



ADMINISTRATION & FINANCE COMMITTEE
Meeting Minutes

November 14, 2017
IRMA Office
9:30 a.m.

PRESENT: Jessica Frances, Chair
Lynn McCammon
Brad Bettenhausen (Via phone)
Larry Noller
Elizabeth Holleb
Eric Helm (Via phone)
Jason Bielawski
Barry Krumstok
Doug Haywood

ALSO PRESENT: Margo Ely
Donna Sluis
Brian Goding
Rita Boserup
Telly Panousis

ABSENT: Darrell Langlois

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES: September 14, 2017

A motion was made by Krumstok and seconded by McCammon to approve the Administration and Finance Committee Minutes of September 14, 2017. A voice vote was called and the motion carried.

III. FINANCIAL REPORTS

- A. IRMA Financial Statements as of September 30, 2017
- B. IRMA Investment Portfolio as of September 30, 2017
- C. IRMA Payables for the period September 1-30, 2017

A motion was made by Krumstok and seconded by Noller to approve the Financial Reports. The motion carried.

IV. 2018 FINAL BUDGET

Francis mentioned there are items that Boserup noted regarding the preliminary budget that was presented on October 16th and the different reductions that have been made. Frances asked if there were any questions or comments. Bielawski mentioned he had asked Boserup for further clarification on the health insurance since a 30% increase is not good for 2018, and if any other people indicated if it was comparable. Then he asked if staff considered the IPBC. Boserup mentioned she had talked to Dave Cook, Executive Director of IPBC, a couple of years ago and he had mentioned at that point we were not eligible, so we did not pursue it. It's because we have a broker and that if we stop using a broker for a year, then we can gain access to IPBC. We will be reviewing all of our insurance in late spring or early summer. Noller had asked why the increase in the rate stabilization amount. Boserup mentioned a couple of different issues, the interest income credit, which was a huge number for this year. When the initial 2018 contribution was calculated, many members would have an increase in contribution. We heard from several members that their revenues and sales tax are down, the state is taking some of their

revenue sharing away and that it's a really tough budget year and increase from IRMA would not be appreciated. Staff tried to see if we can keep the rates the same as last year, because of all the issues with the state and the revenue being down we suggested going with the \$5 million. Noller asked if we do the rate stabilization credit rather than refund it to the members what is the difference between those two? If you refund it to the members don't we have the choice to lower our contribution to just as much? Why do you prefer one over the other? Frances mentioned if you recall back when Vesecky was here she would create a rate stabilization by putting in the investment income into the budget and have taken that away and created the rate stabilization for money that we know we actually have, where she was banking on money she believed that we would earn and this happened a few years ago. When Boserup pointed it out, we changed the practice. 2018 is different in respect that obviously there are a lot of different factors that we are dealing with today. The rate stabilization is a better route versus the interest income credit, since the interest income credit is allocated to members that are no longer members of IRMA, they would benefit versus the rate stabilization route where it's only the current members that benefit. This is not a practice that is new, it is more formalized in the creation of the rate stabilization versus the investment income credit. Ely commented there are different components. Our budget is just an annual budget and the loss fund is the bulk of it. For our financial stability and integrity, the loss fund is a number for which we can pick one of three suggested actuarial rates. We did have a sub-committee decide we should not be discounting the loss fund by projected investment income. This policy decision was made a couple of years ago. The other component is the investment income. Ely contacted AGRiP a couple of weeks ago and asked if they had any rate stabilization policies from their other members. Most pools do not return investment income, instead they use it for what we are proposing here. She spoke to PDRMA and they have had the same rate since 2002 by using the investment income. Boserup commented that they just put it in what they call Net Position and none of the members get any money back. Ely stated that she doesn't know if any of that leads us to a particular conclusion, but this is an important policy discussion for the committee to lead the entire membership on and she doesn't expect us to get a decision on the rate stabilization policy today. Staff would like to be more competitive in our quotes to bring in new members. After much discussion, a motion was made by Krumstok and seconded by Bielawski to approve the final 2018 Budget. The motion carried.

V. 2017 FINAL INTEREST INCOME CREDIT

Frances mentioned we have already touched on this in the previous agenda item. Krumstok commented he likes to round numbers and even with some of the discussions we had he would prefer having the bottom number be \$7 million and having the \$800,000 go into a future reserve or stabilization. A motion was made by Krumstok and seconded by Bielawski to modify the interest income credit to \$7 million and to modify the future rate stabilization from \$3 to \$3.8 million. The motion carried.

VI. RATE STABILIZATION RESERVE FUND POLICY

Frances mentioned we started to discuss this already. Boserup mentioned it was difficult to draft this because we don't know what direction the membership was going to go. After much discussion, Ely commented that we will bring this back to the committee after reviewing the bylaws. We need to make sure it's clear about the impact to withdrawn members and the bylaws to make sure we don't need any revisions.

VII. AFC MEETING DATES FOR 2018

Frances mentioned that on page 40 of the packet are the committee meeting dates for 2018. She also thanked Langlois, Helm and Haywood for serving on the committee and all of their contributions.

VIII. 3RD QUARTER INVESTMENT PERFORMANCE REPORT

Goding gave an overview of the 3rd Quarter Investment Performance Report to the committee along with the allocation worksheet that he handed out. Boserup commented that we do need to replenish the short term bond fund. We had to pay all of our re-insurance premiums, and in previous years, we were allowed to pay 50% of the premiums now and 50% in 6 months. That changed this year and we had to pay the premiums in full. After much discussion, a motion was made by Krumstok and seconded by Bielawski to accept the Asset Allocation marked as IRMA B. The motion carried.

IX. ADDITIONS TO AGENDA

None

X. CONFIRMATION OF NEXT MEETING

Frances announced that the next meeting of the Administration & Finance Committee would be held on Thursday, February 15, 2018 at 9:30 a.m. at the IRMA office.

XIV. ADJOURNMENT

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

Submitted by:

Approved by:

Rita Boserup
Director of Financial Services & Administration

Eric Helm
Chair, Administration & Finance Committee