



**BOARD OF DIRECTORS  
Meeting Minutes**

**Wednesday, December 14, 2011  
Westbrook Corporate Center Conference Room  
9:30 a.m.**

**I. CALL TO ORDER**

Chair Malinowski called the meeting to order. Bush called the roll and a quorum was declared.

**II. APPROVAL OF MINUTES – October 19, 2011**

A motion was made by Krumstok and seconded by Sigman to approve the Board of Directors meeting minutes of October 19, 2011. A voice vote was called and the motion carried.

Malinowski stated that there were several standing committee reports for information only in the Members’ section of the IRMA website.

**III. CHAIR’S REPORT - MALINOWSKI**

**A. Changes in IRMA Delegates/Alternates**

Malinowski welcomed the following Delegates/Alternates.

Delegate

Jeff O’Dell, Roselle  
Christopher Clark, Cary  
James Whigham, Hazel Crest

Alternates

Jason Bielawski, Roselle  
Ron Pfeiffer, Cary  
Lawrence Pikora, Hanover Park

**B. Nominating Committee Report – Slate of 2012 Officer Candidates – Sigman**

Malinowski asked Sigman, the Chair of the Nominating Committee, to present the slate of candidates for 2012 IRMA Officers. Sigman thanked Kelly Amidei of Libertyville for assisting her in the nominating process and presented the slate of candidates as follows:

Chair	Ingrid Velkme	Village of Western Springs
Chair-Elect	Drew Irvin	Village of Lake bluff
Treasurer	David Clark	Village of Glencoe
At-Large Representative (Large)	Paula Schumacher	Village of Bartlett
At-large Representative (Small)	Brad Burke	Village of Kenilworth

A motion was made by Peterson and seconded by Halik to approve the slate of candidates for 2012 IRMA Officers. A voice vote was taken and the motion carried.

**IV. COMMITTEE REPORTS**

Malinowski thanked the chairs of the standing committees and the committee members for all of the hard work they put in this past year.

**A. MEMBERSHIP RELATIONS COMMITTEE – COREN**

Malinowski stated that this committee did not meet.

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

Malinowski stated that this committee did not have anything to report.

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

**1. Revised Earth Movement Exclusion**

Gargano asked Garvey to explain the proposed revision to the exclusion. Garvey reported that this arises out of a member's appeal. The member had a pipe burst under a building and it washed away the land under the building, so there was some concern about the foundation of the building. The claim was excluded under a couple of provisions. The member was asking for the cost of mud jacking the building and it was excluded under damage to land that IRMA does not pay for. Also, there was a specific exclusion for backfilling or mud jacking. Therefore, that claim was denied. The member did appeal that and we did resolve it by splitting the cost of the mud jacking with the member. The member also asked us to bring this to the Coverage, Claims & Litigation Committee asking whether there should be coverage for that type of claim.

Garvey reported that the Coverage, Claims & Litigation Committee agreed that we should provide this type of coverage, so if it is due to a pipe busting under a building and it washes away the land, there would be coverage for the backfilling now. It is limited to an occurrence amount of \$250,000 and a \$400,000 aggregate. Garvey noted that a concern was raised that we might start involving normal wear and tear, but there is a specific exclusion in the coverage that excludes normal wear and tear. However, we did add that to this coverage provision as well, just so there is no ambiguity.

Gargano noted that this item would require a roll call vote. A motion was made by Irvin and seconded by Velkme to approve the Revised Earth Movement Exclusion – Endorsement 3 of the First Party Property coverage document. A roll call vote was taken and the motion carried.

**2. Enhancement to Riot/Civil Commotion Coverage**

Gargano reported that this came out of the Police Chief Steering Committee in response to the 2012 G-8 Summit being held in Chicago and asked LeTourneau to give the report.

LeTourneau explained that the \$2 million sublimit in the GL coverage for Riot, Civil Commotion or Mob Action has been in place for some time. Staff decided to take a look at the exposure for one larger incident. LeTourneau noted that the Police Chiefs Steering Committee had a program at their November meeting presented by the president of the Illinois Tactical Officers Association, talking about preparation

for the 2012 G-8 Summit. The steering committee discussed the potential coverage implications from an IRMA member responding to a City of Chicago request, even though at this time, the City of Chicago is saying they won't be making that request.

