



CONNECTING & INNOVATING
SINCE 1913

League of Minnesota Cities
Board of Directors Meeting
April 21, 2016

MINUTES

Members Present: Steve Nasby (Windom), Rhonda Pownell (Northfield), Jo Emerson (White Bear Lake), Tim Busse (Bloomington), Debbie Goettel (Richfield), Sue Hilgert (Olivia), Ben Martig (Marshall), Mike Mornson (Hopkins), Carol Mueller (Mounds View), Brian Scholin (Pine City), Randy Staver (Rochester), Chris Tolbert (St. Paul), Brad Wiersum (Minnetonka), Mark Casey (St. Anthony Village), Heidi Omerza (Ely) and Jonathan Smith (Frazee)

Members Absent: Elizabeth Glidden (Minneapolis), Dave Smiglewski (Granite Falls)

Staff Present: Dave Unmacht, Tom Grundhoefer, Kellie Sundheim, Don Reeder, Laura Kushner, Kevin Frazell, Laura Zenz, Marky Engler, Gary Carlson, Laura Ziegler, Anne Finn, Craig Johnson, Dan Greensweig, Irene Kao and Pete Tritz

1. Call to Order & Pledge of Allegiance
President Nasby called the meeting to order and led the Pledge of Allegiance.
2. Approval of Agenda
Mueller moved approval of the agenda, seconded by Staver. Motion carried.
3. Presentations/General Communications
New employees Anna Kim, Quinn O'Reilly, Pamela Whitmore and Megan Hafner were introduced to the Board.

Martig was recognized for his service to the board and congratulated on his new position with the city of Northfield.

4. Approval of Consent Items
Mueller moved approval of the consent agenda, seconded by Casey. Motion carried.

5. Action Items

Legislative Update (oral)

Members of IGR provided a brief update on current legislative activities:

- Transportation – no real progress has been made
- Railroad safety – adding warnings to trains about what materials are being transported
- RealID – no action until next week
- Body cameras – cities have been contacted for support
- Cellphone towers – setting caps on payment for usage
- Interim ordinance authority – bill has been set aside and there is a stripped down version relating to housing
- Flushable wipes – looking at new labeling requirements
- Drop homes – bill may contain an opt-out provision for communities
- Organized solid waste collection – no hearing on issue yet

Only 31 days remain in the session.

5.1 Adoption of the 2016 Board & Officer Nominating Process and Selection Criteria

Grundhoefer commented that this item appears annually before the board for their approval.

Dave Osberg will chair the committee along with two other members of the Governance Committee. The Governance Committee met once to review the guidelines and offered no substantive changes other than updating the dates.

Martig suggested that the nominating committee should start paying more attention to diversity in addition to the other guidelines noted in the document. Omerza noted that this issue was addressed during their meeting and that it is part of the board's job to seek out qualified candidates.

Mornson made a motion to adopt the proposed 2016 Board & Officer Nominating Process and Selection Criteria as presented, seconded by Smith. Motion carried.

5.2 Approval of the CIO shared cost allocation

Unmacht went over the recommended allocation for the new CIO position. Staff had made the recommendation of 45% League/55% LMCIT and presented that to the Finance Committee on April 14. The committee reviewed and discussed the suggested allocation and is recommending approval by both the League and Trust boards. The LMCIT Board will discuss the recommendation at their June 1 meeting.

This allocation is meant as a starting point and will be revisited during the normal annual cost allocation review process.

Casey made a motion approving the shared cost allocation for the new Chief Information Officer (CIO) position at 45% League/55% LMCIT, seconded by Wiersum. Motion carried.

5.3 Board Policy #15 – LMCIT Board Appointment Process

Grundhoefer provided a roadmap regarding the previous discussions and recommendations on this item. There is no formal action needed if the board decides to keep the policy as written. If the board wants to change the policy a motion with specific language or a direction to staff to prepare an amendment is in order.

The question raised by this board in January 2016 was if the current policy allows enough opportunity for turnover and how we advertise for candidates when a current LMCIT board member has fulfilled their term limit.

After discussions at the February Governance Committee meeting, the matter was referred to the LMCIT Board for consideration of the following three alternatives developed by that committee:

1. Reinstate term limits (historically three, three-year terms)
2. No change – continue to follow Policy 15 as adopted in May 2015
3. Follow Policy 15 for the initial Trustee appointment and for the first reappointment (six years); but thereafter, all subsequent reappointments would be subject to an open recruitment process.

The Trust Board reviewed the matter at its March planning retreat and believes that neither term limits nor something similar to #3 are necessary or desirable; however; they felt that if the Governance Committee concluded that limits on service are appropriate, the length of the service permitted before the appointment recruitment process begins should be greater than 6 years.

