



**BOARD OF DIRECTORS
Meeting Minutes**

**Wednesday, June 25, 2014
Westbrook Corporate Center Conference Room
9:30 a.m.**

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES – March 19, 2014

A motion was made by Clark and seconded by Coren to approve the Board of Directors Meeting Minutes of March 19, 2014. A voice vote was called and the motion carried.

Reports for Information Only Found on the IRMA Website

Irvin asked if there were any questions on any of the reports. Hearing none, Irvin moved on to the next agenda item.

III. BOARD MEMBERS’ FIDUCIARY RESPONSIBILITIES (Chris Naveja)

Naveja gave an overview of the fiduciary responsibilities of the members of the Board of Directors, pointing out that IRMA’s Conflict of Interest Policy is posted on the IRMA website. Naveja stressed that as members of the Board of Directors, members have a fiduciary responsibility to act in accordance with what is in the best interest of the pool..

IV. CHAIR’S REPORT - IRVIN

A. Changes in IRMA Delegates/Alternates

Irvin welcomed the following new Delegates and Alternates.

Delegates

Cathy Doczekalski, Oak Brook
Peg Hartnett, Clarendon Hills

Alternates

Kate Andris, Oak Brook
Zachery Creer, Clarendon Hills
Jennifer Clough, Lake in the Hills

B. Resolution Appointing Designated Representative to the Association of Governmental Risk Pools (AGRiP)

Ely reported that the resolution we are asking the Board to accept would replace Larry Bush with her as the designated representative to AGRiP, a highly respected membership organization for public risk pooling.

A motion was made by Cedillo and seconded by Donahue to approve the resolution appointing Margo Ely as the designated representative to AGRiP. A voice vote was called and the motion carried.

V. COMMITTEE REPORTS

A. MEMBERSHIP RELATIONS COMMITTEE – COREN

**1. Presentation – 2014 State of the Membership Report
Claims to Contribution Watchlist Report**

LeTourneau referred to page 13 of the meeting packet to the Claims to Contribution Report/Watchlist Recommendations, noting that the criteria for placing members on the Watchlist can be found on page 16 of the packet. LeTourneau reported that there are no members being recommended for assignment to the Watchlist for 2015. Only three members are being recommended to receive an advisory letter informing them that they are meeting some of the Watchlist criteria. LeTourneau reviewed the observations and conclusions of the report including: Members' overall five-year claims experience to IRMA contribution results for 2013 were the most favorable overall in more than twenty years; Members with five-year claims to contribution ratios greater than 100% decreased again from eight (8) to six (6).

A motion was made by Cedillo and seconded by Clark to accept the 2014 Claims to Contribution Report/Watchlist Recommendations for the period ending December 31, 2013. A voice vote was called and the motion carried.

Presentation of 2013 Annual Risk Management Rankings Awards & 2013 Zero Accident Recognition

Coren and LeTourneau presented plaques to the 2013 Top Risk Management Ranking members as follows:

Village of Lincolnwood	<i>Large Member Category</i>
Village of Northfield	<i>Small Member Category</i>
NEMRT	<i>Special District Category</i>

Coren and LeTourneau presented plaques to the member departments that achieved a zero accident rate in frequency and severity for both vehicle and work injury accidents during 2013. These members included:

Village of Clarendon Hills Police Department
East Hazel Crest Fire Department and Public Works Department
Village of Riverside Fire Department
Village of Stickney Fire Department
Village of Sugar Grove Public Works Department
Village of Winfield Police Department

B. TRAINING & EDUCATION COMMITTEE – DONAHUE

1. Presentation – Best Safety Initiative Award Winners

Donahue reported that the Training & Education Committee reviewed the four submissions and she and Streid awarded plaques and checks in the amount of \$750 to the following members:

Village of Bloomingdale
Village of Lisle

Protective Footwear Guidelines
Armed Intruder Emergency Response Plan

2. IRMA's 1st Education Summit – October 16, 2014

Donahue reminded everyone about IRMA's 1st Education Summit that is going to be held on October 16, 2014 at Northern Illinois University in Naperville. Donahue stated that an email blast was sent out yesterday encouraging members to register for this full day of learning.

C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO

1. Claims Policy Revisions – Settlement Authority

Cedillo stated that the committee is recommending two changes to indemnity settlement authority for workers' compensation cases. The first change is to increase the settlement authority level of the Executive Director from the current \$250,000 to \$500,000. The second change is to increase the Coverage, Claims & Litigation Committee's settlement authority for the same type of cases from \$500,000 to \$750,000. Settlement authority above \$750,000 would require approval by the Executive Board. The reasons for this recommendation are because the number of workers' compensation claims with indemnity settlements in excess of \$250,000 is becoming more frequent and the amounts that are paid for these types of settlements are established by the Workers' Compensation Commission and not subject to much change. Cedillo added that the Executive Board concurred with these recommendations.

A motion was made by Clark and seconded by Velkme to approve the revisions to the Claims Policy as outlined. A voice vote was called and the motion carried.

