

**BOARD OF DIRECTORS  
Meeting Minutes**

**Wednesday, March 14, 2012  
Westbrook Corporate Center Conference Room  
9:30 a.m.**

**I. CALL TO ORDER**

Chair Velkme called the meeting to order. Bush called the roll and a quorum was declared.

**II. APPROVAL OF MINUTES: December 14, 2011**

A motion was made by Coren and seconded by Clark to approve the Board of Directors meeting minutes of December 14, 2011. A voice vote was called and the motion carried.

Velkme stated that there were several standing committee reports in the Member section of the IRMA website for information, and encouraged everyone to be sure to take a look at them. Velkme asked LeTourneau to give an overview of the Annual Unemployment Compensation Claims Administration Report.

LeTourneau reported that NSN is in the last year of a five-year contract. LeTourneau explained that NSN is a local company based out of the City of Chicago. LeTourneau stated that prior to going to NSN, we were with several other very large firms, such as TALX, and every aspect of their service was terrible. Over the past 3-4 years, we have doubled the amount of unemployment claims administered through NSN from IRMA members. The good thing about our contract is that we pay about \$10,000 for 71 members, which would typically be the contract that one member would pay if they went with them. There has been no increase in cost from the additional claims because our contract is based on the number of employees, not the number of claims. LeTourneau commented that NSN has done a very good job. LeTourneau noted that all the other unemployment claims administration companies have consolidated down to 2-3 national carriers. Staff and the Membership Relations Committee are planning to ask for a 5-year extension proposal from NSN.

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

**A. Welcome to 2012 Board of Directors**

Velkme welcomed the 2012 Board of Directors and reviewed several items that were in the packet for everyone's information: 2012 Calendar of IRMA Meetings, Board of Directors, Statement of Responsibility, Statement of Responsibility for Delegates/Alternates, IRMA Conflict of Interest Policy and the Proxy Policy-Bylaws.

Velkme noted that there was an error in paragraph A of Section 2.03 – Voting. In the fourth line, the words "Proxies or" should be removed. It should read, "Absentee votes will not be permitted."

## **B. Changes in IRMA Delegates/Alternates**

Velkme welcomed new Delegates Emily Rodman of LaGrange Park and Jessica Frances of Riverside and new Alternates Julia Cedillo of Lagrange Park, Peter Scalera of Riverside, Denise Joseph of Glencoe and Laura Nali of Libertyville.

## **C. Organizational Planning Workshop**

Velkme reported that on February 29<sup>th</sup>, the Executive Board and the Vice-Chairs of the Standing Committees were invited to participate in a strategic planning session. The facilitator was Jenny Emery, who has a lot of experience in pooling and also in these types of planning workshops.

What was discussed was the topic of shared services, which is coming up more and more in IRMA communities, and how this will affect our insurance, revenues, etc., and whether there should be any changes. The group also discussed how we can provide more services through the IRMA membership.

Velkme stated that there will be a summary available in a couple of weeks, and probably an additional meeting after that. Bush clarified that in a couple of weeks there will be a summary of what occurred at the workshop. There is a lot of work that will come out of that, which will be coming back to the Board over the year.

## **D. Recognition**

### **1. Outgoing Chair**

Velkme and Bush presented outgoing Chair Art Malinowski with the Outgoing Chair Award plaque, for his Dedicated Leadership in Furthering the Opportunities of Public Risk Pooling.

### **2. Outgoing At-Large Representative**

Velkme and Bush presented Barry Krumstok, outgoing At-Large Representative (Large IRMA Member), with a certificate and IRMA pen for his service on the Executive Board from 2008 – 2011.

### **3. Outgoing Standing Committee Participation**

Bush read the names of those members who had ended their participation on one of the IRMA standing committees and thanked them all for their service. Bush noted that certificates would be mailed to all them.

## **IV. COMMITTEE REPORTS**

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

#### **1. Announcement of 2012 Committee**

Coren stated that the 2012 Membership Relations Committee roster was on page 19 of the meeting packet and thanked the members for their participation.

## **2. Prospective Member Fee For Service Policy**

Coren stated that this is a recruitment tool that IRMA has used for perspective members to see some of IRMA's services before joining. Coren reported that we had a request from Oak Park to begin this program. It is a one year program with the potential of an additional one year if they are interested. There are a few minor changes to the policy.

A motion was made by Irvin and seconded by Gargano to approve the Prospective Member Fee for Service Policy. A voice vote was called and the motion carried.

## **3. Prospect Heights Early Withdrawal Report**

Coren stated that there was a fire at the Prospect Heights City Hall and they were in dispute with our reinsurer. IRMA had paid its entire portion; however, there was a disagreement between the reinsurer and the City of Prospect Heights. Coren noted that Prospect Heights does have a five-year claims to contribution ratio of over 100%. That and other requirements do meet the qualifications for early withdrawal under our policy. Prospect Heights has made that request, effective April 30, 2012. Both the Membership Relations Committee and the Executive Board have approved their request.

