



**EXECUTIVE BOARD
Meeting Minutes**

**Wednesday, November 30, 2016
IRMA Office - 9:30 a.m.**

PRESENT: Kathleen Gargano, Chair
Steve Stricker
Bridget Wachtel
Eileen Donahue
Julia Cedillo
Peggy Halik
Drew Irvin
Jessica Frances

ALSO PRESENT: Margo Ely
Susan Garvey
Mary Henzler
Dan LeTourneau
Rita Boserup

ABSENT: David Clark

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 October 5, 2016

A motion was made by Irvin and seconded by Wachtel to approve the Executive Board meeting minutes of October 5, 2016. A voice vote was called and the motion carried.

B. Reports for information only, found in the Member Section of the IRMA website

Gargano reminded everyone that the reports listed on the agenda could be found on the IRMA website for review.

III. CHAIR’S REPORT - GARGANO

- Nominating Committee Report – Slate of Candidates for 2017 Officers – Irvin

Irvin presented the Slate of Candidates for 2017 Officers as follows:

<u>Position</u>	<u>Name</u>	<u>Member Organization</u>
Chair	Kathleen Gargano	Village of Hinsdale
Chair Elect	David Clark	Village of Glencoe
Treasurer	Jessica Frances	Village of Riverside
At-Large Representative (Large)	Peggy Halik	Village of Woodridge
At-Large Representative (Small)	Steve Stricker	Village of Burr Ridge

Irvin thanked Dave Clark, Jessica Frances and Kathleen Gargano for their efforts and contributions in serving on the Nominating Committee.

A motion was made by Irvin and seconded by Halik to approve the slate of candidates for 2017 officers and present the slate at the Board of Directors meeting on December 14, 2016. A voice vote was called and the motion carried.

IV. COMMITTEE REPORTS

A. MEMBERSHIP RELATIONS COMMITTEE – WACHTEL

1. Workers' Compensation Focus Program - 3rd Quarter Reports

Wachtel explained that this was the 3rd quarter reports for the Workers' Compensation Focus Program. Wachtel noted that we have four communities in this program and there is quite a bit of detail that each community has provided that is recounted in the cover memo. A few things that came out of the Membership Relations Committee that are worth sharing with the group are that the forms are going to be changing and that IRMA staff will be working on this so that they will be easier to understand and work with. LeTourneau noted that these would be Part II and Part III of the forms. IRMA is also working with these communities on a brochure that will be aimed at the employees in these communities, explaining the role of IRMA, what happens when you get injured, the role of the case manager, etc. The Membership Relations Committee thought it was an excellent tool to be utilized by these communities and talked about expanding this to the rest of the membership. The other suggestion that came from the Membership Relations Committee is that case managers be assigned to all workers' compensation claims from these communities. LeTourneau noted that he and Ely had met with Carol Stream. We wanted to actually go out there because there was actually a lack of understanding of the process and some employees felt that in the past things were not handled appropriately. We have set up four training sessions with Carol Stream to get all their staff employees, mainly their supervisors, on board.

2. Village of Arlington Heights Membership Application

Wachtel reported that the next item is consideration of Arlington Heights' Membership Application. Since Arlington Heights has accepted they will be IRMA's largest member. They are exploring insurance options for 2017 and IRMA has provided a quote. They are currently a member of the HELP pool that provides coverage from \$2,000,000 to \$12,000,000 for workers' compensation. Gallagher Bassett is their third party administrator. IRMA analyzed five years of loss history and conducted a thorough risk management analysis of the Village, which is included in the packet. Their claims frequency has an average of 70 claims, which tracks favorably with IRMA's target of 138 claims per year. The vast majority of their claims frequency was workers' compensation. From a severity standpoint, their five year average was about \$1,351,520, which compares very closely with IRMA's target of \$1,351,000. This number would result in a smaller experience debit for them of about 6.93%. Changes are they would be looking at a contribution deductible of \$100,000, which would result in a premium of \$1,256,128, which IRMA feels more than sufficient to cover their losses, administrative costs and an appropriate contribution to pool surplus.

Wachtel reported that Arlington Heights addition to membership would result in the pool's contribution rate decreasing from \$2.205 to \$2.192 or a .59% reduction, and would contribute \$350,000 towards IRMA's non-loss fund costs. The risk management analysis was very positive. They have a very well developed loss prevention plan and a strong commitment to further better that. Both their Village Manager and Finance Director have come from IRMA communities and are very committed to the IRMA philosophy.