2. Extension of JLT Towers Re Agreement

Cedillo stated that the Committee is recommending that we retain the services of JLT Towers Re and extend their current contract for a period of five years. This is due to a recommendation that came to the committee from the IRMA staff based on their satisfaction with the services that have been provided under the current contract. The term of the contract would be from November 1, 2014 to October 31, 2019. The cost of the contract is outlined on page 30 of the meeting packet. Cedillo also stated that after the completion of the first year, JLT Towers Re is eligible for up to a 5% performance bonus based on the discretion of the IRMA staff. The maximum annual fee would not exceed \$107,100 assuming full bonus. Cedillo added that the Executive Board concurred with this recommendation.

Wachtel asked how the bonus was determined and who made that determination. LeTourneau stated that staff made the determination based on JLT Tower Re's performance in the coverage renewal and their level of customer service provided to both IRMA and our members. LeTourneau stated that the bonus is determined from goals and results that we set for them in the coverage renewal process.

A motion was made by Wachtel and seconded by Velkme to approve the extension of the JLT Towers Re Contract for the period November 1, 2014 to October 31, 2019. A voice vote was called and the motion carried.

D. ADMINISTRATION & FINANCE COMMITTEE – CLARK

1. Actuarial Report as of 12/31/13

Clark reported that the actuarial report was in the packet on page 46. The report was used to determine the Loss Fund Reserve in the 2013 financial statements. The actuary also provides a preliminary estimate of the IRMA 2015 average loss fund rate. The 2015 selected loss fund rate is estimated to be \$1.879 per \$100 of revenue base compared to \$1.956 in 2014, a decrease of 3.94%. Clark stated that the final loss fund rate will be determined in September when the actuary looks at development over the six month period and updates the rate.

A motion was made by Clark and seconded by Cedillo to accept the Actuarial Report of 12/31/13. A voice vote was called and the motion carried.

2. 2013 Comprehensive Audited Financial Report

Clark noted that the report was distributed as everyone came into the meeting. Clark stated that this audit represents a clean, unqualified opinion of the auditor and presents the financial position of IRMA as of December 31, 2013 and 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with generally accepted accounting principles of the United States of America.

Clark reviewed some of the highlights in the CAFR, including: IRMA's net position grew by \$21 million to \$169 million in 2013, mainly due to a \$17 million increase in the value of the investments and \$2.6 million received as interest and dividends; the Operating Income for the year was \$3.5 million on operating revenues of \$29.8 million and operating expenses of \$26.3 million; the provision for unpaid losses and allocated loss adjustment expenses decreased by \$3.5 million in 2013 after a \$7.2 million decrease in 2012, due to favorable new information regarding claim development and litigation developed by IRMA's actuaries, Milliman, Inc.; membership contributions decreased by \$879,000 in 2013 versus 2012; expenses per \$100 of revenue base rate decreased from 2.378 in 2012 to 2.20 in 2013, a reduction of 7.5%; a \$4 million Interest Income Credit was declared in December.

A motion was made by Clark and seconded by Velkme to accept the 2013 Comprehensive Audited Financial Report. A voice vote was called and the motion carried.

3. Purchase & Sales Policy Revisions

Clark stated that this item will be deferred to the next meeting to allow staff to review the policy and make sure it is consistent with other policies, specifically the budget policy, and have the Administration & Finance Committee review one more time before it is brought back to the Board of Directors at their next meeting.

Irvin thanked Bielawski for bringing his questions on this issue forward prior to the meeting and stated that when a member reads the meeting packet and has questions, they should contact Ely or him prior to the meeting to discuss.

4. 2014 Potential Interest Income Credit

Clark stated that this item was for information only at this time and a suggested range for the interest income credit would be provided to the Board in the fall.

VI. EXECUTIVE DIRECTOR/STAFF REPORT

Ely reported that we are making progress on our IT challenges at IRMA, and have issued a Request for Proposal (RFP) for an IT Strategic Plan. We should have the results by the end of August and will be able to determine what we need to propose for the 2015 budget.

Ely stated that the membership will be hearing from IRMA more often with respect to workers' compensation cases. We will be reaching out to make sure you understand the recovery time for the injured worker so you can plan appropriately for staffing levels. We will be calling to partner and work together collaboratively to make sure we are communicating effectively.

VII. EXECUTIVE SESSION

A motion was made by Clark and seconded by Cedillo to move into Executive Session to discuss matters of pending litigation pursuant to 5 ILCS 120/2(c) (11). A roll call vote was called by Ely and the motion carried.

Back in regular session, Irvin moved on to the next agenda item.

VIII. ADDITIONS TO AGENDA

Irvin asked if there were any additions to the agenda. Hearing none, he moved to the next agenda item.

IX. CONFIRMATION OF NEXT MEETING

Irvin stated that the next Board of Directors meeting is scheduled for Wednesday, October 29, 2014 at 9:30 a.m. in the Westbrook Corporate Center Conference Room.

X. ADJOURNMENT

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

Submitted by:

Approved by:

Margo Ely
Executive Director

Drew Irvin
IRMA Chair