MISSOURI INTERGOVERNMENTAL RISK MANAGEMENT ASSOCIATION
BOARD OF DIRECTORS MEETING
THURSDAY, JULY 30, 2015

MINUTES

GENERAL AND ATTENDANCE

A regular meeting of the Board of Directors of the Missouri Intergovernmental Risk Management Association was held on the above date at Tan-Tar-A Resort, Osage Beach, Missouri during the course of the Annual Meeting of the General Membership. The meeting was called to order at 4:06 p.m. by the Vice-Chairman of the Board. Those in attendance were as follows:

Board Members

Derek Brown - Albany
Jennifer Schmidt - Tipton
Phillip Shatzer - Paris
Zach McLeland - Macon
Greg Hodge - Moberly
Russell Rost - Union
Amy Strough - Maryville
Jeanette Yount - Arnold

Official Representatives

J.J. Wiseman - Jackson
Jill Rickman - Kennett
Renee Keaton - Licking
Linda Mallernee - Mountain Grove
David Dews - De Soto

Alternate Representatives

Dennis Klusmeyer - Shelbina
Rick O'Halloran - Chillicothe

Other Representatives

Michael King - Thayer
Andy Dorian - Hannibal

MIRMA Staff

Matthew Brodersen - Executive Director
Ray Lentz - Claims and Litigation Director
Patrick Bonnot - Loss Control and Member Services Director

MIRMA Staff (cont.)

Jeff Arp - Loss Control Specialist
Kelly Beets - Senior Loss Control Consultant
Terri Crane - Finance Assistant
Jenne Auck - Finance Director
Gina Viertel - Senior Workers' Compensation Adjuster
Susan Cannady - Claims Administrator

Guests

Jim Weir - CompAlliance
David Hickman - HIC
Terri Raimondi - Benefit Administrative Systems
Jonathon Socko - Blue Ridge Captive Solutions
Dana Grauerholz - PNK

Absentees

Rodney Bourne - Rolla

OLD BUSINESS

Item #1:

Approval of the minutes of the Board of Directors Meeting held May 8, 2015 was brought before the Board. Copies of these minutes had been distributed to the Board prior to this meeting for their review.

Zach McLeland of Macon made a motion to approve the minutes as presented. Russell Rost of Union seconded the motion and it carried unanimously.

Item #2:

Approval of the Closed Session minutes of the Board of Directors Meeting held May 8, 2015 was brought before the Board. Copies of these minutes had been distributed to the Board prior to this meeting for their review.

Greg Hodge of Moberly made a motion to approve the minutes as presented. Amy Strough of Maryville seconded the motion and it carried unanimously.

NEW BUSINESS

Item #1:

Election of officers for Fiscal Year 2016 was brought before the Board.

Phillip Shatzer of Paris made a motion to elect a slate of officers, with Derek Brown of Albany as Chairman, Russell Rost of Union as Vice-Chairman, Greg Hodge of Moberly as Treasurer and Jennifer

Schmidt of Tipton as Secretary. Zach McLeland of Macon seconded the motion and it carried unanimously.

Item #2:

Appointment of an Awards Committee member was brought before the Board.

It was explained that this Committee is made up of two Board Members and one non-Board Member representative. It was stated that Rodney Bourne of Rolla has served three years and must rotate off. Phillip Shatzer of Paris and Steve Myers, Police Chief of the City of Fulton are the other current members of the Committee. The Chairman of the Board appointed Zach McLeland of Macon to serve on this Committee and Phillip Shatzer to serve as the Chairman.

Item #3:

Appointment of an Appeals Committee Member and Chairperson was brought before the Board.

It was stated that Jennifer Schmidt of Tipton had served three years and must rotate off. Derek Brown of Albany and Greg Hodge of Moberly are the other Committee Members who need to be joined by one other Board Member who will start a new three year term. The Chairman of the Board appointed Jeanette Yount of Arnold to serve on this Committee and Greg Hodge of Moberly to continue as Chairman.

Item #4:

Adoption of a resolution authorizing the Executive Director to enter into an agreement for property appraisals was brought before the Board.

The Executive Director reviewed that appraisals have been completed by four companies that provided MIRMA with proposals and approached us with decreased fees for their services. He stated that a fifth company has approached MIRMA to provide these services, and that he working on a contract with them not to exceed $12,000. They have stated that about 90 properties can be evaluated for that fee.

He stated that about 200 appraisals have taken place throughout the membership in an effort to better help members determine the replacement values of their property for the property schedules. He stated that this was originally supposed to be a pilot program with just three companies, but keeps being extended. Discussion took place of when those appraisals that are oldest would need to be re-done and how long the program will continue. It was suggested that this topic be discussed further at the Board's Strategic Planning Retreat. A member asked if the Board would consider sharing the cost with members if they would choose to do further appraisals. It was stated that this could be a consideration when determining the final program.

