

## EXECUTIVE BOARD Committee Meeting Minutes

**Tuesday June 4, 2019**  
**IRMA Office**  
**9:30 a.m.**

**PRESENT:** Jessica Frances, Chair  
Kathleen Gargano  
Lisa Scheiner  
Michelle Robbins  
Michael Braiman (Via phone)  
Eric Helm  
Julia Cedillo

**ALSO PRESENT:** Margo Ely  
Rita Boserup  
Donna Morin  
Susan Garvey  
Jennifer Swahlstedt

**ABSENT:** Denise Joseph  
Ashley Engelmann

### I. CALL TO ORDER

Chair Frances called the meeting to order at 9:37 a.m. Roll was taken, and a quorum declared.

### II. APPROVAL OF MINUTES – FEBRUARY 27, 2019

A motion was made by Gargano and seconded by Helm to approve the February 27, 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
  - 1<sup>st</sup> Quarter Investment Performance Report

B. Standing Committee Reports

Membership Relations Committee

- Workers' Compensation Focus Program – Q1 2019 Report
- Summer Internship Program Update
- Membership Recruitment Report
- Notice of Withdrawal – Village of Stickney

Administration & Finance Committee

- 2019 Potential Interest Income Credit

Helm reported this shows a potential interest income credit of about \$11.5 million for 2019. On page 19, the table shows what's going to be transferred in the members' reserve fund. We realize in 2022 that IRMA may not be able to rely on an interest income credit. Ely commented that the reason why we see a negative for 2016 stemmed from three (3) big claims that year.

➤ Consideration of a Contingency Fund

Helm reported the AFC and IRMA staff are still working on this and wanted to give an update. As you recall, the last Executive Board meeting IRMA set aside funds for the potential consideration of a Contingency Fund. At the AFC meeting, Milliman recommended IRMA set aside \$12 million in the contingency fund and the backup material is in your packet. This amount was recommended due to IRMA possibly having a \$12 million investment loss in a given year. IRMA staff is going to provide more guidance to the AFC on when and how the contingency fund would be utilized. Circling back on Rate Stabilization and if this was a good practice, the concern revolved on whether or not this was cumulative in nature. If we do not continue to do stabilization, whether or not this is going to have a negative impact on rates in the future. Since more analysis is needed for rate stabilization, the consensus was that the contingency fund should not be used for rate stabilization at this time. The contingency fund should focus on protecting IRMA from large claim losses in a given year. Cedillo commented on page 28 the sentence "In addition, the Committee determined that this is not about "rate stabilization" as it is more about contribution stabilization to avoid a spike in the contribution rate due to an unforeseen circumstance." Why the name differentiates between the 2? Helm commented because we wanted to move the discussion away from rate stabilization. Let's say we get hit with a large claim, it's not stabilizing a rate for rate stabilization it's having this contingency fund if there are other litigated factors. Ely commented the outcome of the discussion with the AFC is that the contingency fund will not be used for rate stabilization. The possibility in the future interest income could be available on an annual basis for rate stabilization. It's still something we need to talk about. We will be bringing back some investment guidelines in addition to a contingency fund policy to the AFC.

Training & Risk Management Committee

- 2018 Grant Updates
- Pilot PRSC Structure and Meetings
- Civil Actions by Minors Injured in Parks and Recreation Programs
- Training & Risk Management Services Report
- Grant Administration Report – Q1 2019
- Regulatory Assistance Visit (RAV) Revisions
- IMAP Revision Update
- Video on Demand Removal
- 2019 Education Summit
- 2020 Training and Risk Management Initiatives

Coverage, Claims & Litigation Committee

- Senate Bill 1596 Follow-up
- Defense Counsel Performance Survey Report
- Litigation Successes

