



**EXECUTIVE BOARD
Committee Meeting Minutes**

**Wednesday, May 25, 2016
IRMA Office
12:00 Noon**

PRESENT: Kathleen Gargano, Chair
Drew Irvin
Bridget Wachtel
Eileen Donahue

David Clark
Jessica Frances
Julia Cedillo

**ALSO
PRESENT:** Margo Ely
Dan LeTourneau
Rita Boserup

Susan Garvey
Jackie Streid
Mary Henzler

ABSENT: Steve Stricker
Peggy Halik

I. CALL TO ORDER

Chair Gargano called the meeting to order, roll was called and a quorum declared.

II. APPROVAL OF MINUTES

A. Meeting Minutes of March 2, 2016

A motion was made by Cedillo and seconded by Donahue to approve the Executive Board Meeting Minutes of March 2, 2016. A voice vote was called and the motion carried.

B. Reports for information only, found in the Member Section of the IRMA website – <http://www.irmarisk.org/Publications/IRMA-Reports.aspx>

- IRMA Financial Statements
- IRMA Investment Portfolios
- IRMA Payables
- 1st Quarter Investment Performance Report
- Membership Recruitment Report
- Quarterly Claims Analysis Report
- Claims Operational Report
- Risk Management Services Report
- Quarterly Member Participation Report

Gargano asked if anyone had any questions on any of the reports. Hearing none, she moved to the next agenda item.

III. CHAIR'S REPORT - GARGANO

Gargano stated that the only report she had was the Executive Director's Performance Review and this will be taken care of in Executive Session later in the meeting.

IV. COMMITTEE REPORTS

A. MEMBERSHIP RELATIONS COMMITTEE – WACHTEL

1. Legislative Update

Wachtel reported that staff has provided some information on their efforts to form a coalition on the subject of workers' compensation Reform. Staff also brought to our attention Senate Bill 3070, which is an attempt to legislatively to overturn the Court's decision in the Coleman v. East Joliet Fire Protection District. Wachtel noted that this was for information only.

2. Review 2016 Claims to Contribution Report

Wachtel reported that the Claims to Contribution Report provides an overview of each member's claims performance over the previous 5 years. The report compares a member's actual total incurred claims experience with their loss fund contributions for each individual year, along with a five year summary claims to contribution ratio. From this report, IRMA generates an Advisory Letter for certain members. These letters are utilized when there is no clear adverse claim trend that has developed and most of the adverse experience is due to large, isolated losses, and the member is not meeting our new Workers' Compensation Focus Program criteria, which we have just started this year with four members participating in the program.

Wachtel reported that this year, staff is recommending that advisory letters go to Village of Berkeley, Village of Sugar Grove, Village of Park Forest, Village of East Hazel Crest and West Chicago Fire Protection District.

A motion was made by Wachtel to accept the 2016 Claims to Contribution Report.

Irvin stated that given what we know with the previous Watchlist Program, perhaps we want to do some planned and thoughtful check in on this new Workers' Compensation Focus Program in 24 months or so to see how it is working and perhaps put some resources toward it. LeTourneau noted that the members in this program will be in the program for a minimum of 2 years. LeTourneau stated that staff is monitoring them. The first quarter was preparation and the official program started April 1st.

The motion on the table was seconded by Irvin. A voice vote was called and the motion carried.

3. 2016 Summer Internship Program – Update

Wachtel reported that IRMA was able to secure two interns, which is allowing us to service more members over the course of the summer.

4. Membership for Consolidated Dispatch Centers (LTAAC) - Update

Wachtel noted that we had talked about this at our last Executive Board meeting to make the Executive Board aware of this. The Membership Relations Committee (MRC) has had some additional conversations since that time. LTAAC is a dispatching agency that is being formed by Western Springs, LaGrange and

LaGrange Park. Their interest in joining IRMA is what has spurred this discussion. Wachtel noted that within our Special District Guidelines we have additional guidelines relating to public safety dispatch centers.

