



**EXECUTIVE BOARD  
Committee Meeting Agenda**

**Thursday, October 10, 2013  
IRMA Office  
9:30 a.m.**

**PRESENT:** Ingrid Velkme, Chair  
Art Malinowski  
Eric Palm  
Sharon Peterson  
Drew Irvin  
David Clark  
Kathleen Gargano

**ALSO  
PRESENT:** Larry Bush  
Dan LeTourneau  
Jackie Streid  
Rita Boserup  
Susan Garvey  
Mary Henzler

**ABSENT:** Paula Schumacher  
Scott Coren

**I. CALL TO ORDER**

Chair Velkme called the meeting to order. Roll was taken and a quorum declared.

**II. APPROVAL OF MINUTES**

**A. Meeting Minutes of June 10, 2013**

Velkme pointed out two typos on page two of the meeting minutes. A motion was made by Irvin and seconded by Palm to approve the June 10, 2013 Executive Board Meeting Minutes as amended. A voice vote was called and the motion carried.

Velkme asked LeTourneau for an update on the Membership Recruitment Report. LeTourneau reported that staff is currently working with North Aurora, who is currently with IML, and things look good. LeTourneau stated that the possibility of North Aurora becoming a member may come up quickly. LeTourneau stated that Oak Park has not made up their mind on IRMA membership and we will be cutting off the services currently being offered to them on November 1<sup>st</sup>. LeTourneau reported that he would be talking to Glen Ellyn in February.

LeTourneau mentioned that current IRMA members are our best source for new members and reminded the committee to call him if they knew of a municipality that may be interested in IRMA membership.

**III. CHAIR'S REPORT - VELKME**

**A. Announcement of Formation of Nominating Committee for 2014 Officers  
(Chair – Malinowski)**

Malinowski reported that information on the 2014 officer nominations and committee interest for 2014 would be sent out to all Delegates and Alternates after today's meeting.

The form will ask for nominations for the officer positions of Chair-Elect, Treasurer, and At-Large Representatives for Large and Small Members.

Malinowski explained that with Velkme chairing the organization for two years, the Nominating Committee remains the same as last year. He and Stacy Sigman are on the committee. Malinowski asked that if anyone from the committee was interested in sitting on the Nominating Committee, they should contact him. A slate of candidates will be presented at the December 18<sup>th</sup> Board of Directors meeting.

Velkme asked who was going off the Board right now. Malinowski stated that he would be going off the Executive Board at the end of this year. Peterson stated that she would be stepping down at the end of the year.

#### **B. Recruitment of Executive Director – Update**

Velkme reported that she had sent out two proposals that she had received from the Mercer Group and Voorhees Associates. Velkme stated that she also contacted Jenny Emery who is the AGRIP Executive Director. Unfortunately, she is unable to provide any assistance. Velkme stated that she had also contacted a recruiting firm from California; however, they mentioned Voorhees Associates and felt since we had Voorhees Associates locally, it would not be cost-effective to hire a firm from California.

Velkme stated that she felt that both proposals she had were fine and wanted to have the Executive Board discuss them and come to a decision. Irvin stated that he had no personal experience with the Mercer Group, but was very familiar with Voorhees Associates. Velkme stated that she felt that a lot of the Executive Board has had experience with Voorhees Associates and feels very comfortable with them. Velkme noted that she had spoken with Scott Coren and Paula Schumacher, who were not present at today's meeting, and they both feel that Voorhees Associates would be a very good choice.

A motion was made by Irvin and seconded by Gargano to accept the proposal from Voorhees Associates for the recruitment of the Executive Director. A voice vote was called and the motion carried.

Velkme reported that the Recruitment Committee has also been formed and includes herself, Drew Irvin, Eric Palm, Paula Schumacher, Joe Cavallaro, Barry Krumstok and Stacy Sigman.

Velkme stated that she would contact Voorhees Associates and start the process. Gargano asked when the salary and benefits for the position would be discussed and whether the Executive Board would weigh into that. Velkme stated that in the proposal it states that they will be meeting with various members of the Board, so we will definitely have input on that. Velkme stated that the recruitment brochure will be approved at the December Executive Board meeting.

#### **IV. COMMITTEE REPORTS**

##### **A. MEMBERSHIP RELATIONS COMMITTEE – COREN**

###### **1. IRMA Withdrawal Policies and Procedures**

In Coren's absence, Bush reported that this item has been discussed previously at length. Now that the legislation is in place, we would like to go ahead and make the changes. Legislation has changed the withdrawal period to 120 days and this change is being recommended to Section 4.05 of the Bylaws. Additional changes were made. One of the key changes is that a member will not get their Members' Reserve back if they give less than a nine month notice of withdrawal.

Velkme questioned a member who has given its notice of withdrawal no longer being entitled to voting rights. Velkme asked that that statement be underlined. A discussion ensued regarding a member no longer have voting rights after giving its notice to withdraw. After the discussion, a motion was made by Irvin and seconded by Palm to approve the Withdrawal Policies and Procedures with the changes as presented in Section 4.05 – IRMA Term and Member Participation, IRMA Members' Reserve Fund Policy and Procedure, and IRMA Statement of Guidelines for Membership Selection, Withdrawal and Expulsion. A voice vote was called and the motion carried with one opposed.

