



**EXECUTIVE BOARD  
Committee Meeting Minutes**

**Wednesday, November 28, 2018  
IRMA Office  
9:30 a.m.**

**PRESENT:** Jessica Frances, Chair  
Peggy Halik  
Michael Braiman  
Kathleen Gargano  
Bridget Wachtel  
Lisa Scheiner  
Eric Helm

**ALSO  
PRESENT:** Margo Ely  
Dan LeTourneau  
Jennifer Swahlstedt  
Susan Garvey  
Rita Boserup  
Donna Sluis

**ABSENT:** Julia Cedillo  
Michelle Robbins

**I. CALL TO ORDER**

Chair Frances called the meeting to order at 9:33 a.m. Roll was taken, and a quorum declared.

**II. APPROVAL OF MINUTES – October 3, 2018**

A motion was made by Helm and seconded by Braiman to approve the October 3, 2018 meeting minutes. A voice vote was called, and the motion carried.

**III. INFORMATIONAL ITEMS**

A. Reports for information only, found in the Member Section of the IRMA website –  
<http://www.irmarisk.org/Publications/IRMA-Reports.aspx>

- IRMA Financial Statements
- IRMA Investment Portfolios
- IRMA Payables
- 2<sup>nd</sup> Quarter Investment Performance Report
- Membership Recruitment Report

B. Standing Committee Reports

Membership Relations Committee

- Membership Recruitment Report – October
- IRMA Participation Program – Update/Recommendation
- Workers' Compensation Focus Program – 3<sup>rd</sup> Quarter Results

Administration & Finance Committee

- No informational items

Training & Education Committee

- 2018 Education Summit
- On-Site Training Survey
- Grant Administration
- 2019 Training and Risk Management Program Proposal

Coverage, Claims & Litigation Committee

- No informational items

**IV. CHAIR'S REPORT - FRANCES**

- **Nominating Committee Report – Slate of Candidates for 2019 Officers**

Gargano thanked Scheiner for continuing as the At-Large Representative for Small Member. There were two (2) people interested from the same community for the at At-Large Representative and went with the one that had more experience with the IRMA communities, but both are equally good candidates. Ashley Engelmann from Libertyville was chosen for the At-Large Representative. Gargano thanked Braiman, Helm and Frances for their efforts and contribution.

**V. ACTION ITEMS**

**A. MEMBERSHIP RELATIONS COMMITTEE – WACHTEL**

1. Mount Prospect Claims Handling - WC

Wachtel reported you might recall we made the similar decision with regard to Mount Prospect's general liability claims. They are looking for IRMA to take over their previous workers' compensation claims beginning January 1, 2019. We will be applying the same formula that we applied for their general liability claims. This item went through both the Membership Relations Committee as well as the Coverage, Claims & Litigation Committee. Both committees were supportive. After that point and time, staff found out the exact number of claims is 13 and the total payment from Mount Prospect will be \$16,972.50. A motion was made by Wachtel and seconded by Helm to approve as presented. The motion carried.

**ADMINISTRATION & FINANCE COMMITTEE – HELM**

2. 2018 Final Interest Income Credit

Helm reported both of these items had a lot of discussion at the meeting. The first item, on page 73 of the packet, is the 2018 Interest Income Credit. This item was discussed at the last Executive Board meeting. As you may recall, there is a large credit available due to investment income and to positive adjustments to the loss reserve. This credit is \$31 million, of which it is recommended that IRMA return \$11 million of interest income to the membership in December. This will leave a balance of \$20 million, which has been discussed using this \$20 million as a Contingency Fund. This idea will be discussed at the 2019 Strategic Planning Workshop. Wachtel posed the question, if it's determined in the future that \$20 million is too high would there be an adjustment? Ely commented yes. Wachtel commented that we need to point that out because there could be some criticism from the larger

group that IRMA is holding on to too much money. After some discussion, a motion was made by Helm and seconded by Halik to concur with staff's recommendation to return \$11 million of interest income credit to members in December 2018. The motion carried.

3. 2019 Final Budget

Helm reported on the 2019 Final Budget. The budget established uses a contribution rate of \$2.044, which is an increase of 2.4% from the rate that was established last year. The Administration budget decreased by 1%; the commercial insurance increased by 6.8% and the loss fund, which is 80% of the budget decreased by 4.7%. The overall budget increase is attributable to a lower amount utilized for rate stabilization. \$2.5 million has been designated for rate stabilization compared to \$5 million which was designated in 2018. The AFC previously discussed using PTELL to determine how much we should utilize for rate stabilization. Ely stated there is a real concern on AFC regarding the sustainability of rate stabilization on an annual basis. The committee felt comfortable that \$2.5 million, half of what was last year and try to wean ourselves off relying on rate stabilization. We will need to determine an appropriate philosophy regarding rate stabilization moving forward. A motion was made by Helm and seconded by Halik to approve the 2019 budget at \$36,266,997 and to utilize \$2,500,000 as rate stabilization. The motion carried.