Wachtel stated that the Membership Relations Committee has spent considerable time talking about what is a policy decision here in light of the fact that we have a potential application forthcoming. LTACC has yet to make an application. This has all been at the discussion level.

Wachtel stated that the committee spent considerable time talking about the dispatch guidelines and the reason that dispatch centers have a unique set of guidelines compared to other special districts. In particular, there is one guideline that says that the agency must be in operation for 3 years. LTACC is asking that we make an exception to that. Their request has spurred this discussion and we have asked IRMA staff to return to the Membership Relations Committee with additional discussion on those membership guidelines and whether they still make sense or not, or whether other types of guidelines should be considered.

Wachtel stated that another area the committee spent a lot of time talking about was voting -- the voting allowances or voting restrictions of special districts. At the end of the committee's discussion, they agreed to encourage LTACC to make an application for membership. We asked staff to come back to the next MRC meeting with a discussion on the Guidelines for Special Governmental Service Districts. This will probably spur a larger discussion on growth of membership, especially when it comes to special service districts.

Wachtel noted that LTACC is very interested in making application for membership, if they proceed with doing so for the time being we will probably have to look at individual experience in order to be able to provide them with a quote. So if the current guidelines are still in effect, we will have to decide whether we make an exception on the 3 years of operating experience.

Wachtel stated we are seeking a vote on this and IRMA staff is looking for direction to make sure we are all on the same page with taking a look at this issue, studying the guidelines and whether or not if LTACC makes an application, are we willing to look at their individual experience in order to provide them a quote.

Ely commented that from a procedural perspective in the guidelines that were distributed, the first bullet says, "Agency must have a minimum of three (3) years of operating experience to apply." Where it says "Underwriting Guidelines" in the heading above, it doesn't sound mandatory; however this particular guideline says "must have a minimum of 3 years. We know LTACC has not begun operating yet. We know what the experience of Western Springs, LaGrange and LaGrange Park has been. So in terms of action, Ely stated that staff is looking for consensus for staff to use the separate entities experience in submitting their application for membership in IRMA. The bigger issue is if this a permanent change outside of LTACC that the Executive Board wants to pursue.

Ely stated that the reason we have 3 years of operating experience in the guideline is to identify and measure our risk with a particular entity. Ely noted that right now we are already insuring the dispatch functions for each of these entities. So the new entity would become a new IRMA member and would pay a separate

contribution. The Membership Relations Committee discussed is whether separate dispatch losses are relevant for looking at this entity as a whole; the entity when it starts may function very differently than it does now. LTACC will have to function as an entity separate and alone by itself. It may not be as well managed as these separate dispatches under these municipalities as they are right now.

Wachtel added that it is not that the MRC thinks LTACC will not be well managed. However, once you spin the operation off, the municipality relinquishes control of the operations that you would have otherwise had if they were a department of your municipality. Garvey added that she thought that LTAAC really wants membership and agrees with IRMA's risk management philosophy. That may help temper some of the concern.

Gargano recalled at the last meeting there was discussion about other entities that have been denied because of this 3 year rule, and if we are not going to use it for one, shouldn't we be looking at and evaluating what our guidelines should be. Garvey stated that we are taking this back to the MRC fall meeting to discuss.

Gargano asked what we do about the ones we denied. Garvey noted that by now they have 3 years of operating experience, so they could make an application. LeTourneau noted that with the one that was denied, they did not have a majority of IRMA members

Clark commented that where you have 3 IRMA members and they have all been doing it, it's a better situation where you have non-IRMA members. Then you would lean more heavily on the 3 years of operating experience. Clark commented that the workers' compensation must be extremely low in dispatch.

