



LIBRARY INSURANCE MANAGEMENT AND RISK CONTROL COMBINATION (LIMRiCC)
PO Box 1016, Orland Park, IL 60462 Phone: (708) 790-2807

BOARD OF DIRECTORS' MEETING
3 Plaza Dr., Woodridge, IL 60517 (630-487-2549)
Tuesday, October 16, 2012 Time 8:30 a.m.

Minutes

Call to Order, Roll Call

Kozak called the meeting to order at 8:35 a.m. The roll was called and the following Board members were present to establish a quorum:

Anne Kozak, Susan McNeil-Marshall, Kathy Parker, Beth Dostert, Christine Fine (via phone)

Others Present: April Krzeczowski, Interim Director

Introduction of Visitors / Public Comments

Visitors are asked to introduce themselves at this time and present any issues they wish to discuss. Visitors wishing to address specific agenda items will be granted two to five minutes at the discretion of the President, not to exceed a total of twenty minutes.

Liz Smith from Assurance Agency and Brian Cullen from The Cullen Group were recognized.

Consent Agenda

Parker moved, seconded by McNeil-Marshall that it be:

RESOLVED, THAT THE LIMRiCC BOARD OF DIRECTORS
APPROVE THE CONSENT AGENDA AS PRESENTED

- a. Approval of Agenda
- b. Acceptance of the September 18, 2012 LIMRiCC Board Meeting Minutes (Exhibits A.1 – A.6)
- c. Approval of the payment of bills for September 19, 2012 through October 16, 2012 LIMRiCC Business Services in the amount of \$11,138.15 (Exhibit B.1)
- d. Approval of the payment of bills for September 19, 2012 through October 16, 2012 Joint Self-Insurance Pool (JSIP) in the amount of \$5,021.95 (Exhibit B.1)
- e. Approval of the payment of bills for September 19, 2012 through October 16, 2012 Purchase of Health Insurance Program (PHIP) in the amount of \$444,699.17 (Exhibit B.1)
- f. Approval of the payment of bills for September 19, 2012 through October 16, 2012 Unemployment Compensation Group Account (UCGA) in the amount of \$225 (Exhibit B.1)
- g. Approval of Balance Sheet and Detail of Expenditures for September 2012 (Exhibit C.1-C.2)

Roll was called with the following results: 5 yes, 0 no. Motion carried.

Discussion #1

The Cullen Group will present a revised strategic risk management review proposal

Brian presented his revised proposal to perform a strategic risk management review on LIMRiCC's insurance pools. This revised proposal is included in the minutes.

The Board discussed the revised proposal and decided to limit it at no more than \$4,000.

Preliminary results of The Cullen Group's review will be presented and discussed at LIMRiCC's January Board Meeting.

Action #1

Approval of The Cullen Group Contract upon the approval of LIMRiCC's attorney

McNeil-Marshall moved, seconded by Parker to approve the revised Cullen Group Proposal with a cap of \$4,000 upon the approval of LIMRiCC's attorney.

Roll was called with the following results: 5 yes, 0 no. Motion carried.

Discussion #2

Update from Assurance Agency on PHIP's claims activity, PHIP ACA training and the possibility of offering an FSA in 2014. Establish a timeframe and objectives for Assurance's portion of the strategic risk management review.

Liz Smith from Assurance Agency updated the Board on PHIP's claims activity. Currently, there are 5 large claims on the low deductible PPO and 3 on the HMO. Liz also briefly reviewed self-funding with the Board.

Liz Smith also reviewed and answered questions on the Affordable Health Care Act. Assurance and LIMRiCC are in the process of finalizing a training date for PHIP members on the Affordable Health Care Act.

Liz Smith and Brian Cullen left the meeting.

Executive Session – JSIP Case Updates

For the purposes of discussing "Litigation, when an action against, affecting or on behalf of the particular public body has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probably or imminent, in which case the basis for the finding shall be recorded and entered into the minutes of the closed meeting." 5ILCS 120/2(c)(11).

Executive session was not needed.

Action #2

Discussion and approve the purchase of E&O and Employment Practices Liability Insurance upon the approval of LIMRiCC's attorney

Parker moved, seconded by Fine to purchase E&O insurance in the amount \$2,500 and Employment Practices Liability Insurance in the amount of \$5,000 upon the approval of LIMRiCC's attorney.

Roll was called with the following results: 5 yes, 0 no. Motion carried.

Action Item #3

Discussion and approval of the amended FY 2013 budget (Exhibit D.1)

McNeil-Marshall moved, seconded by Fine that:

THE BOARD MOVES THAT THE LINE ITEM FOR LEGAL UNDER THE BUSINESS SERVICES FUND IN THE AMOUNT OF \$0 IN THE FY13 BUDGET BE AMENDED TO \$2,000 FOR THE PURPOSE OF LEGAL SERVICES FOR CONTRACT REVIEWS AND STRATEGIC PLANNING.

