



**ADMINISTRATION & FINANCE COMMITTEE
Meeting Minutes**

**Thursday, September 24, 2015
IRMA Office
9:30 a.m.**

PRESENT: John Prejzner
Gerald Sagona
Doug Haywood
Jason Bielawski
Spencer Parker
Eric Helm
Lynn McCammon

ALSO PRESENT: Rita Boserup
Margo Ely
Brian Goding, Marquette Associates
Telly Panousis
Mary Henzler

ABSENT: David Clark
Joe Mangan
Darrell Langlois

I. CALL TO ORDER

The meeting was called to order at 9:30 a.m. Roll was taken and a quorum declared.

II. APPROVAL OF MINUTES – May 27, 2015

A motion was made by Sagona and seconded by Bielawski to approve the Administration and Finance Committee Meeting Minutes of May 27, 2015. A voice vote was called, and the motion carried.

III. ✓FINANCIAL REPORTS

- A. IRMA Financial Statements as of July 31, 2015
- B. IRMA Investment Portfolio as of July 31, 2015
- C. IRMA Payables for the period 5/1/15 – 8/31/15

A motion was made by Helm and seconded by Sagona to approve the Finance Reports as presented. A voice vote was called and the motion carried.

Waiting for Brian Goding to arrive, the committee moved ahead and covered agenda item V. Financial Consultant Contract.

V. FINANCIAL CONSULTANT CONTRACT

Boserup stated that staff is looking for approval to accept the renewal financial consultant proposal with Marquette Associates. Marquette is proposing a fixed fee increase of 2% per year for the next four years. Clark, who was not in attendance, had emailed some questions and his question on the renewal of contracts was would the

consultants object to using language that ties any increase to the change in the annual CPI-U. The committee discussed. McCammon commented that the CPI-U was expected to go up in coming years, so all agreed that the 2% is good.

A motion was made by Helm and seconded by Sagona to approve staff's recommendation to accept the renewal proposal with Financial Consultant Marquette Associates. A voice vote was called and the motion carried.

IV. 2ND QUARTER INVESTMENT PERFORMANCE REPORT

Goding reviewed the 2nd Quarter Investment Performance Report. Goding reported that at the end of June, the fund shows total assets of just under \$188,000,000. Goding explained that the fund does have some negative cash flows from spending money on claims; however, we are pretty close to our targets.

Boserup asked for some guidance as to where to put the money that was removed from the IMET account, indicating that Goding had suggested opening up an account with Northern Trust for short term money. After a brief discussion, a motion was made by Helm and seconded by Parker to open up a checking account with Northern Trust. A voice vote was called and the motion carried.

A motion was made by Prejzner and seconded by Helm to close the IMET accounts. A voice vote was called and the motion carried.

Boserup stated that Clark had a question for Goding that he emailed – Does Brian feel he has adequate flexibility to act between meetings? Are there issues he wished he could address between meetings that he feels he does not have authority to act on? Goding replied, no, he doesn't feel there are any problems or anything that he needs to do other than what he is already doing. If something big happens in the market, he feels he has the option of calling Boserup and/or Ely on the phone to discuss and if something needs to be sent to the AFC it can then be done. Goding stated that under his contract he would not take discretion without the approval of the AFC. Goding noted that we are set up well.

VI. ACTUARIAL CONSULTANT CONTRACT

Boserup reported that staff is looking for committee approval to accept Milliman's proposal for a five year contract extension. Boserup explained that Milliman has been IRMA's actuary since 2006 and they have an excellent understanding of IRMA's business. Boserup added that staff has found Milliman's past fees to be reasonable and Milliman personnel continuity and consistency valuable.

A motion was made by Sagona and seconded by Parker to approve staff's recommendation to accept Milliman's proposal for a five year contract extension. A voice vote was called, and the motion carried.

VII. FINANCIAL AUDITOR CONTRACT

Boserup reported that staff is asking the committee to authorize staff to accept the proposal with IRMA's financial auditor, McGladrey LLP and the change of engagement partner to Fred Fischer. Boserup explained that the Executive Board requested a change of the audit engagement partner as Mark Tomaw has been with the account for a number of years.