Ely stated that we talked about the risk. This is a good member to have because the risk is low. Ely stated that the other thing that is part of this discussion is that they are going to be buying into our full package and really only have general liability and workers' compensation. From a general liability perspective, a dispatch center to be sued in all likelihood you are also going to have police or fire as part of that lawsuit. So keeping the homogeneous defense in one of those cases, we have very few dispatch lawsuits. Garvey noted that we have never had a dispatch liability claim. We have had two workers' compensation claims in the past 5 years in dispatch operations.

Ely noted that we had a special district that had to leave IRMA because the members they serviced left IRMA. So there needs to be a connection with IRMA.

Irvin asked why that would matter. Ely stated that it was her understanding that it's about what our makeup should look like. Should we maintain a majority of IRMA members being homogeneous, meaning municipalities and providing municipal services in particular; or, when you get into the special districts it implicates more of the voting issue. So if this dispatch center gets IRMA membership and has a vote, and the vote is about auto liability coverage determination, they do have financial interest because it is a pool. However, their direct interest is not the same as it would be for a municipality.

Ely stated that we need to look at our growth policy. We haven't looked at this since 2003. And it says that we really don't want to grow. This makes it clear that we

really don't know whether we want special districts. That overall -- policy issue - is something that will be talked about at the fall meeting of the MRC.

Gargano stated that when you talk about dispatches that are attached to municipalities, what would be wrong if we wanted a DUCOM to join us. If we get their revenue to help support us, but you may not have the majority of members be IRMA. Theoretically, they still have the same claim experience. Frances noted that this could promote IRMA so other communities would join. Irvin noted that we could also draw a line and say that no more than 43% could be a non-municipal entity. At least we can control the voting block that is truly a concern.

Ely stated that maybe the criteria is risk. Ely stated that she thought this was an absolute core criteria for our membership consideration. Whether it's a municipality or not we are always looking at the risk. Wachtel added that the risk isn't tied to whether you are a member or not. The dispatch centers that aren't IRMA members are providing dispatch service whether they are an IRMA member or not. We give non members quotes all the time.

Ely stated that along those same lines -- Addison for example has a dispatch center that dispatches for several other municipalities and it's a fee for service. We are insuring that through Addison as a member.

Gargano noted that the voting issues are very muted. Unless you want to get into weighted votes and then you will have the smaller members really upset.

Wachtel noted that these were some of the same conversations they had at the MRC meeting and it is a big discussion.

Gargano asked what the intent was for us talking about this in relationship to the Board of Directors meeting in June. Garvey stated that we are bringing this to the Executive Board's attention because the MRC have said that LTACC should go ahead and file an application using their independent 3 years of experience. In order to get them into membership for the 2017 year, we need to get it to the October Board of Directors meeting. Ely stated that we are looking for the Executive Board to agree to using all three entity's experience rather than the dispatching center's 3 years of experience. The discussion will obviously get broader from the full Board and what they think about the growth issue.

Wachtel stated that she thought ideally we would like to be in the position in the fall with where those guidelines are, so we are not in the quandary that these guidelines mean something sometimes and not other times.

Gargano asked what was going to happen in June at the Board meeting. We have a policy that was passed by the Board that has a mandatory requirement that it "must" have a minimum of 3 years of operating experience to apply and the full Board should agree to allow LTACC to apply even though they don't have 3 years operating experience.

Irvin stated that it's not like we don't have operating experience for each of the entities forming the dispatch center. We have more than 3 years on each of them. Irvin stated that from a membership business perspective, he thinks it is fine to do this.

Gargano asked that in whatever materials go to the Board, that it explains that we realize that this is contrary to what the policy says and explain how you are differentiating this and this caused a large amount of discussion and it is understood that we will be looking to address the policy to get it to fit 2015 versus 2005.

Ely mentioned that the idea that we are going to have the guidelines revised and in good shape in the fall in the context of the overall growth discussion, may not occur in the fall. We really have two conversations that are going on here and we need to have a full Board discussion.