###### **2. IRMA Group Purchase of Services**

LeTourneau reported that staff is recommending four new group or pooled services. The next process is to have a meeting in mid-November for members with all four of the vendors in attendance to talk about their service and enroll interested members. We will also be putting these services on our website with a link for our members to sign up for a particular service. LeTourneau noted that we will be looking at one additional service – pre-employment/post-offer functional capacity testing. The four providers are: Mobilear for hearing testing; Perspectives for FMLA administration and COBRA administration; Aurico for employment background checks; and Mobile Health Solutions for drug/alcohol testing.

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

###### **1. Proposed 2014 Training Programs**

Peterson reported that the Training and Education Committee reviewed the proposed training programs for 2014 and was in agreement with all the training offerings. Peterson noted that additional trainings will be added throughout the year. Streid noted that the committee suggested offering a training program on email and liability and a program on accident/incident investigation. Streid stated that she was open to other suggestions and asked that anyone who had a suggestion send her an email.

###### **2. Educational Resources through Safety National**

Streid reported that currently she is able to get monthly newsletters from our insurer Safety National. These are being posted in our E-news and also on the website.

Streid also noted that we now offer a vehicle driver simulation for police and fire titled Safety: Emergency Responder Vehicle Education (S:ERVE). Streid noted that we are still not getting a lot of usage on this program. LeTourneau stated he would bring the program up again at his next Police Chiefs Steering Committee meeting.

Another resource through Safety National is the Remedy Interactive Ergonomic Assessment, which is an online ergonomic assessment mainly for office personnel. The access to the assessment was sent out to each IRMA member.

The last resource is the Safety Training Source, a learning management system that provides self-paced online courses. Streid noted that she is still working with Summit on getting this setup and would hopefully get something out to the members in the next week or two.

## **COVERAGE, CLAIMS & LITIGATION COMMITTEE – GARGANO**

### **1. Coverage Extension – Part Time Engineers**

Gargano reported that the memo on page 35 of the packet explains that due to continued financial restraints in local public entities, members are searching for new and creative ways to provide essential services. Members have been exploring opportunities to utilize part-time engineers to provide services to their municipality on a contract basis. The memo explains that staff has been evaluating and is recommending providing limited professional liability coverage to these part-time contracted engineers that work solely for the IRMA member and are not a part of any outside firm or organization. Gargano noted that the Coverage, Claims and Litigation Committee recommended adding architects to the proposed new coverage.

Palm asked whether there was any discussion about using another community's engineer to help design a certain project for his municipality and they certainly don't want to be on the hook for professional liability for the other community's engineer. Is this something that could be looked at? Bush stated that the concern would be with the individual – see who that individual is and could we trust that individual. Malinowski asked whether there were any other instances where we cover a non-employee. Garvey stated that there wasn't. Malinowski stated that shared services seem to be the way municipalities are going and this should be looked at. Garvey stated that staff may be able to do some investigation into the issue of shared services.

A motion was made by Irvin and seconded by Palm to approve the recommendation to approve the proposed new coverage and implement the change to include architects. A voice vote was called and the motion carried.

### **2. 2014 Coverage Renewal**

LeTourneau gave an overview of the renewal.

Liability – General, Auto, Public Officials

Recommend remaining with Munich Re-America at a rate reduction of 1.57% and Genesis with a rate reduction of 4.79%. Recommending remaining at the \$10 million liability limits with the current \$6 million Annual IRMA Member Aggregate Cap for 2014.

#### Workers' Compensation

Recommend remaining with Safety National at a flat rate. LeTourneau noted that workers' compensation markets are hardening and market rate increases are being seen from 5% to 15%.

#### Property

LeTourneau stated that we are recommending a change to Hartford, explaining that the public sector management/account team from Travelers moved to Hartford and has offered a rate decrease of 5.8%. We never heard from Travelers when their team left and they came in with an initial quote with a 10% rate increase.

#### Crime

Recommend remaining with Travelers at a flat rate.

#### Boiler & Machinery

Recommend remaining with Travelers at a 3% rate reduction.

#### P.O. Bonds

Recommend remaining with Travelers at a flat rate.

LeTourneau reported that the overall 2014 program is going down 2% overall.

The only change in the Optional Coverage Program is in Special Events Liquor Liability, where we have taken the largest group rating of over 5,000 attendees and brought the price down from \$200 per day to \$175 per day.

A motion was made by Peterson and seconded by Palm to approve the 2014 Excess/Reinsurance Coverage Program with a \$6 million Annual IRMA Member Aggregate Cap. A voice vote was called and the motion carried.

### **3. 2014 Claims Audit**

Gargano reported that it was very pleasing to see the results of the audit. Bush noted that there was a substantial difference between this audit and the 2002 audit that had an average score of 62%. Bush stated that the audit was outstanding. The one point that was also addressed in the previous audit was regarding our reserving practices. We addressed this last year. Bush explained that we deviate from industry standards because we involve our members in reserving. There are times when there is a large exposure and our members are just not ready to authorize a settlement. This sometimes causes a delay in reserving. We are proposing a procedure where we can post a reserve without settlement authority, so we will be reserving for financial reasons only.

