

EXECUTIVE BOARD Committee Meeting Minutes

Tuesday, November 26, 2019
IRMA Office
1:30 p.m.

PRESENT: Jessica Frances, Chair
Ashley Engelmann
Julia Cedillo
Kathleen Gargano
Denise Joseph (Via-phone)
Michelle Robbins

ALSO PRESENT: Margo Ely
Rita Boserup
Margie Zarcone
Donna Morin
Susan Garvey
Jennifer Swahlstedt
Mike Metzger

ABSENT: Michael Braiman
Lisa Scheiner
Eric Helm

I. CALL TO ORDER

Chair Frances called the meeting to order at 1:36 p.m. Roll was taken, and a quorum declared.

II. APPROVAL OF MINUTES – OCTOBER 2, 2019

A motion was made by Robbins and seconded by Cedillo to approve the October 2, 2019 meeting minutes. A voice vote was called, and the motion carried.

III. INFORMATIONAL ITEMS

A. Reports found in the Member Section of the IRMA website –
<http://www.irmarisk.org/Publications/IRMA-Reports.aspx>

- IRMA Financial Statements
- IRMA Investment Portfolio
- IRMA Payables
- 3rd Quarter Investment Performance Report

B. Standing Committee Reports

Membership Relations Committee

- Marketing Proposal & Presentation – Reputation Partners
- Proposed MRC 2020 Meeting Dates
- Member Marketing & Retention Report
- Workers' Compensation Focus Program – Q3 2019 Report

Administration & Finance Committee

- Consideration of Changes to IRMA's Policy/Bylaw Regarding Holding Withdrawn Members' Reserves
- Proposed AFC 2020 Meeting Dates

Coverage, Claims & Litigation Committee

November 7, 2019 Meeting was cancelled.

Training & Risk Management Committee
November 13, 2019 Meeting was cancelled.

IV. CHAIR'S REPORT – FRANCES

Nominating Committee Report – Slate of Candidates for 2020 Officers – Gargano

Frances mentioned recent difficulties getting a quorum for meetings and that the Executive Board set the tone for attendance at meetings. She encouraged members to consider their schedule and whether they can fulfill the obligations of being on the Executive Board. She invited members to reach out to her individually.

Gargano reported Patrick Brennan has been nominated for the At-Large Representative for Small Member. She also asked that the Board consider Julia Cedillo as Chair, Michael Braiman as Chair Elect; Eric Helm, Treasurer; Ashley Engelmann, At-Large Representative Large Member and Patrick Brennan, At-Large Representative Large Member. Ely commented if everyone was okay with it, we were going to change the Executive Board and Board meetings from Wednesday's to Tuesday's for 2020 for a member who has a family medical issue. The Executive Board concurred with the recommendations.

V. ACTION ITEMS

A. MEMBERSHIP RELATIONS COMMITTEE – JOSEPH

1. Member Participation-Proposed Revision

Joseph reported this revision originated from the discussion the committee had on East Hazel Crest and the lack of participation. The proposed revision clarifies that a member that does not meet participation requirements will only be considered for expulsion after their claims experience and risk management practices are considered as well. The committee went back and forth and felt that not meeting participation requirements should not be the only reason for expulsion. A motion was made by Cedillo and seconded by Robbins to approve the revisions to the Participation Policy. The motion carried.

2. Statement of Guidelines for Membership Selection, Withdrawal & Expulsion-Proposed Revision

Joseph reported this was more of a policy clean up and went over the changes in the policy. A motion was made by Robbins and seconded by Gargano to approve the Statement of Guidelines for Membership Selection, Withdrawal, & Expulsion proposed revisions. The motion carried.

3. East Hazel Crest Participation Analysis

Joseph reported the committee felt that meeting participation should not be the only reason for expulsion. The participation should be taken into consideration for the members overall performance. Following the review of the analysis the committee decided to continue to monitor their participation and claims experience on a quarterly basis and to notify East Hazel Crest that their attendance at the December and March Board meetings is mandatory. Staff will provide a Summer Safety Intern to assist with risk management projects to help reduce losses. If they fail to increase

participation or reduce their claims experience, the committee may require an increase in deductible and any other remedial measures up to and including expulsion. After some discussion, a motion was made by Gargano and seconded by Engelmann to approve the East Hazel Crest Participation Analysis. The motion carried.

B. ADMINISTRATION & FINANCE COMMITTEE – HELM

1. Retain Commercial Lease Broker

Ely reported staff is recommending CBRE be retained as IRMA's commercial lease broker. They have the most experience in the area and were the most professional in our discussions. The committee felt what should be most important is being close to an interstate and to have a room for board meetings. A motion was made by Cedillo and seconded by Robbins to retain CBRE. The motion carried.