THE BOARD MOVES THAT THE LINE ITEM FOR CONSULTING UNDER THE BUSINESS SERVICES FUND IN THE AMOUNT OF \$2,000 IN THE FY13 BUDGET BE AMENDED TO \$5,000 FOR THE PURPOSE OF STRATEGIC RISK MANAGEMENT AND PLANNING.

Roll was called with the following results: 5 yes, 0 no. Motion carried.

Discussion #3

Board Workshop - Strategic Planning

Additional strategic planning was not needed.

Information Item #1

Interim Director's Report (Exhibit E.1)

Krzeczkowski went over the Interim Director's Report as include in the Board packet.

New Business

There was no new business.

Next Board Meeting and Location

The next LIMRiCC Board Meeting will be on November 20, 2012 at Woodridge Public Library at 8:30 a.m. The Board is moving the January Board Meeting to January 8, 2012 at Woodridge Public Library at 8:30 a.m.

Adjournment

The meeting was adjourned by acclamation at 9:55 a.m.

Minutes prepared by April Krzeczowski

Beth Dostert



Cullen Group Inc.

10-15-12

LIMRiCC & Cullen Group Inc. Agreement

The purpose of this document is to outline the terms and scope of the engagement for LIMRiCC by Brian Cullen of the Cullen Group Inc. It follows the form of the proposal dated 9-16-12 that was discussed during and edited after the LIMRiCC board meeting of 9-18-12.

Cullen Group Inc agrees to conduct a Strategic Risk Management Review to assess the current condition of LIMRiCC programs, reconsider their needs and challenges, and either affirm or identify opportunities for improvement. This process will involve the following methodology with hours estimated in red:

1. Conduct a Risk management Audit consisting of observations and evaluations of components, people staffing and resources both within and outside the organization.
2. Review the By-Laws of the organization to cross reference with the plan documents to assure compliance and best practices. (2 hours)
3. Review financials from the most recent full audit from 6/30-7/1 fiscal year to evaluate adequacy of funding levels for programs and consider whether further study or predictive modeling is needed. (1 hour)
4. Consider the various types of self-funding programs in place now, including the partial transfer of risk that is arranged now to outside insurers, the amounts of insurance that LIMRiCC is authorized to procure, and what has actually been obtained. Key questions raised will be addressed with special emphasis on the programs for unemployment, E&O for HR functions, and the D&O program.
 - a. Focus on challenging the assumptions and the appropriateness of Risk Pool Coverage & Retention limits to determine if these programs are most efficient way to finance the risk. Some questions will include consider the \$1 million limit and \$1000 deductible, and if the amount of risk retained vs. transferred is appropriate? If this policy is written on a "claims made" form, could the fund withstand a multiple-claimant series of allegations? What is the adequacy of the process or replenishing the funding when depleted? Is the aggregate pool of money proper and the funding formula actuarially sound?
 - b. Evaluate stop loss insurance in the context of the financing formula check to see if IGAs is also covered. Are the programs competitive in the marketplace and functioning well?
 - c. Review the Directors & Officers Liability Insurance policy in place for appropriateness of structure and limits. Are the individuals as well as the entity properly covered?

(3-4 hours)
5. A major focus of the due diligence process will be on the Fiduciary Responsibility of the board to the entity and the members to assure that the board is on solid ground in the execution of its duties.

6. Wellness Insurance Network (WIN) Explore this relationship for efficiency, effectiveness, best fit, options and alternatives. Recommendations will be made about this service solution. (research, interview(s), written conclusions 4-5 hours)
7. Fidelity Bond Review: What is the appropriate amount? How much is required by law? Is it the standard ERISA rules or other? The coverage form will also be evaluated. (2 hours)
8. Review the loss experience in actual claims during the last 5 years, or more if available. Evaluate the data for all lines of coverage, claim types, frequency, trends and severity of losses.
 - a. What lessons can be drawn and applied toward loss prevention, control, avoidance. Study the repeat claimants for lessons about those losses? (3-4 hours)
9. Customer Service Role for Members:
10. Who is answering member ICGA benefit questions? Who is paid for doing this now? Where is this function done best? Is this arrangement satisfactory? What other third party administrators and other outside vendors involved or should be considered? (research, interview(s), written conclusions 2-3 hours)
11. Accounting Function Consider difference between bookkeeping, accounting and CFO type roles. Is current interim arrangement satisfactory? What staffing levels are needed? For what functions? (research, interview(s), written conclusions 2-3 hours)

Compensation: Hourly rate of \$200 proposed with periodic (bi-weekly?) teleconference reports and a written monthly summary.

Total hours estimated: 19 – 24 = \$3800 - \$4800

This engagement will be led by Brian Cullen of the Cullen Group Inc to pursue and research the above areas for the important information. Summaries will provide a map of the organizational structure of these programs to draw conclusions and make recommendations, specifically regarding risk pools, management, staffing and marketing of member services.

Submitted by Brian Cullen of Cullen Group Inc

857 Kingston Lane, Bartlett, IL, 60103 (630)240-6741