LeTourneau explained that based on discussion with our broker and reinsurers, staff is recommending increasing our current \$2 million per occurrence liability limit to \$10 million per occurrence with a \$10 million annual aggregate. Once the \$10 million annual aggregate has been met, the coverage will drop back to the previous \$2 million sublimit.

Gargano commented that this is not the only incident that could occur. At anytime you can have civil unrest and have multiple members responding, and the coverage is not where it should be. Since there is no impact to the budget, the committee felt we should move forward and provide the coverage to the members. LeTourneau stated that this was a good point, and both reinsurers agreed to extend the coverage at no additional cost.

A motion was made by Irvin and seconded by Gargano to approve the revision to Amendment 4 of the General Liability coverage document – Riot, Civil Commotion or Mob Action Limitation. A roll call vote was called and the motion carried.

#### **D. ADMINISTRATION & FINANCE COMMITTEE – DANIELSON**

In Danielson's absence, Vesecky gave this report.

##### **1. IRMA Cash & Investment Policy**

Vesecky stated that this was a recommendation to change the investment allocation. Currently, our policy says that we will have 45% of the investment portfolio as fixed income and the rest in equity. Vesecky stated that IRMA's investment consultant is suggesting that we reduce that to 40%. Interest rates are low and we know the Fed is keeping them low and when interest rates start to rise, bond prices move inversely, so you are going to experience some losses on those bonds. We are suggesting moving the allocation to 40% fixed income and 60% in equities.

A motion was made by Krumstok and seconded by Velkme to approve the change to X. Investment Selection of the IRMA Cash & Investment Policy, reducing the allocation to fixed income from 45% to 40% of the investment portfolio. A voice vote was called and the motion carried.

##### **2. 2011 Interest Income Credit**

Vesecky reported that staff looked at the policy and the maximum Interest Income Credit under the policy would be \$7.7 million. With the volatility in the stock market, staff, the Administration & Finance Committee, and the Executive Board are recommending we return \$6 million, which is the same level as the 2010 Interest Income Credit, and hold back a little in case we incur additional losses.

A motion was made by Krumstok and seconded by Coren to approve the \$6 million Interest Income Credit for 2011. A voice vote was taken and the motion carried.

**3. 2012 Final Budget**

Vesecky stated that everyone should have received a bound budget as they came into the meeting.

Vesecky noted that there were very few changes from the preliminary budget. The few changes were: a minor change to the IMRF line item; decrease in employee health insurance due to a rate decrease of 13%; adjustment to training for increased costs for IAPD/NAPD training; accreditation grants increased due to two additional member requests for grants; Information Technology reduction with elimination of IRMA discussion boards; and 2012 revenue base reduced for two members, which reduced the loss fund budget.

Vesecky stated that contribution statements would be mailed to members today and contributions are due January 31, 2012. Included with the statements are suggested allocations for member departments. The calculation is individual by member.

A motion was made by Sigman and seconded by Velkme to approve the 2012 Final Budget. A voice vote was taken and the motion carried.

**V. EXECUTIVE DIRECTOR/STAFF REPORT**

Bush noted that the 2012 IRMA Calendar of Board, Standing Committee & Steering Committee Meetings was included in the meeting packet on page 30.

**VI. ADDITIONS TO AGENDA**

There were no additions to the agenda.

**VII. CONFIRMATION OF NEXT MEETING**

The next meeting of the Board of Directors is scheduled for Wednesday, March 14, 2012 at 9:30 a.m. at the Westbrook Corporate Center Conference Room.

**VIII. EXECUTIVE SESSION**

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

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A motion was made by Krumstok and seconded by Sigman to adjourn from Executive session and move back into regular meeting. A voice vote was taken and the motion carried.

A motion was made by Sigman and seconded by Velkme to approve the Executive Director's performance review and contract amendment. A voice vote was taken and the motion carried.

**IX. ADJOURNMENT**

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

Submitted by:

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Larry Bush, Executive Director

Approved by:

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Ingrid Velkme, Chair