



**BOARD OF DIRECTORS
Meeting Minutes**

**Wednesday, October 29
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 – June 25, 2014

A motion was made by Palm and seconded by Gargano to approve the Board of Directors Meeting Minutes of June 25, 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. CHAIR’S REPORT - IRVIN

A. Changes in IRMA Delegates/Alternates

Irvin welcomed the following new Delegates and Alternates.

Delegates

Maggie Platter, Crete
Paul Harlow, NIPSTA

Alternates

Paul Nosek, Darien
Jill Ramaker, NIPSTA

**B. Announcement of Formation of Nominating Committee for 2015 Officers
(Chair – Ingrid Velkme)**

Velkme reported that the Nominating Committee is made up of three of the Immediate Past Chairs and up to 2 additional members. Velkme stated that anyone interested in serving on the committee should contact her. Velkme noted that a nomination form and committee interest survey had been emailed to the members with responses due by November 7th.

C. Contribution Structure Task Force

Ely reported that we are establishing a Contribution Structure Task Force consistent with our ongoing process improvement efforts at IRMA. This task force will look at our contribution structure to identify any potential inequities and to identify possible solutions if there are inequities. Ely stated that two years ago, a permanent deductible of \$250,000 was established and reported that to date the

permanent deductible has not been taken by any member. We are going to look at whether we should leave that in place, eliminate it or replace it with something that is more effective. Ely stated that if anyone is interested in this issue and would like to sit on the task force, they should contact her.

Kemp commented that there might be interest in the \$250,000 deductible if a member knew how that would impact their contribution going forward. Ely noted that perhaps Kemp would be interested in serving on the task force. Kemp stated that he would be interested.

Ely stated that part of the discussion will include whether an individually rated member contribution structure is consistent with the pooling philosophy, and if it is indeed permanent, how it would transition from a permanent to potentially pooling, if at some point the individually rated structure became financially difficult for the member. Ely stated that every time a member has looked at the \$250,000, they have decided not to go for the risk.

Irvin commented that this was a very complicated and involved issue and it gets to the core of pooling. This is certainly a worthwhile investment of someone's time, so think about it and talk to Ely if you want to join the task force.

IV. COMMITTEE REPORTS

A. MEMBERSHIP RELATIONS COMMITTEE – WACHTEL

1. Legislative Lobbyist Contract Approval

Wachtel reported that she has taken over as the Chair of the Membership Relations Committee to finish out Scott Coren's term.

Wachtel stated that Chuck Vaughn has served as IRMA's Legislative Lobbyist for a few years now and has agreed to continue the relationship under the same terms, conditions and fee that we have previously paid him. The cost of those services is included in the budget.

A motion was made by Wachtel and seconded by Clark to approve the Legislative Lobbyist Contract Renewal. A voice vote was called and the motion carried.

B. TRAINING & EDUCATION COMMITTEE – DONAHUE

In Donahue's absence, Streid gave this report.

1. Proposed 2015 Training Programs

Streid reported that page 35 of the packet listed the 2015 proposed training topics.

2. Titan Risk Management Agreement

Streid reported that this agreement was for the safety and training services provided by Bill Crimmins of Titan Risk Management. Crimmins has been providing services to the membership since 2002. His current agreement expires on December 31, 2014. The amendment to the agreement provides a term of

January 1, 2015 until January 1, 2020. He will retain the current 2014 daily service rate of \$702.62 for 2015, eliminating the 2.5% increase for 2015 required by the existing agreement. The planned increase for 2016 will be reduced from 2.5% to 2% and the annual increase will be 2.5% from 2017 through 2019.

A motion was made by Velkme and seconded by Sagona to approve the Titan Safety Management Agreement as presented. A voice vote was called and the motion carried.

C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO

1. Workers' Compensation Claims Approach

Cedillo stated that there was a memo in the packet from Executive Director Margo Ely that outlines an enhanced approach that is more proactive and partnership focused in the handling of workers' compensation claims. This approach includes a number of best practices to be administered at different points in the claims handling process. These best practices are outlined on page 48 of the meeting packet. Members can expect to be reminded of these best practices so that they become a common practice in the handling of workers' compensation claims.

2. Litigation Successes

Cedillo reported that this is something that members can expect as a regular report on an ongoing basis moving forward. There are a number of claims and outcomes in the report. Cedillo stated that she felt this was helpful information and keeps the membership informed on the progress in litigation and also is practical information to take back to our respective organizations and share with staff.