#### **4. Clarification of Reserve Notice Procedure**

Bush reported that staff is recommending a change to the reserving procedure in the Claims Policy to account for the establishment of a financial reserve separate from a settlement reserve. A motion was made by Clark and seconded by Irvin to approve the recommended change to the Claims Policy. A voice vote was taken and the motion carried.

### **C. ADMINISTRATION & FINANCE COMMITTEE – CLARK**

#### **1. IRMA's Personnel Handbook – Vacation for Part-Time Employees**

Clark reported that at the Administration and Finance Committee meeting the committee discussed and is recommending approval to the change to IRMA's Personnel Handbook on the Vacation for Part-Time Employees, allowing regular part-time employees to earn two weeks of part-time vacation three months after employment begins. Bush made a correction to the memo, stating that there are some small sick benefits afforded to regular part-time employees. A motion was made by Irvin and seconded by Peterson to approve the recommendation. A voice vote was called and the motion carried.

#### **2. 2014 Personnel Report**

Clark reported that the Administration and Finance Committee reviewed the 2014 Personnel Report and is recommending approval. Clark indicated that the impact on the 2014 budget is 1.97%.

A motion was made by Palm and seconded by Gargano to approve the recommendations of the 2014 Personnel Report that include: promotion from Administrative Assistant to Senior Administrative Assistant; 2014 staffing levels; 2014 salary ranges; and budget for a 3% average merit increase. A voice vote was called and the motion carried.

#### **3. Village of Barrington Request for Revision of Revenue Base Calculation**

Clark reported that there was a very thorough discussion on this item at the Administration and Finance Committee meeting. There were some suggestions ranging from members suggesting that the existing parameters where a member dropped a service that eventually played out in the revenue base versus a concern that we may want to demonstrate a little more flexibility for members based upon the fact that commercial rates are a little bit more competitive now and if someone has commercial insurance they would see the benefit now, but we tell our members that they have to wait two years plus until the revenue base catches up. Clark also stated that there was information sent out where the actuary calculated the impact of altering the current time of revenue base and contribution calculations for Barrington.

Bush stated that the whole theory is that Barrington's revenue base is going down over 20% with the reduction of this fire department. It is very similar in concept

although not identical to a member outsourcing a function. The theory is that there will be fewer losses, so it doesn't make sense to put the same amount into the loss fund. Staff did want to go to an actuary to do this. Although there is about a 21% reduction in their revenue base, the actuary came up with a 17% decrease in what they pay. There will be no impact on the contribution of other members..

Bush noted that there is one other situation with Lincolnwood, who for years has outsourced their fire service. They have a very different situation because they do not have any losses. In their case if we wanted to correct their situation, it would have to reduce the revenue base. Their contribution would be decreased by \$20,000. If we do this, the impact on the membership would be about \$600 per member.

Bush stated that what he was looking for was consensus to go forward with this. Barrington is going to want to know for budget purposes. Staff needs to craft the language to bring back to the Administration and Finance Committee, Executive Board and then the Board of Directors.

A motion was made by Irvin and seconded by Clark to direct staff to move forward with this with an effective date of December 31, 2013 for Barrington and Lincolnwood. A voice vote was called and the motion carried.

#### **4. 2014 Preliminary Budget**

Clark noted that the Budget Summary had been revised and handed out to the committee. Bush stated that between the time that the preliminary budget was sent out in the meeting packet and now, staff received the actuarial study. He also plugged in under Other Personnel Expenses, the transition costs of the Executive Director position. Bush added that the basic loss fund rate is coming down about 7.5%. Clark asked whether the number of the Health Insurance was the final number. Boserup replied that we used 8% and stated that Blue Cross/Blue Shield is behind in their renewals. Boserup noted that we are thinking of moving to a December 1<sup>st</sup> renewal rather than a January 1<sup>st</sup> renewal and are waiting for the quote.

Palm asked whether IRMA has ever thought about going to IPBC or a similar pool for health insurance. Bush stated that Vesecky may have looked into that a long time ago, but it is something that we could look at again. Bush noted that we are very small with only 17 people eligible for health insurance. Gargano stated that maybe IRMA should look into the North Suburban health pool.

A motion was made by Irvin and seconded by Palm to approve the 2014 Preliminary Budget. A voice vote was taken and the motion carried.

#### **V. EXECUTIVE DIRECTOR/STAFF REPORT**

No report.

**VI. EXECUTIVE SESSION**

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

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**VI. ADDITIONS TO AGENDA**

There were no additions to the Agenda.

**VII. CONFIRMATION OF NEXT MEETING**

Velkme stated that the next meeting of the Executive Board is scheduled for December 4, 2013 at 9:30 a.m. at the IRMA office.

**VIII. ADJOURNMENT**

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

Submitted by:

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Larry Bush, Executive Director

Approved by:

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Ingrid Velkme, IRMA Chair