Greg Hodge of Moberly made a motion to approve Resolution Number 16-01 and an agreement with CBIZ Valuation Group, LLC. Jennifer Schmidt of Tipton seconded the motion and it carried unanimously.

Item #5:

Discussion of an endorsement to each of MIRMA's excess liability excess insurance policies from Genesis for the period 2003-2010 to convert the basis of coverage from "claims made" to "occurrence" was brought before the Board.

The Executive Director stated that in 2003 the basis of coverage was changed in the Genesis policy for an unknown reason. It was neither parties intention and Genesis has agreed to provide what is considered the better coverage for that time period at no cost to MIRMA.

Item #6:

Discussion of an optional purchase of liability coverage from Genesis for each current member of MIRMA that was a member during the 1991-1996 coverage periods was brought before the Board.

The Executive Director stated that this is the topic he discussed in his State of Association presentation earlier today, whereby excess general liability coverage has expired for the years 1991-1996. He explained that Genesis is willing to sell us coverage for this gap, but will not give us a price until all of the affected members complete a questionnaire stating whether they are aware of any claims that might arise from this time period. He stated that wrongful incarceration is the biggest threat of a claim from that many years ago. During that time MIRMA considered wrongful incarceration an E&O claim, but Genesis considered them general liability and at that time the excess policy controlled coverage.

It was asked if a price would be given to each member, or if MIRMA would cover the cost of the additional coverage. It was stated that this would be a decision the Board would have to make when pricing is received. It was also discussed whether a city could opt-out of the coverage, particularly if they have no police exposure. It was stated that this is unknown at this time. It was asked if cities opt-out, would it affect the price. It was stated that it should, but again is unknown at this time.

The Chairman of the Board asked if there was any opposition to sending out the questionnaires in order to obtain pricing and answers to the pending questions. None was heard. The Executive Director stated that the results would be presented at the October Board Meeting.

Item #7:

Discussion of the Association's position on Missouri's discrimination laws regarding the possible expansion of protected classes in exchange for matching federal law on burden of proof was brought before the Board.

The Executive Director stated that this item he also discussed in his State of the Association presentation earlier today. He stated that it needs to be decided if MIRMA would be willing to support, through legislation, a higher threshold of proof of discrimination in exchange for supporting an expansion of the protective groups, to include sexual orientation.

One member asked why we would not support this. The Executive Director stated that persons in the new protected group might be more likely to be ostracized, particularly in some jobs, but that the higher threshold should offset possible claims. He stated that he is just looking for direction.

It was stated that it is felt the consensus would be to support these measures. No opposition was voiced.

Item #8:

Discussion of the Health Committee actions and adoption of a resolution authorizing the Executive Director to enter into an agreement with a broker, third party administrator, and captive to provide health insurance services to the membership was brought before the Board.

The Executive Director stated that this issue has been around for some time, but has moved rather quickly recently. He stated that as a result of member interest a Health Committee was formed in January, has met and been presented some options for providing health insurance to MIRMA's members. He stated that the Committee now has a recommendation to the Board to proceed with moving forward in putting a program together. He stated that he made a presentation to the membership earlier regarding the type of plan being proposed, which includes the members joining an existing captive to provide their health insurance programs.

The Executive Director stated that after his presentation members were asked to fill out a short form regarding their interest in the program moving forward and leaving any comments. It was stated that 43 members indicated that they were interested in participating. The comments were mostly regarding cost, plans lining up with what they currently have and the provider networks to be used.

The Chairman of the Board stated that the answers provided in the earlier presentation by the proposed service providers did seem to come too easily and appear too good to be true, so he understands the concerns expressed. It was stated that some members don't yet know what their upcoming health insurance renewal rates will be, and are therefore hesitant to commit.

It was stated by those service providers present that the pricing is based on a long term approach, and that this program is intended as segue into a self- funded program. They stated that all members will get to keep their current renewal dates, and therefore get to see the upcoming rates from their current carrier before committing.

One member stated that they feel it is unfair to ask the membership for their level of interest today, when they have just heard a first presentation on the matter. He stated that further, many of those in attendance today are not even in the decision making position for this matter.

The Executive Director stated that this is only a matter of trying to gauge interest before moving any further forward. The member stated that he still felt more due diligence and meetings with the members should take place before moving forward. The Chairman stated that he does not believe we will be able to get any pricing, which is the main deciding factor, without some type of commitment from the Board and membership and that there has to be a time when we say yes or no.