2. Consideration of Contingency Fund Policy

Ely reported the next two (2) items are related. The Contingency Fund Policy has been in discussion for a couple of years. It creates a contingency fund to make sure we are financially stable if there is a market down turn that results in a serious reduction in our reserve balance, to avoid a supplemental assessment and to be available where we have a lawsuit where there is a coverage dispute or perhaps the limits that we currently have are not sufficient for the exposure in the lawsuit. The policy also provides that the level of funding should be the average of our self-insured retention currently at \$3M, one maximum reinsured loss or 10% of our investment portfolio. The committee directed that we keep \$12M in the Contingency Fund. We currently have \$13.7M in the contingency fund. The action being requested is improving the policy and also approving to keep \$12M in the Contingency Fund. A motion was made by Cedillo and seconded by Robbins to approve the policy and procedure funded at \$12M. The motion carried.

3. New Investment Manager-Mesirow Financial for the Contingency Fund

Ely reported the Contingency Fund Policy directs that the Contingency Fund should be invested in such a manner that it really targets a 3% annual return in a more conservative portfolio without any equities. The AFC reviewed 3 potential investment managers and selected Mesirow. A motion was made by Robbins and seconded by Engelmann to approve Mesirow Financial Investment Management as an additional investment manager and the Shore Duration Gov/Credit strategy for the Contingency Fund. The motion carried.

4. Approval of \$150,000 Increase for 2020 Budget

Ely explained this request is based on Rita's anticipated retirement and the need for IT assistance. GovHR will assist with a staffing analysis in this regard and provided a report with recommendations for the IT work. A motion was made by Gargano and seconded by Cedillo to approve the increase of \$150,000 for the 2020 Budget. The motion carried.

5. 2019 Final Interest Income Credit

Ely reported staff recommends that \$9.8M interest income should be returned to the membership in 2019. This amount comes out of the claim year 2014. After some discussion, a motion was made by Robbins and seconded by Cedillo to approve the Interest Income Credit for 2019. The motion carried.

6. 2020 Final Budget

Ely provided a summary of the 2020 budget, including the addition of the \$150,000 for the IT function compared to the preliminary budget. A motion was made by Gargano and seconded by Cedillo to approve the final 2020 Budget. The motion carried.

EXECUTIVE DIRECTOR/STAFF REPORT

1. Village of Huntley – IRMA Membership

Ely gave an overview of Huntley coming into IRMA. A motion was made by Robbins and seconded by Gargano to approve the Village of Huntley’s membership in IRMA effective May 1, 2020. The motion carried.

2. Calendar of 2020 IRMA Meetings

Ely reported we will be changing the Executive Board and Board of Directors meetings to Tuesdays instead of Wednesdays. The Executive Board concurred with the change.

3. Schedule for 2020 AGRiP, PRIMA, RIMS Meeting Dates

This is for information only.

Ely reported on page 40 of the packet is the potential revision to the Contract & Bylaws and Members Reserve Fund Policy and Procedure for Withdrawn Members. The AFC discussed this item and directed staff to draft the necessary revisions and gave an overview of the discussion to the committee.

Ely reported on the Education Summit and Board Meeting of October 30th regarding the snow that day and with our speaker being late, we started the summit 40 minutes late. The Board meeting was supposed to start at 12:30 and we did not start until 1:15. There were 2 people who did not attend the summit, but came for the Board meeting and when they showed up for the meeting, the presentation was still going on and they were not happy. Ely heard from one who believes he should be counted for being present as part of our participation policy. After much discussion, it was the consensus of the Executive Board to stick with the policy and it was an unfortunate situation, but we are not going to deviate from our past practice because of this one isolated incident.

VI. CLOSED MEETING

A motion was made by Cedillo and seconded by Robbins to adjourn into Closed Meeting and not to reconvene to discuss matters of pending litigation pursuant to 5 ILCS 120/2(c) (11) and review/discussion of the October 2, 2019 Closed Meeting Minutes. A roll call vote was called, and the motion carried.

Closed Meeting Minutes – October 2, 2019

A motion was made by Gargano and seconded by Engelmann to approve the October 2, 2019 Closed Meeting minutes. The motion carried.

VII. ADDITIONS TO AGENDA

VIII. CONFIRMATION OF NEXT MEETING

Frances stated the next scheduled Executive Board meeting is Tuesday, February 25, 2020 at 9:30 a.m. at the IRMA office.

IX. ADJOURNMENT

A motion was made by Gargano and seconded by Cedillo to adjourn the meeting. A voice vote was called, and the motion carried.

Submitted by:

Approved by:

Margo Ely
Executive Director

Julia Cedillo
IRMA Chair