A motion was made by Irvin and seconded by Clark to consider LTACC's application with consideration of 3 years of loss experience from the individual entities rather than the enterprise. A voice vote was called with Cedillo and Frances recusing.

5. Village of Buffalo Grove Withdrawal Notice

Ely reported that the Village of Buffalo Grove is engaging in some due diligence and we have no reason to believe that it is based on any dissatisfaction with IRMA in any way. Ely stated that she believed this was an elected board directing staff to check the market. Based on our policies and bylaws, Buffalo Grove has asked for extra time to be able to rescind their Notice of Withdrawal. The Membership Relations Committee and staff are recommending that we grant Buffalo Grove an extension until July 28, 2016 to request rescission of their Notice of Withdrawal.

A motion was made by Wachtel and seconded by Irvin to grant Buffalo Grove an extension until July 28, 2016 to request rescission of their Notice of Withdrawal. A voice vote was called and the motion carried.

6. Village of Lincolnwood Market Comparison Study – Overview

Wachtel reported that the Village of Lincolnwood had done some market analysis that they have shared with us in summary. This is for information only. The Membership Relations Committee recommended the summary of the market study be shared with the IRMA Executive Board and Board of Directors.

Gargano asked whether the memo could include some background information at the beginning, such as, from time-to-time members go out and have a market comparison study done, etc. LeTourneau stated he would update the memo.

B. TRAINING & EDUCATION COMMITTEE – DONAHUE

1. Update on EMS Training Program for Handling & Lifting Patients

Streid stated that this stems back to when we were trying to put together a training program for EMS patient handling and transporting. There is a lot of frequency and severity in our fire departments for patient handling and transporting over the years and it continues. We sent out RFPs and evaluated several groups. Athletico was selected and they conducted the first pilot training on May 10th at the Village of Brookfield Fire Department. The classroom portion was done very well, it was informative and there were a lot of questions to the trainer. He provided a lot of information on nutrition and fitness and not just focusing on body structure.

However, when it came to the hands-on training in the bay area, there was no preparation. So it came across that they didn't really have the knowledge background of what firefighters really do in handling and transporting patients.

Streid stated that at this point in time, she has contacted another resource that she will be talking to and pursuing as a possible avenue. Cedillo and Wachtel said they would also send Streid the names of possible resources.

2. IRMA's 3rd Educational Summit

Streid stated that the 3rd Educational Summit was scheduled for October 11, 2016 at NIU in Naperville. Streid stated that she has updated the agenda. If anyone has any suggestions for programs or a keynote speaker, please contact Streid.

Streid mentioned that we are inviting management staff and not lower level staff. Irvin stated that maybe we should think about holding this every other year instead of every year. Irvin stated that if you can't make it great, don't think you have to hold it every year. Or you could open it up to some of the lower front line supervisors and, such as claim coordinators, safety coordinators, etc.

Gargano suggested topics on the types of zoning issues that can get you into trouble, the recent Supreme Court decision with respect to the sign code. Streid suggested maybe putting together webinars. Gargano also mentioned police fit for duty issues that we could train on. Gargano stated that she would be looking at the real sticky case studies to provide training on.

Streid stated she doesn't have anything set for the afternoon session and perhaps we could put something together for that session.

C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO

1. Claims Audit Update

Cedillo reported that the original timeline called for a final Clams Audit Report on June 1st. That would have allowed for a draft of the report for the Coverage, Claims & Litigation Committee (CCLC) to review. However, the onsite visit by the claims auditor didn't start until May 9th, which moved the timeline out a bit. As such, staff is recommending that we move the date of the final report to September 1st, and the CCLC will receive a draft of that report in June. If after seeing the draft report the CCLC thinks they should meet to discuss, they will do so.