The Executive Director stated that the Committee has discussed how quickly the possible program has come together and shares the memberships concerns, but feel we somehow have to move forward, and know that nothing will take place until pricing is received, and steps have to be taken before we can get pricing.

Extensive discussions took place regarding how this varies from traditional insurance if there is individual city pricing; ease of leaving the captive; self-funded vs. captive plans; handling of profits and dividends; wellness programs that are required, and the goal of 1,000 employee lives to insure.

Some members still stated a feeling of not being able to make an informed decision, as there are too many Boards and administrators to visit in a short time. It was stated that with the various renewal dates of all members, it would not have to move that fast. It was stated that renewals can even be made with cities current carriers and then changed later if they decide to participate.

It was stated by the service providers that there is a lot of flexibility; however, there is still a need for approval from MIRMA in order to move ahead. It was stated that they are asking for a three year commitment, but it is not a contract only a joinder, which allows for pulling out of the program. It was stated that moving toward total self-funding needs a much longer outlook.

It was stated by a member that this needs to be approached with a pooling concept, just as MIRMA is a pooling concept and many utility programs are also pooling concepts. This member stated that all of those pools are pro-active organizations, and that if this can help MIRMA's members with health insurance pricing and coverage he is all for it, as things can be achieved through numbers and pooling of resources.

It was stated that the next step in the process would be to contact the membership and that the Executive Director and service providers would be available to meet with administrators and/or councils to go over the plans. It was stated that scheduling will be somewhat difficult, but it will help that not all members will be joining at once. It was stated that health questionnaires from employees or prior claims data would need to be provided in order to have pricing before these meetings.

It was stated that generally public employer plans are more generous, and it was asked if there is flexibility to change plans down the road with this program and stated yes. It was explained that gap plans can even be provided to help with the future "Cadillac taxes". It was explained that in the future there will

be taxes placed on plans that are deemed "too generous", but that plans can be modified to adhere to the standards and then gap plans can be made to bring the employees back to the level of coverage they need to be.

Russell Rost of Union made a motion to adopt Resolution Number 16-2 authorizing the Executive Director to enter into agreements for beginning a health insurance program. Amy Strough of Maryville seconded the motion. The motion carried unanimously, with Phillip Shatzer of Paris abstaining from voting.

Item #9:

Review and approval of the Coverage Packet effective July 1, 2015 through June 30, 2016 was brought before the Board.

The Executive Director explained that the majority of the changes to the Coverage Packet were reviewed at the May Board of Directors Meeting and in his State of the Association presentation earlier today. He stated that copies of the Coverage Packet were sent to the membership prior to July 1.

He then briefly reviewed the changes. They were: business income coverage on property (loss of revenue due to a property loss); coverage for retired police officer qualification; liability coverage for bicycle pump tracks and for staffed combination skate board and bicycle parks; liability limit increases for sovereign immunity claims; amended EPLI deductible amounts to eliminate the highest level of $50,000; coverage for debris removal considered outside of the 120% scheduled value limit; workers' compensation coverage when traveling on private aircraft; liability coverage for overland flooding (inverse condemnation); and coverage for damage to property caused by a riot; an exclusion has been included for firearms competitions among law enforcement agencies, but does not affect qualifying; liability arising from unmanned bounce houses at city events has been excluded; and wrestling has been added to the list of high risk sports that are excluded. He stated that the end date of coverage has also been amended to July 1 at 12:01 a.m.

Zach McLeland of Macon made a motion to approve the Coverage Packet as presented. Phillip Shatzer of Paris seconded the motion and it carried unanimously.

REPORTS AND PRESENTATIONS

Item #1:

Conveyance of the Loss Control Services Report for FY15 was brought before the Board.

The Loss Control and Member Services Director stated that these are the end of fiscal year numbers and that the per city visits average is increasing, even with the increase in membership.

Item #2:

A review of the status of large, outstanding claims was brought before the Board.

The Claims and Litigation Director presented to the Board a list of current Workers' Compensation and Property and Casualty claims that MIRMA is handling with a total incurred loss of over $250,000. He stated that two new claims have been added to the list since the last Board of Directors Meeting. He stated that a new workers' compensation claim has been added to the list due to an unexpected ruling for permanent disability. He stated this ruling is under appeal, but that the loss has been reported to excess insurance. The other new claim is a property loss regarding a fire, which has resulted in expensive clean-up costs.

CONCLUSION

With no further items of business to come before the Board, Phillip Shatzer of Paris made a motion to adjourn. It was seconded by Greg Hodge of Moberly and carried unanimously. The meeting was adjourned at 5:40 p.m.

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Chairman of the Board

ATTEST:

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Secretary