**IV. CHAIR'S REPORT – FRANCES**

**V. ACTION ITEMS**

**A. MEMBERSHIP RELATIONS COMMITTEE – JOSEPH**

1. 2018 Claims to Contribution Report

Swahlstedt commented this report is a part of the State of the Membership Report that is coming out at the Board meeting in June. The MRC approved the observations and calculations, including the removal of the Village of Roselle from the Workers' Compensation Focus Program and the three advisory letter recipients. However, the MRC voted to keep the Village of Carol Stream in the Workers' Compensation Focus Program to monitor the Police Department's implementation process of the taser program. Swahlstedt mentioned the three (3) members receiving the advisory letters are the Village of East Hazel Crest, Park Forest and Clarendon Hills. Based on the calculations and established criteria, there are no recommendations from staff to add additional members to the Workers' Compensation Focus Program. By removing Roselle from the program, there will be three (3) members. MRC will be reviewing Carol Stream's progress with the taser program at the next meeting to determine if removal of the Workers' Compensation Focus Program is appropriate. If so, there will only be two (2) members in the program: Brookfield and Morton Grove. A motion was made by Cedillo and seconded by Gargano to approve the 2018 Claims to Contribution Report. The motion carried.

2. 2018 Member Participation Report

Swahlstedt reported there were no changes by the MRC and accepted the report. A motion was made by Helm and seconded by Gargano to approve the 2018 Member Participation Report. The motion carried.

3. Bylaw Amendment Defining Delegate and Alternate

Ely reported that we discovered there is nothing in our bylaws that specifies the qualifications for a Delegate and Alternate Delegate. The reason we discovered this is that Doris Harmon-Warren lost the election and continued to be the IRMA representative. On page 124 of the packet are the recommended changes. A motion was made by Gargano and seconded by Scheiner to approve the bylaw amendment. The motion carried.

**B. ADMINISTRATION & FINANCE COMMITTEE – HELM**

1. Actuarial Report as of 12/31/18

Helm reported this is to determine loss fund reserves and includes the preliminary estimate of the IRMA 2020 loss fund rate as a decrease. A motion was made by Robbins and seconded by Gargano to approve the Actuarial Report as of December 31, 2018. The motion carried.

2. 2018 Audited Financial Report

Helm reported on page 142 of the packet are some of the Internal Control Related Matters identified by the audit. A motion was made by Cedillo and seconded by Gargano to approve the 2018 Audited Financial Statements and Management Letter. The motion carried.

3. Staff Changes and Revision to 2019 Personnel Report

Margo reported this is eliminating the Director of Risk Management Services and creating a new position, Director of Risk Management and Training. Swahlstedt will take over this position once it is approved. A motion was made by Scheiner and seconded by Robbins to approve staff's recommendation to revise the 2019 Personnel Report to reflect the addition of a Director of Risk Management and Training and to delete the Director of Risk Management Services. The motion carried.

4. Revision to IRMA Bonus Policy

Margo reported the bonus plan was created in 2014 and at that time it was written to have a maximum bonus of \$1,000 and asking to change that so that it is not capped of \$1,000 and to cap it at 3% of salary to have the flexibility to recognize higher more complex projects in a more meaningful way. After some discussion, a motion was made by Scheiner and seconded by Cedillo to approve the revision to the IRMA Bonus Policy. The motion carried.

**C. TRAINING & RISK MANAGEMENT COMMITTEE – ROBBINS**

None

**D. COVERAGE, CLAIMS & LITIGATION COMMITTEE – CEDILLO**

1. Business Auto Liability Coverage Changes

Cedillo reported the action being requested is to make changes to the language to the Business Auto Liability Coverage relating to an exclusion of criminal acts for permissive users. Cedillo gave some background on the changes. The action would be to approve an exclusion to the Business Auto Liability coverage as to a permissive user to exclude coverage for criminal acts as set forth on page 221. After some discussion, a motion was made by Robbins and seconded by Gargano. The motion carried.

**EXECUTIVE DIRECTOR/STAFF REPORT**

**VI. CLOSED MEETING**

A motion was made by Gargano and seconded by Cedillo to move into Closed Meeting to discuss matters of: 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.

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Back in regular session, a motion was made by Helm and seconded by Scheiner. A voice vote was called, and the motion carried.

A motion was made by Gargano and seconded by Robbins to give Ely authority to hire GovHR Services to perform the recruitment services for a replacement of the correct Finance Director. The motion carried.

**VII. ADDITIONS TO AGENDA**

**VIII. CONFIRMATION OF NEXT MEETING**

Frances stated the next scheduled Executive Board meeting is Wednesday, October 2, 2019 at 9:30 a.m. at the IRMA office.

**IX. ADJOURNMENT**

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

Submitted by:

Approved by:

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Margo Ely  
Executive Director

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Jessica Frances  
IRMA Chair