**C. TRAINING & EDUCATION COMMITTEE – SWAHLSTEDT FOR ROBBINS**

1. Training and Risk Management Committee Responsibilities

Swahlstedt reported changes are being recommended for the Training & Education Committee, including incorporating risk management activities and changing the committee name to the Training and Risk Management Committee for 2019 (TRMC). Swahlstedt gave an overview of the changes to the Statement of Responsibility on page 87 of the packet. Pages 88-92 provide some examples of new and dynamic reporting for the TRMC. Frances commented that she used to be on the committee and would get frustrated by how limited things would be of what our function was and she's happy to see this kind of evolution of this committee. A motion was made by Gargano and seconded by Helm to approve the Training and Risk Management Committee Responsibilities. The motion carried.

**D. COVERAGE, CLAIMS & LITIGATION COMMITTEE – GARVEY FOR CEDILLO**

1. Modification to Uninsured/Underinsured Motorist Coverage

Garvey reported this is a modification to the Uninsured/Underinsured Motorist Coverage. Back in 2001, we took the limits down from \$1 million to \$500,000 due to concerns that employees being paid workers compensation benefits could potentially access \$1 million. We put in a workers' compensation exclusion so that any employee who is receiving workers' compensation is excluded from coverage from the UM/UIM coverage. There has been a legal question if this is a valid and an enforceable exclusion. While staff believes the exclusion is proper since we are a risk pool versus an insurance

company, staff recommends an additional reduction in order to simply avoid the issue, which would require a costly declaratory action as to whether or not that is a valid exclusion. In the past 4 years, there have been 8 cases involving an employee who received workers' compensation benefits and sought UM/UIM benefits. The committee raised two (2) concerns, the first was they wanted to confirm there was still some coverage available for a family member who might be in a village vehicle if they get hit by somebody who doesn't have enough insurance and the other was if we don't have to have it then why do we have it at all. Garvey responded that family members would still be entitled to the coverage, although at a lower number and pointed out that a lack of any such coverage could impair our recruitment efforts. A motion was made by Helm and seconded by Braiman to approve the recommended changes to the IRMA Uninsured and Underinsured Motorist Coverage ("UM/UIM") to reduce the limits from \$500,000 to \$50,000. The motion carried.

2. RFP Process for Defense Counsel Panel

Garvey reported that since she has been at IRMA, there has only been one (1) RFP Process for Approved Defense Counsel Panel. Staff is recommending that we consider an RFP process every 7 years. It would be a recommendation coming from Ely and then take it to the CCLC. We thought 7 years was a good time frame to consider the process. The CCLC was favorable and thought it was a good idea. A motion was made by Halik and seconded by Gargano to approve section 6.06 of the Claims Manual. The motion carried.

## **EXECUTIVE DIRECTOR/STAFF REPORT**

1. Website Redesign – Member Forum

Ely commented that there will be a presentation at the board meeting on the new Member Forum on how to use the discussion forum.

2. Calendar of 2019 IRMA Meetings

Ely commented that this is the calendar of our 2019 meetings.

3. Schedule for 2019 AGRiP, PRIMA, RIMS Meeting Dates

Ely commented these are the dates for the 2019 AGRiP, PRIMA and RIMS meetings.

4. Park Forest Revenue Base Appeal

Ely reported that under our bylaws, a member that is denied a revenue base deduction has a right to appeal the denial. Park Forest asked for a deduction for a pass-through grant that they received, and our bylaws do not allow for the deduction. The question of whether pass-through grants are subject to deduction has been discussed by the membership quite a few times over the years. The Appeals Committee convened and had Mark Pries, Finance

Director/Deputy Village Manager participated via phone, and after some discussion, the committee denied the appeal. Staff had a discussion with Tom Mick, Village Manager. He generally was questioning why it is we would consider a pass-through money as having any impact at all on risk. This appeal would only impact their total contribution by about \$5,000. Mick indicated he understood the decision, but he would like us to pursue the policy question at the next AFC meeting. The Executive Board needs to consider this appeal if you want to affirm the appeals committee then it's a majority. A reversal of the decision would require a 2/3 vote. There was some discussion on this appeal. A motion was made by Halik and seconded by Helm to affirm the appeals committee decision. The motion carried.

**VI. EXECUTIVE SESSION**

A motion was made by Helm and seconded by Braiman to move into Executive Session to discuss matters of: pending litigation and personnel pursuant to 5 ILCS 120/2(c)(21), (11) and (1) respectively.

A roll call vote was called, and the motion carried.

\*\*\*\*\*

**VII. ADDITIONS TO AGENDA**

None

**VIII. CONFIRMATION OF NEXT MEETING**

Frances stated the next scheduled Executive Board meeting is Wednesday, February 27, 2019 at 9:30 a.m. at the IRMA office.

**IX. ADJOURNMENT**

A motion was made by Halik and seconded by Braiman 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