2. Ad Hoc Committee on Mutual Aid Organizations Update

Cedillo stated that we talked about this at the March Executive Board meeting. The Ad Hoc Committee agreed to set forth some best practices defense and indemnification language. This language was reviewed at the March meeting. The Executive Board recommended that a memo be drafted by staff to send out to member Village Managers providing an overview of that recommended language, while it would be important and why it should be considered. A first draft of that memo was provided to the CCLC at their last meeting. The CCLC suggested an addition of a reference to the inapplicability of the language to the MABAS Agreement and to offer the use of staff as a resource to discuss the issue directly

with members and with existing or proposed mutual aid organizations or joint task forces. Cedillo noted that this didn't need a vote but the concurrence of the Executive Board to send this out to Village Managers and Department Heads. Garvey stated that this memo will go out to the Board in June.

3. Litigation Successes

Cedillo reported that this item was for information only and highlighted recent IRMA litigation successes.

D. ADMINISTRATION & FINANCE COMMITTEE – FRANCES

1. Actuarial Report as of December 31, 2015

Frances stated that if anyone had any questions on the Actuarial Report as of December 31, 2015, Boserup was available to answer them. Hearing none, a motion was made by Irvin and seconded by Clark to approve the Actuarial Report as of December 31, 2015. A voice vote was called and the motion carried.

2. 2015 Audited Financial Report

Frances reported that the Administration and Finance Committee discussed the report at length in their committee meeting. Boserup will be able to answer any questions anyone has. It is important to note that the actuarial opinion regarding the actuarial report is included as part of the CAFR. There was some discussion about the outstanding litigation that goes back to 1985, and what was decided upon is that the MD&A would include some limited information with regard to that litigation. We will be disclosing somewhat to the membership that we are aware of the liability and it has been noted as a liability within the financials.

3. Segregation of Duties

Frances stated that this was an informational item and no action is required. Irvin asked if this was part of the audit. Boserup reported that we have done this for several years and it basically goes over the financial controls that are in place.

4. Sub-Committee on Discounting Loss Fund - Update

Frances stated that at the sub-committee meeting there was a lot of discussion. As part of the discussion, the sub-committee felt there were some other areas where we needed to broaden the scope of our discussion and not be so narrowly focused, since there are a lot of things that feed into the loss fund.

Staff is going to compile information and then we will have a follow-up meeting to discuss various issues that include rate fund stabilization, the impact of the member optional deductible, along with specific policies that govern the particular funds.

5. Potential Interest Income Credit

Boserup stated that for information the calculations are on page 112 of the packet and we are eligible for a potential credit of \$15,000,000. Boserup stated that as part of the Sub-Committee on Discounting Loss Fund, we are going to be talking

about the Interest Income Credit -- do we distribute the entire amount or do we do something else with it? There is also the discussion as to whether we could distribute it in September rather than waiting until the end of the year.

V. EXECUTIVE DIRECTOR/STAFF REPORT

Ely mentioned that IRMA members are receiving a FOIA from the Policy Institute. They are going out alphabetical to municipalities. Garvey stated that she sent the Policy Institute a member list last week. Ely stated that we have talked to the Policy Institute and we are handling those FOIAs. If a member gets one, let Garvey know and she will take care of it.

VI. ADDITIONS TO AGENDA

There were no additions to the Agenda.

VIII. EXECUTIVE SESSION

A motion was made by Irvin and seconded by Clark to move into Executive Session to discuss matters of: review of closed session minutes, pending litigation and personnel pursuant to 5 ILCS 120/2(c)(21), (11) and (1) respectively.

A roll call vote was called and the motion carried.

Back in regular session, a motion was made by Clark and seconded by Irvin to approve the Executive Session Minutes of March 2, 2016. A voice vote was called and the motion carried.

IX. CONFIRMATION OF NEXT MEETING

Clark stated that the next meeting of the Executive Board was scheduled for Wednesday, October 5, 2016 at 9:30 a.m. at the IRMA office.

X. ADJOURNMENT

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

Submitted by:

Approved by:

Margo Ely
Executive Director

Kathleen Gargano
IRMA Chair