The Governance Committee met again on April 7, 2016 to consider the comments from the Trust Board. After a lengthy discussion the committee recommended that no change be made to Policy 15. The board is asked to accept the Governance Committee's recommendation or take other action.

Goettel suggested that if we want more diversity on our boards we need to be more intentional on the advertising aspect and that maybe term limits are smart at some point.

Wiersum asked if there is a preference for elected versus city officials to serve on the board. It seems now that it leans towards city administrators. Grundhoefer commented that the Trust board document is very explicit about having at least two elected officials serving at the same time.

Tolbert remarked that he doesn't have a problem with the current policy but is taken aback by the lack of advertising and recruitment.

Mornson observed that Dave Callister was appointed in 2013 and asked how many applied and how the process works. Tritz stated that there were 6 applications received. The Executive Committee conducted the interviews and made a recommendation to the full board.

Scholin agrees with Tolbert and expressed the need for transparency in recruiting allows us the opportunity to bring more diversity to our boards. He liked option #3 when it was presented.

Scholin made a motion to change Policy 15 to reflect the recommendations of alternative # 3 as suggested in the board item, seconded by Mueller.

Pownell commented about how long it takes for an LMCIT board member to get up to speed. She noted that many LMC board members have mentioned that it takes their full term to get up to speed. From her perspective it takes six years to fully understand the workings of the Insurance Trust. She fears that institutional knowledge will be lost with shorter term limits. She suggested having 3 year terms with a maximum number of years of service for 12 or 18 years.

Smith remarked that as a member of the Governance Committee they did go through and vetted a lot of what has already been brought up. 16 and 20 year terms are not going to be common practice in the future. We decided not to do term limits partly because of that and partly because of the open recruitment after 6 years. Basically this gives the LMC board the decision of reappointing or selecting a new candidate.

Emerson observed that 20 years is too long and is more comfortable with the three, three-year term limits.

Osberg asked if there have been any negative consequences related to the longevity of our Trust board members that we are trying to fix. There is no crisis at this time nor does he foresee a crisis in the future. He will vote against the motion.

Tolbert proposed that there is nothing to fix, we just need to be more open about our recruitment process.

Omerza stated that opening up the opportunity for new candidates goes to the transparency of the recruitment process. We aren't given information on the incumbents when we vote to approve them and more transparency will help this board feel more connected to the Insurance Trust.

Mornson called the question, seconded by Wiersum. Motion passed. The original motion passed with 10 voting yes and 7 voting no.

6. Discussion Items

6.1 LMCIT Update

Tritz stated that Loss Control Workshops are wrapping up and attendance has been solid and the feedback has been very positive. The sessions on city hall security, conducting police internal investigations and data security were well attended.

The LMCIT Board just finished its annual investment review and there were no issues, concerns or problems. The returns were solid either meeting or exceeding the benchmark and other measures used. The board also approved the Finance Committee's recommendations on cost allocations. They accepted the auditor's report on Property Casualty programs ending May 15, 2015. They also received an update on the approved purchase of Life/Disability/LTC coverages. These didn't require any action at this time.

Tritz noted that most of the board will recall the misconduct at the Metro Gang Strike Force (MGSF) a few years ago. It turned into a very large class action lawsuit which we ultimately resolved for \$3.6 million. An issue that still needed to be resolved was how much the State would contribute. The State was asked for a contribution of \$500,000 to \$2 million. The State has agreed to contribute \$971,000. As it worked out there was about \$1.8 million left and available for training. The training will be online and similar to that of the PATROL program.

Members of the Trust Board will be attending the NLC RISC Conference next month. The program looks solid and will feature sessions on drones and HIPAA.

7. Affiliate Organization Updates

7.1 Coalition of Greater Minnesota Cities

Omerza reported that the organization's Legislation/Lobby day is May 11. Their summer conference will be held in Austin.

7.2 Minnesota Association of Small Cities

Smith mentioned that his organization held their board meeting last week and a lot was accomplished.

7.3 Metro Cities

Casey noted that their annual meeting is tonight.

8. Announcements and Adjournment

Unmacht had a few items to mention. The MN Mayor's conference is next week and will be one of the largest in attendance. It is being held at the Airport Marriot in Bloomington. The group will tour the new Vikings stadium and Guthrie Theater on Saturday.

There are currently 60 applications in for the intern position and 10 look solid. The CIO position is at 86 applications and climbing.

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He recently attended a Loss Control Workshop session and likened it to a “regional meeting on steroids”. He complimented the staff for a job well done.

He is working with the communications department on revamping the annual report presented to the membership at the Annual Conference.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'D. Unmacht', written in a cursive style.

Dave Unmacht, Executive Director