3. Increase in Settlement Levels for Liability Claims

Cedillo reported that the proposed increase in settlement authority for general liability cases is similar to what was recently approved for workers' compensation claims settlement authority. The recommendation is to increase the liability claims settlement authority of the Executive Director from \$250,000 to \$500,000; increase settlement authority of the CCL Committee for liability claims from \$500,000 to \$750,000; and the addition of settlement authority of up to \$300,000 for the Director of Legal Services for liability and workers' compensation claims. Cedillo reported that both the CCL Committee and the Executive Board have approved these increases at their most recent meetings.

A motion was made by Clark and seconded by Gargano to approve the increase in settlement levels for liability claims as presented. A voice vote was called and the motion carried.

4. 2015 Excess/Reinsurance Coverage Program

LeTourneau reported that the overall rates in the coverage renewal were either flat or up to a 3% rate reduction across the board in all lines of coverage. There was a very small increase in the overall premium cost of 1% which was caused by exposures increases in all lines of coverage from 1% - 4%.

LeTourneau reviewed each line of coverage and stated that there were no planned increases indicated in any of the optional coverages. LeTourneau stated that the recommendation in liability is to remain at the \$10 million liability limits with the current \$6 million Annual IRMA Member Aggregate Cap for 2015.

A motion was made by Sagona and seconded by Clark to approve the 2015 Excess/Reinsurance Coverage Program as presented. A voice vote was called and the motion carried.

D. ADMINISTRATION & FINANCE COMMITTEE – CLARK

1. Members' Reserve Policy & Procedure Revision

Clark reported that the current Members' Reserve Policy and Procedure contains a provision related to Former Members that requires that IRMA retain 25% of the withdrawn members' final year initial contribution in their reserve account. Due to IRMA's favorable investments, several withdrawn members' reserve accounts have increased to levels above 25%. The proposed revision allows for the annual review of former members' Reserve Funds to assure the appropriate balance of 25% of the final year's initial contribution is in the account, and for the refund of any money in excess of the required amount.

A motion was made by Clark and seconded by Velkme to approve the revision to the Members' Reserve Fund Policy and Procedure as presented. A voice vote was called and the motion carried.

2. Purchase and Sales Policy Revisions

Clark stated that the action requested is to approve staff's recommendation to increase the Executive Director's purchasing authority from \$15,000 to \$25,000 for budgeted purchases and expenditures. Budgeted purchases above \$25,000 require approval of the Administration & Finance Committee and all unbudgeted purchases and expenditures require approval of the Board of Directors.

Clark stated that this was set to come to the last meeting of the Board of Directors, but there were some questions about unbudgeted expenditures, so this item was referred back to committee for further review. Clark stated that the Administration & Finance Committee reviewed and discussed this at their September 25, 2014 meeting and revised 2. (c) of the policy to read: All other purchases and expenditures must be made in accordance with the IRMA Budget Policy. Clark noted that the Executive Board approved this recommendation with the suggested revision of the Administration and Finance Committee at their October 9, 2014 meeting.

A motion was made by Clark and seconded by Wachtel to approve the Revisions to the Purchase and Sales Policy as presented. A voice vote was called and the motion carried.

3. Personnel Policy Revisions

Clark explained that at the last Administration and Finance Committee meeting and the last Executive Board meeting there was review of certain recommended changes to the Personnel Policy Handbook that included changes to the Sick Days

Policy, Funeral and Bereavement Leave Policy, FMLA Policy and the Disclaimer of the Personnel Policy Handbook.

Clark noted that when these revisions were being discussed by the Administration and Finance Committee there was a discussion about future revisions to the Personnel Policy. A recommendation came out of the Administration and Finance Committee that future revisions to the Personnel Policy Handbook be reviewed by the Administration and Finance Committee and then passed on to the Executive Board level. At the Executive Board level, it would be at the Executive Board's discretion as to whether the revisions would go to the full Board of Directors.

Clark stated that the recommendation to the Board is that they approve the revision to the Sick Days Policy, Funeral and Bereavement Leave, and the Family and Medical Leave Act Policy. Also, in the future, Personnel Policy Handbook revisions that have a budget ramification would come to the full Board of Directors, but non-financial revisions would go to the Administration and Finance Committee and the Executive Board.

A lengthy discussion, including questions and clarification of several of the proposed revisions was undertaken. Some members asked for a clarification to the Sick Days policy to include a clearer purpose in the use of sick days and a clearer definition of what constitutes "family members." Ely stated the revision would be provided to the Administration and Finance Committee for their review.

A motion was made by Sagona and seconded by Sbiral to approve the revisions to the Personnel Policy Handbook as presented. A voice vote was called and the motion carried with three dissensions.

4. 2015 Personnel Report

Clark reported that the number of full-time equivalent employees will remain at 18.7 in the 2015 budget. However, the Principal Accounting Assistant position has been eliminated and an Accounting/Financial Analyst position has been added. The increase in salary is anticipated to be approximately \$25,000. Clark reported that the Administration and Finance Committee reviewed the job description and asked that the range for the new position be changed to \$54,800 - \$82,400 until the compensation study is completed, which is another element of the personnel report.