A motion was made by Irvin and seconded by Malinowski to approve the Early Withdrawal Request of the City of Prospect Heights, effective April 30, 2012. A roll call vote was taken and the motion carried.

## **4. Term of the IRMA Chair**

Coren reported that a few of the past IRMA Chairs have discussed the benefits of having terms that are over one year. IRMA's practice over a long period of time has been to have one year terms for the Chair position, even though our Bylaws allow for a two year term. Coren noted that one year is a relatively short timeframe, and if there were two years, there would be more experience. This would not be a change to the Bylaws, but we are looking for a little direction. The Membership Relations Committee and the Executive Board recommended a vote by the Board.

A motion was made by Coren and seconded by Burke for a consensus of the Board to encourage the nominating committee to promote and seek two year terms from candidates for the Chair and Chair-Elect of the Board of Directors.

Weber asked whether this would be optional for the individual being considered for Chair. Coren stated that it would be optional.

A voice vote was called and the motion carried.

## **5. Review of 2011 Member Participation Report**

Coren reported that this report is for information and, since this is a member driven organization, we really appreciate everyone coming out to participate at the various meetings. Coren noted that if a member is in the very last category, all it takes is

for them to come out to the quarterly Board of Directors meetings to get out of that category. Coren reported that members would be receiving letters based upon their participation.

## **6. Legislative Update**

Garvey reported that a handout was distributed regarding new legislation attempting to modify the Tort Immunity Act, which would allow employees to retain their own independent counsel at the municipality's expense. There would no longer be an IRMA counsel that we would appoint. This is going to have huge ramifications for municipalities. It is going to increase litigation costs by two or three times and it is also going to affect the actual litigation. We are going to lose control of the litigation process. This is going to be a battle. The State Employees' Union came out in favor of this and we are expecting the trial attorneys to come out in favor of it.

Garvey reported that IRMA is working with a coalition of pools and other entities and we are in the process of contacting Senator Harmon to try and get him to listen to reason on this. We are also asking our members to contact not only Senator Harmon, but also your respective Senators to encourage them to oppose this. Garvey indicated that staff will be sending out a letter to the membership that they can use, but the information in the handout from the IML is what needs to be stressed. If your elected officials will call their Senators, they can use this handout for talking points.

Garvey reported that in regards to the PSEBA legislation, there is a vehicle bill out there right now. The proposal is to require the employees to accept health insurance from a subsequent employer and then there is coordination of benefits issues. We are not opposing the bill, but would like to see more. We have sent some proposed language back to the Senator who has agreed to carry this for us for some re-consideration. The most important thing that has come up since this all started is this new Supreme Court case – Gaffney vs. Orland Park FPD, which expands the meaning of what has reasonably been believed to be an emergency. They have expanded it to basically say if there is an unforeseen circumstance that requires an urgent response that is reasonably believed to be an emergency. What we are encouraging is that a police or fire employee in their professional capacity responding to an emergency which would cause damage to another person or property, not just themselves.

Velkme added that if anyone was involved in one of the drive downs, such as WCMC on March 28<sup>th</sup>, they should add this to their agenda to discuss with your representatives.

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

### **1. Announcement of 2012 Committee**

Peterson stated that the Training & Education Committee roster was on page 33 of the meeting packet, and thanked those members for their participation.

**2. Clarification to the Training & Education Committee Statement of Responsibility**

Peterson reported that both the Training & Education Committee and the Executive Board have approved the clarification to the Statement of Responsibility.

A motion was made by Coren and seconded by Irvin to approve the clarification to the Training & Education Committee Statement of Responsibility. A voice vote was called and the motion carried.

**3. Best Risk Management/Safety Initiative Award**

Peterson reminded everyone that it is that time of year for members to submit their applications for the Best Risk Management/Safety Initiative Award. The Training and Education Committee will be reviewing the submissions at their next meeting. There is a monetary award of up to \$1500. Peterson noted that what we have done in the past, if there has been several good programs, we have split that amount up between them.

**4. 2011 IMAP Accreditation – Presentation of Awards**

LeTourneau & Peterson presented engraved plaques to the following four members who achieved initial IMAP Accreditation of 85% compliance in 2011:

- Village of Oak Brook 87%
- Village of Northbrook 85%
- Village of Kenilworth 85%
- City of Palos Heights 85%

Plaques were presented to the following five members who achieved on-site IMAP Reaccreditation during 2011.

- Winfield FPD 98%
- Village of Woodridge 97%
- Village of Riverside 94%
- Village of Bloomingdale 92%
- Village of Bartlett 92%

LeTourneau stated that the following seven members would be receiving certificates of recognition in the mail for achieving IMAP Reaccreditation (self-evaluation) during 2011.