The coverage comparison demonstrates that the Village of Arlington Heights will experience coverage enhancements through participation in IRMA in many areas, including moving from a claims-made to an occurrence based public official's liability (POL) and employment practices liability (EPL) coverage form. The Village's crime & fidelity coverage limits will be increased significantly from \$500,000 to \$5 million per occurrence through participation in IRMA.

However, the Village currently has \$12 million of liability coverage through their participation in the High Excess Liability Pool (HELP) versus the current IRMA \$10 million limit. As previously discussed with the MRC and Executive Board, we are recommending that the Village be provided \$15 million in excess coverage as an enticement to join IRMA. The cost for this enhanced coverage is approximately \$1,300 per month and can be absorbed in the current budget with no revision for year one.

IRMA does not anticipate the need for additional staff beyond the 2017 staffing report in order to accept this prospective new member.

The Village's coverage expires on 12/31/16, but its TPA contract expires on 4/30/17. The Village has not yet received private market pricing and is unlikely to have a Board decision on this issue until December or later. Therefore, if the Village decides to join IRMA, its participation date will be later than January 1, 2017.

Wachtel stated that the committee also discussed whether Arlington Heights have received any other quotes and we don't think they have. Ely stated that they probably will and IRMA staff is going out to meet with them next week.

LeTourneau reported that Boserup recalculated the quote and it went from \$1,256,000 to \$1,209,000.

A motion was made by Wachtel and seconded by Irvin to recommend Arlington Heights' membership in IRMA. A voice vote was called and the motion carried.

A. FINANCE COMMITTEE - FRANCES
1. 2017 Final Budget

Frances reported that page 80 of the packet contained the changes to the final budget of \$516,387, which includes 492,136 loss fund increase due to the change in the final loss fund rate from the preliminary estimate and \$24,251 reduction in the Barrington Fire excluded services credit loss fund adjustment. Another part that Frances wanted to make mention of was in regards to the revenue base. Obviously, with Buffalo Grove being included in it, we did see a decrease of 1.06%,

but if we take Buffalo Grove out of the calculation, overall the revenue base increased by 2.28%.

A motion was made by Frances and seconded by Irvin to approve the 2017 Final Budget.

Irvin commented that just to be crystal clear, if Arlington Heights comes in, there is no budgetary implications in terms of the expense side - correct? Frances replied, correct. Irvin asked if there was any reason or thought that we might want to increase our contingency line item just in case? Frances replied, no.

A voice vote was called and the motion carried.

2. 2016 Interest Income Credit

Frances reported that the Administration and Finance Committee have approved the 2016 Interest Income Credit for 2016 to be \$9,700,000. Included in this calculation is the transfer of \$3 million for the creation of a new reserve loss fund to provide contingent financing for Arrest, Prosecution and Conviction Cases (APCC).

A motion was made by Frances and seconded by Halik to approve the 2016 Interest Income Credit. A voice vote was called and the motion carried.

C. TRAINING & EDUCATION COMMITTEE – DONAHUE

Donahue reported that the Training & Education Committee meeting of November 2, 2016 was cancelled.

D. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO

Cedillo reported that the November 3, 2016 Coverage, Claims & Litigation Committee meeting was cancelled.

V. EXECUTIVE DIRECTOR/STAFF REPORT

- Calendar of 2017 IRMA Meetings

Ely noted that the 2017 IRMA Meetings Calendar was provided in the packet.

- Schedule for 2017 AGRiP, PRIMA, RIMS Meeting Dates

Ely noted that the 2017 schedule of AGRiP, PRIMA and RIMS meeting dates was provided in the packet and stated that if any of the Executive Board members were interested in attending, they should let the IRMA office know.

Ely mentioned that at the last Board meeting, the Risk Manager and Training Manager position was approved. This was a reduction to the Director of Training and Education position. Jennifer Davey who has been our Senior Workers' Compensation Adjuster has been given the position.

Jenny will be introduced at the December Board meeting. As a result, we have a couple claims adjuster positions open, so if you know of anybody, please let us know. We are in the process of accepting applications to fill our spots.

Boserup mentioned that Jenny did get married and has adopted her married name of Swahlstedt.

VI. EXECUTIVE SESSION

A motion was made by Irvin and seconded by Wachtel to move into Executive Session to discuss matters of review of closed session minutes and pending litigation pursuant to 5 ILCS 120/2(c)(21) and (11) 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 October 5, 2016. A voice vote was called and the motion carried.

VII. ADDITIONS TO AGENDA

There were no additions to the agenda.

VIII. CONFIRMATION OF NEXT MEETING

Gargano reported that the next meeting of the Executive Board is scheduled for Wednesday, March 1, 2017 at 9:30 a.m. at the IRMA office.

IX. ADJOURNMENT

A motion was made by Irvin and seconded by Wachtel 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