Clark stated that the recommendations of the 2015 Personnel Report are: approve 2015 staffing levels; approve a 2% move to the 2015 salary ranges; approve a 3% merit increase for 2015; approve a Compensation Study for 2015; and approve a bonus program to recognize IRMA employees. Clark stated that both the Administration and Finance Committee and the Executive Board have approved the 2015 Personnel Report.

A motion was made by Clark and seconded by Sagona to approve the 2015 Personnel Report. Irvin asked if there were any questions/comments

Krumstok commented on the salary ranges and that one Director is in a slightly lower salary range than the other Directors. Krumstok requested that this be looked at for next year. Ely stated that this would be looked at as part of the Compensation Study.

Brennan asked where the 3% merit increase came from. Ely stated support for the figure is attached in the packet from Hay Group and World at Work, which establishes the level of 3% for merit increases to be appropriate for 2015 for both insurance and public markets. Brennan stated that with the CPI it doesn't seem to be tracking as 3%. Ely stated that the difference between the 2% salary range movement and the 3% merit increase pool is that the 2% salary range movement has no budgetary impact.

Irvin stated that he thought one of the answers could be that IRMA is not a municipality. It's a quasi-governmental entity that has a lot of influence in the private sector and in order to be competitive it won't always mirror what's going on in the agencies that it represents. After a brief discussion, Irvin called for a vote on the motion on the table. A voice vote was called and the motion carried.

5. 2015 Preliminary Budget

Clark reported that the 2015 Revenue Base increased 3.98% from \$1,397,408,849 to \$1,453,083,416, which is an increase of \$55,674,567. The total administrative budget decreased by .28%, while the total budget is expected to increase by 5.2% due to an increase to the loss fund based on the preliminary numbers received from the actuaries. Clark reviewed the major categories of the preliminary budget. In review by the Executive Board, they recommended adding \$20,000 to the Information Technology budget to allow for the replacement of aging equipment and provide for assistance in IT administration outsourcing.

Clark stated that the preliminary rate based on the five-year average revenue base for 2015 is \$2.244 per hundred, a decrease of 2.8% from \$2.318 in 2014. This is mainly due to increased expected investment income. Clark stated that the final budget will be presented to the Board of Directors at the December 17, 2014 meeting.

A motion was made by Clark and seconded by Velkme to approve the 2015 Preliminary Budget as presented. A voice vote was called and the motion carried.

V. EXECUTIVE DIRECTOR/STAFF REPORT

A. Arnstein & Lehr Contract Extension

Ely stated that staff is recommending and the Executive Board has approved the Extension of the Agreement with Corporate Counsel at existing rates for an additional 5 years, until December 31, 2020.

A motion was made by Wachtel and seconded by Cedillo to approve the Extension to the Arnstein & Lehr Contract. A voice vote was called and the motion carried.

B. IRMA Amicus Brief in *Coleman vs. East Joliet Fire Protection District*

Ely commented that many members have probably heard about the Illinois Supreme Court's acceptance of an appeal that may affect the continued vitality of the Public Duty Doctrine. Ely stated that the primary concern is that there is a real possibility that the Illinois Supreme Court will decide that the Public Duty Doctrine should no longer exist in

Illinois. Ely stated that this is a very important issue for our members and we are going to file an Amicus Brief.

Ely thanked everyone for coming to IRMA's 1st Education Summit. It was a great day. Ely gave a special call out to Jackie Streid for all her effort and time expended in making the day so successful. Ely thanked the members for their feedback.

Ely stated that in an effort for IRMA to become more "green," the meeting packets will be emailed to the Delegates and Alternates and will no longer be mailed, unless a member specifically requests to receive a mailed hard copy packet. Ely also stated that the packet will be posted on the website.

Irvin echoed Ely's thank you to the members for their wonderful feedback on the Summit and thanked all those involved in making it a great success.

Approval of Executive Session Minutes of 6/25/14

Irvin asked if there were any comments/questions on the minutes from the June 25, 2014 Executive Session. Hearing none, a motion was made by Palm and seconded by Sagona to approve the minutes. A voice vote was called and the motion carried.

VI. ADDITIONS TO AGENDA

Irvin asked if there were any additions to the agenda. There were none.

VII. CONFIRMATION OF NEXT MEETING

Irvin stated that the next Board of Directors meeting is scheduled for Wednesday, December 17, 2014 at 9:30 a.m. in the Westbrook Corporate Center Conference Room.

VIII. ADJOURNMENT

A motion was made by Palm and seconded by Velkme 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