Village of Lincolnwood	99%	Village of Tinley Park	96%
Village of LaGrange Park	93%	Village of Libertyville	92%
Village of Homewood	91%	Village of Carol Stream	90%
City of Wood Dale	90%		

**C. COVERAGE, CLAIMS & LITIGATION COMMITTEE – GARGANO**

**1. Announcement of 2012 Committee**

Gargano reported that the Coverage, Claims & Litigation Committee roster was on page 41 of the meeting packet and thanked the members for participating.

**2. Clarification of CCLC Statement of Responsibility**

Gargano stated the clarification has been approved by the Coverage, Claims & Litigation Committee and the Executive Board and involves the annual coverage workshop. It stated previously that we would hold an annual workshop and that wasn't always happening if we didn't have any coverage issues to discuss. The change is to clarify that if an annual coverage workshop is needed, we will have it, and if it not needed, we won't.

A motion was made by Peterson and seconded by Irvin to approve the clarification to the Coverage, Claims & Litigation Committee Statement of Responsibility. A voice vote was taken and the motion carried.

**3. Selection and Assignment of Panel Counsel**

Gargano stated that this was one of the goals assigned to the Executive Director for 2012 that was originally assigned to the Coverage, Claims & Litigation Committee. At their meeting on February 14, 2012, the committee had a very good discussion and made the recommendation to draft a RFQ and seek solicitations from potential attorneys. Gargano stated that after that meeting, she discussed this with Velkme and thought this might be something that would be better served by having the Executive Board review it. So, the Executive Board will take this back from the Coverage, Claims & Litigation Committee and will go through the process of sending out a RFQ and evaluating and selecting panel counsel.

**4. Report of November 11, 2011 Corporate Counsel Meeting**

Gargano stated that this report is a summary of what was discussed at the November 11, 2011 Corporate Counsel Meeting and encouraged everyone to read the report.

**D. ADMINISTRATION & FINANCE COMMITTEE – CLARK**

**1. Announcement of 2012 Committee**

Clark stated that the roster of the 2012 Administration & Finance Committee was on page 51 of the packet and thanked those members for participating.

**2. GFOA Certificate of Achievement**

Clark stated that this was a letter from the GFOA announcing that IRMA has been awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ending December 31, 2010. Clark congratulated the IRMA staff.

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

Bush gave an overview of how IRMA is doing from a claims perspective, referring to handouts that were distributed.

Bush recalled that in 2009, there was a very substantial reduction in claims experience from 2008. At the time, we didn't know whether it was an anomaly or was it going to continue. On the handout, it shows that the claims volume and dollars in 2008 compared to 2009 and then compared to 2011, shows that the reduction has stuck. The revenue base has increased, so it's not just a matter of less exposure.

Bush explained that in 2008 the financial crisis hit. There are fewer employees and less activity to some degree. Not only IRMA, but the insurance industry in general feared that it might be the opposite effect. People are hurting and may be looking for other ways to get compensation.

Bush noted that reductions are happening not only with IRMA, but to a lesser degree with the entire insurance industry, and it's somewhat puzzling compared to past trends. Part of IRMA's reductions has to do with our members' risk control approach. It also has to do with the fact that we have lost some members, and some of those that have left have had the highest claim numbers.

Bush pointed out that workers' compensation has gone down less relative to the other lines; however, in Illinois workers' compensation has been going up. The fact that we have any reduction is really outstanding.

Bush stated he also included tables on IRMA's litigation costs, as this is something that we have really emphasized the last couple of years. Part of the reasons our litigation costs have gone up as well as our liability exposures is that in the last five years or so, there have been more and more attempts by plaintiffs' attorneys to file suits in Federal Court, which includes fee shifting. We end up very often when these cases go to trial spending more on plaintiffs' attorney fees than on the actual case. Bush stated that we have made a real emphasis in trying to evaluate cases quickly. There has been no change in bottom line conclusions about what claims to settle. We have just made a real effort to make those decisions much earlier in the case.

Velkme asked whether we will be seeing a spike in the cost of property insurance given the fact that we have had so many natural disasters this past year.

Bush stated that the industry overall will be increasing in cost, but IRMA will be trying to make the point that none of these disasters have been in our area. Bush did note that there is some thought that the insurance market is hardening and not only property insurance will be going up, but liability may be increasing also.

## **VI. ADDITIONS TO AGENDA**

Velkme asked if there were any additions to the agenda. Hearing none, she moved to the next item.

**VII. CONFIRMATION OF NEXT MEETING**

Velkme announced that the next Board of Directors meeting would be held on Wednesday, June 20, 2012, at 9:30 a.m., at Tower Two – Westbrook Corporate Center Conference Room.

**VIII. ADJOURNMENT**

A motion was made by Irvin 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, Chair