

## ADMINISTRATION & FINANCE COMMITTEE Meeting Minutes

*Thursday, November 14, 2019*  
**IRMA Office**  
**9:30 a.m.**

**PRESENT:** Eric Helm, Chair  
Tom Kuehne  
Bettina O'Connell  
Shane Johnson (Via phone)

Larry Noller, Vice Chair  
Jack Knight  
Al Stonitsch

**ALSO PRESENT:** Margo Ely  
Donna Sluis  
Susan Garvey

Rita Boserup  
Telly Panousis

**ABSENT:** Elizabeth Holleb  
Barry Krumstok

Carrie Dittman

### **I. CALL TO ORDER**

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

### **II. APPROVAL OF MINUTES: September 25, 2019**

A motion was made by Stonitsch and seconded by Knight to approve the Administration and Finance Committee Minutes of September 25, 2019. A voice vote was called and the motion carried.

### **III. FINANCIAL REPORTS**

Helm asked if there were any questions or comments on the financial reports. Hearing none. A motion was made by Kuehne and seconded by O'Connell to approve the Financial Reports. The motion carried.

### **IV. RETAIN COMMERCIAL LEASE BROKER**

Ely introduced John Springer from CBRE and we are recommending that we retain him to be our broker for the next office lease negotiation. Our current lease expires at the end of 2021. Staff would like you to have an idea of the lease terms and costs before our preliminary budget in September 2020. Attached to the agenda item is a commute analysis based on our members. If we were to relocate outside of Cook County and potentially outside of a Class A office building, the change in the commute time of our membership is minimal and the cost savings would be significant. Margo is looking for some direction from the members on what you think about a potential relocation. Springer gave different options regarding the commercial rental market to the committee. Ely commented the landlord pays the broker fees and we think CBRE is the most experienced. This committee will be the starting place as we continue the negotiations. The full board will approve the lease, which will hopefully be in spring 2021. After much discussion, a motion was made by Kuehne and seconded by Knight to approve the

execution of an agreement to retain CBRE to negotiate a new office lease for IRMA. The motion carried.

**V. 3<sup>RD</sup> QUARTER INVESTMENT PERFORMANCE REPORT**

Goding gave a brief summary of the report to the committee and the handout dated as of October 31, 2019.

Asset Allocation spreadsheet w/\$7M withdrawal

Goding reported that Boserup contacted him to do different scenarios on a possible large payout on a claim. There was also \$3.4M needed for insurance premiums and expenses. That amount, combined with the \$7M, is the \$10.4M under the recommendations column. IRMA also received the initial capital call for the Siguler Guff SBOF IV fund request of \$67,500. A motion was made by Stonitsch and seconded by Knight to approve the rebalance sheet. The motion carried.

**VI. CONSIDERATION OF CONTINGENCY FUND**

Ely reported we have been talking about the contingency fund for a year and a half. The fund policy and procedure on page 42 of the packet includes some revisions discussed from the last meeting. Based on the formula that is in the policy we are recommending that IRMA keeps \$12M in this fund, which includes three self-insured retentions, one maximum reinsurance loss and 10% of our equity portfolio. We are looking to change the sentence "The maximum amount of money to be maintained in the fund should be the higher amount" and would like to change the word higher to average. After much discussion, a motion was made by Knight and seconded by Kuehne to approve the Contingency Fund Policy and Procedure with the revision in the third paragraph deleting the word higher and adding the word average and keeping \$12M in the Contingency Fund and transferring \$1.7M into the members' reserves. The motion carried.

Fixed Income Short-Term Search

Goding gave an overview of each of the investment managers, which are C.S. McKee, Garcia Hamilton & Associates and Mesirow Financial Investment Management. After some discussion, a motion was made by Kuehne and seconded by Stonitsch to recommend Mesirow Financial Investment Management to manage the \$12M, which is segregated from IRMA's other investments. The contingency fund investments are very conservative to avoid the loss of principal. The motion carried.

**VII. APPROVAL OF \$150,000 INCREASE FOR 2020 BUDGET**

Ely reported that we had a discussion at the last meeting about a transition plan for Rita's retirement, which then went to the Executive Board and full Board. At both meetings, there was a discussion as to how the position is currently configured and it's unlikely to result in a successful recruitment. This agenda item is asking for a placeholder of \$150,000. Staff will figure out if we potentially see if our IT, outside consultant Sikich, can perform some of the duties Boserup currently does in-house or whether there is an in-house staff person who could potentially handle the IT issues. In addition, staff would like to be able to get data analytics to better identify trends and measure the effectiveness of pilot programs, risk management activities, trainings and grants. We will be discussing this issue with GovHR and will present a recommendation

to the IRMA membership in 2020 for approval. In order to accomplish this budget change, staff has increased the rate stabilization amount by \$150,000 and included the additional \$150,000 expense in the final 2020 budget. After much discussion, a motion was made by O'Connell and seconded by Noller to increase the 2020 proposed final budget for IT functions in the amount of \$150,000. The motion carried.

**VIII. 2019 INTEREST INCOME CREDIT**

Helm asked if there were any questions or comments. Hearing none. A motion was made by Noller and seconded by Knight to concur with staff's recommendation to return \$9.8M of interest income to members in December 2019. The motion carried.

**IX. CONSIDERATION OF CHANGES TO IRMA'S POLICY/BYLAWS REGARDING HOLDING WITHDRAWN MEMBERS' RESERVES**

Ely reported we are not taking action on this today and gave the background of the item to the committee and looking for direction to draft appropriate revisions to avoid a supplemental assessment of withdrawn members and to return reserves to withdrawn members in a more timely manner. In regard to recruitment efforts and reaching out to municipalities that were once IRMA members, the issue of IRMA keeping their money for many years after they withdraw leaves a negative impression. After much discussion and the feedback from the committee, Ely commented she had enough direction for the appropriate revisions.

**X. VILLAGE OF HUNTLEY – IRMA MEMBERSHIP**

Ely reported that this is for the committee to approve so a separate budget amendment will not be required because of Huntley coming in May 2020. Boserup went into more detail of not doing a separate budget amendment. There were no questions or comments. A motion was made by Knight and seconded by O'Connell to concur with staff's recommendation to approve the Village of Huntley for IRMA membership with an inception date of May 1, 2020 or later and to authorize any necessary budget adjustments without a separate budget amendment. The motion carried.

**XI. CHANGES FOR 2020 FINAL BUDGET**

A motion was made by Kuehne and seconded by O'Connell to approve the changes to the 2020 Final Budget of the Risk Management software earlier implementation and estimated Huntley coverage costs. The motion carried.

**XII. 2020 FINAL BUDGET**

A motion was made by Stonitsch and seconded by Noller to approve the 2020 Final Budget in the amount of \$37,256,824. The motion carried.

**XIII. AFC MEETING DATES FOR 2020**

Helm reported on page 64 are the meeting dates for 2020.

**XIV. ADDITIONS TO AGENDA**

**XV. CONFIRMATION OF NEXT MEETING**

Helm announced that the next meeting of the Administration & Finance Committee would be held on Wednesday, February 19, 2020 at 9:30 a.m. at the IRMA office.

**XIV. ADJOURNMENT**

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

Submitted by:

Approved by:

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Rita Boserup  
Director of Financial Services & Administration

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Eric Helm  
Chair, Administration & Finance Committee