theory is to take some time over the summer to discuss this with all the parties to come up with some kind of compromise. Garvey stated that we don't want this at all, but are hoping that if we are forced into it, we want to have a say in what kind of compromise might happen. Bush noted that we would be meeting with other pools to coordinate this.

In regards to PSEBA legislation, Garvey reported that Vaughn tells us that Senator Haines is very interested in this, and believes that a change needs to be made. He will be working this summer to try and find someone to work it through the House.

Garvey reported on the workers' compensation legislation, stating that not everything was approved in the bill, but there were some changes made to some benefit to the employers, including: caps on wage differential awards; a 30% reduction in the medical fee schedule; and strengthening of the utilization review.

B. TRAINING & EDUCATION COMMITTEE – PETERSON

Announcement of Annual Risk Management & Safety Initiative Program Awards

Peterson announced the Annual Risk Management & Safety Initiative Program Awards winners and noted that they would be receiving a plaque and a check at the June 29, 2011 Board of Directors meeting:

2010 Outstanding Risk Management Performance Winners

- Village of Westmont – Large Member Category
- Village of Clarendon Hills – Small Member Category
- Winfield Fire Protection District – Special District Category

2010 Outstanding Risk Management/Safety Initiative Program Winners

- City of Crystal Lake – Fire Rescue Department – Bariatric Ambulance & Equipment
- Village of Mundelein – Student Pedestrian Safety Web Page

C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – GARGANO

Gargano reported that this committee did not meet this quarter.

D. ADMINISTRATION & FINANCE COMMITTEE – WACHTEL

1. Titan Risk Management Consulting Agreement

Wachtel reported that this agreement is for Bill Crimmins' consulting services. The revised agreement lowers the cost for this year and next and extends the contract for an additional year. Wachtel noted that the Administration & Finance Committee did approve the revised agreement.

A motion was made by Irvin and seconded by Gargano to approve the revised Titan Risk Management Consulting Agreement. A voice vote was taken and the motion carried.

2. Minimum Members' Deductible

Wachtel reported that the Administration & Finance Committee has asked for more information on this item in regards to cost impact on individual members. The committee will be reviewing this at their fall meeting.

3. Actuarial Report – 12/31/10

Wachtel explained that this data is needed for IRMA's annual financial report and asked Vesecky to go over the highlights of the report. Vesecky reported that the

biggest highlight and good news is that we were able to decrease our loss reserves by over \$4 million, and that was transferred to Members' Reserve and Amounts Due Members. Vesecky explained that the other thing that the actuary does is give us a preliminary rate. It was up a little bit from last year, although staff disagrees with the deductible credit. Staff has decided to wait until September when the actuary finalizes it. Now, based on the workers' compensation legislation, we expect the rate to come down.

A motion was made by Krumstok and seconded by Irvin to accept the Actuarial Report for 12/31/10. A voice vote was taken and the motion carried.

4. 2010 Audited Financial Report

Wachtel noted that this report was distributed to everyone and explained that this is the draft of the financials for the CAFR. Wachtel reported that the auditor was at the Administration & Finance Committee to present the report and there are a few minor language tweaks that will be made.

A motion was made by Krumstok and seconded by Wachtel to accept the 2010 Audited Financial Report. A voice vote was taken and the motion carried.

Velkme asked whether the members would be receiving an Interest Income Credit. Wachtel reported that it looks like we will have an Interest Income Credit similar or more than last year's depending on investment returns over the next several months.

V. EXECUTIVE DIRECTOR/STAFF REPORT

1. Strategic Planning

Bush noted that we have not held a Strategic Planning session in a number of years and we are scheduled to hold one next year. Bush recommended several topics that might be worth looking into. One is just the new realities of municipal life in regards to financing and dollars. More and more municipalities are looking at privatizing certain functions and the way IRMA is set up it doesn't recognize reduction of premium that comes from privatizing services.

Malinowski stated that he had a conversation with a Village Administrator from another IRMA member community and he brought up something that we will be seeing more and more – intergovernmental agreements between communities, one of which isn't an IRMA member. In this particular case, the non-IRMA member wants to transfer all the risk to the IRMA member, and currently does not offer a supplemental or optional Professional Liability coverage for that situation. Perhaps this is something that we could discuss to see if this is something we can offer.

Bush noted that we would be holding a Strategic Planning session in the spring, and asked that the Executive Board think about other possible topics and get back to him. Gargano brought up the topic of revenue to risk and thought maybe this was another topic to be discussed.

2. Member Claim Reviews/Meetings

Bush reported that the Member Claim Reviews/Meetings were working out real well, and commented that review of workers' compensation claims is of the greatest interest. Bush also stated that he uses the opportunity of these reviews/meetings to bring up other issues pertaining to IRMA that may be of interest.

Velkme stated that she knew we weren't planning to hold the golf outing again this year, but suggested the idea of gathering people to make sure that IRMA is on their minds. Velkme stated that she was concerned that we need to make an effort to get out to the municipal managers. One suggestion was to have a specific luncheon where you can go through several issues regarding IRMA. Vesecky pointed out that we tried to do this with the Regional Meetings and had a hard time getting attendees. Malinowski suggested having a session on Legislative initiatives, or a session on what other training is of interest. Velkme suggested having a speaker come out for a half-day.

Sigman stated that she thought the concept was a good one, but didn't feel that any of the suggestions would get any more people to attend than we have in the past. Sigman suggested that if we are going have a meeting, we do it on the general state of IRMA. If you specify a program on finances, or workers' compensation, etc., they will send those people who handle that and it won't necessarily be the managers attending. Sigman commented that it's tricky to come up with a topic/presentation that will draw managers.

Malinowski stated that the gist is, if we are not going to hold the golf outing, maybe do a half-day program that would appeal to those people who normally don't come to the Board meeting. We need a hook.

Velkme brought up the legislative issues that the members have been notified on and asked to send letters to their legislators on. Velkme noted that many managers were not even aware of any of these issues. Gargano commented that it was up to the delegate to inform management. Velkme noted that this doesn't always happen.

Bush commented that this is really not such a problem. We are not losing any members. Whatever the managers are not hearing, it's not causing them to leave IRMA.

Gargano suggested that it would be best tying a meeting to something like a legislative update and have IRMA's lobbyist, Chuck Vaughn present. Managers could give feedback directly to Chuck Vaughn. Gargano added that maybe everyone doesn't know we have Chuck Vaughn.

Bush stated that we would have to hold two to three regional meetings.

Sigman stated that the Metro Managers' lunch and learn meetings have about 45-or so managers attending. They hold their meetings at Harry Carry's in Lombard, which is a very central location.

Bush stated that staff would talk with Vaughn and determine when would be the best time to hold a meeting.

VI. ADDITIONS TO AGENDA

There were no additions to the agenda.

VI. CONFIRMATION OF NEXT MEETING

Malinowski reported that the next Executive Board meeting would be held on Monday, October 3rd at 1:30 p.m. at the IRMA office.

VII. ADJOURNMENT

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

Submitted by:

Approved by:

Larry Bush, Executive Director

Art Malinowski, IRMA Chair