A motion was made by Sagona and seconded by Helm to authorize staff to accept the renewal proposal with IRMA's auditor, McGladrey LLP and the change of engagement partner as presented. A voice vote was called, and the motion carried.

VIII. 2016 LOSS FUND RATE

Ely reported that the Rate Sub-Committee had a great meeting on August 18th. Ely explained that the meeting started with a discussion that leaned toward going with a lower rate in part because of the Interest Income Credit. There is a feeling that because we get the Interest Income returns, maybe we are collecting too much on the front end.

After an extensive discussion, the Sub-Committee came full circle with a recommendation to adopt the "selected" rate and leave the current credibility factor formula in place as well.

In his emailed comments, Clark stated that he was okay with the "selected rate." Boserup noted that we will be getting our final rate report from the actuary.

The Administration & Finance Committee concurred with the decision to go with the "selected rate."

IX. 2016 PERSONNEL REPORT

Ely reported that staff is currently engaged in a compensation study. This study was authorized by the Board last year. We should have that report by the November meeting and if there is any action that needs to be taken with respect to the budget it will be highlighted at that time.

Ely stated that in the 2016 Personnel Report, staff is asking for no increase in personnel so staffing will remain flat. We are asking for the ranges to move 2% consistent with inflation. We are asking for a 3% merit pool, consistent with the last several years and also consistent with our market studies that are attached to the report through SHRM and the Hay Group. Ely reported that we did start the bonus program this year. The bonus program was funded at .005% and staff is asking that this be approved again for 2016.

A motion was made by Helm and seconded by McCammon to approve the 2016 Personnel Report that includes the approval of the 2016 staffing levels, the 2016 salary ranges, a 3% merit increase and a .005% bonus program. A voice vote was called and the motion carried.

X. 2016 PRELIMINARY BUDGET

Ely reported that the 2016 preliminary budget is approximately \$365,000 less than the 2015 budget. There are three components of expenditures in our budget – administration, commercial insurance and the loss fund. The only increase is in the administrative budget and is primarily attributable to the Power Cot Grant Program that the Board approved last year for 2016 funding of \$200,000. We received applications for this grant in July and every member who applied is going to get the grant that they applied for. This was approved by the Training & Education Committee at their last meeting and will go on to the Executive Board at their next meeting. We also have a change in the IMRF rate and our health insurance is increasing.

Ely stated that the budget category for Other Personnel Expenses decreased by 6.83% mainly due to the \$8,000 not being re-budgeted for a Strategic Planning Workshop. The Executive Board felt that the Task Force on Contribution Structure was really strategic planning, so we don't need to hold a workshop in 2016.

Boserup explained that the Contingencies line item that was under Commodities was moved into its own category. Ely stated that it doesn't make sense to have Contingencies for an entire budget under one category.

Ely reported that under Contractual Services, we will be paying Milliman \$35,000 for the predictive modeling they are planning to do in 2016. Also, we put in \$30,000 for the claims audit and we are looking at two proposers. For the final budget, we will have the consultant chosen and will know the cost .

Information Technology will increase 3.52% for upgrades. Ely noted that there was a report from Sikich that was sent out to the committee.

Capital Outlay – the 2015 budget provided \$10,000 for the acquisition of a new phone system and we estimate \$15,000 will be paid out of the 2016 budget. Ely stated that we are waiting for responses to our RFP and will report back at the next Administration & Finance Committee meeting.

Commercial Insurance – we are still waiting for final numbers. We have provided a flat budget for 2016 and will update it before the next Administration & Finance Committee meeting.

Loss Fund – this number is preliminary and we will have a final number for the final budget.

A motion was made by Helm and seconded by Sagona to approve the 2016 Preliminary Budget. A voice vote was called and the motion carried.

XI. ADDITIONS TO AGENDA

There were no additions to the agenda.

XII. CONFIRMATION OF NEXT MEETING

Boserup stated that the next meeting of the Administration & Finance Committee was scheduled for Thursday, November 12, 2015 at 9:30 a.m. at the IRMA office.

XIII. ADJOURNMENT

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

Submitted by:

Rita Boserup
Director of Financial Services & Administration

Approved by:

Dave Clark
Chair, Administration & Finance Committee