



**RHODE ISLAND INTERLOCAL RISK MANAGEMENT TRUST
QUARTERLY BOARD OF TRUSTEES MEETING**

Wednesday, April 12, 2006

Held at Trust Offices
501 Wampanoag Trail, Suite 301
East Providence, RI 02915

MINUTES

Chair Alfred called the meeting to order at approximately 9:10 A.M.

1. ROLL CALL

Trustees Present

Stephen Alfred, Town of South Kingstown
Scott Avedisian, City of Warwick
Cindy Brown, Portsmouth School Department
Rich Kerbel, Town of North Kingstown
John Mainville, Town of Burrillville
Lori Miller, Lincoln School Department
A. Ralph Mollis, Town of North Providence
Michael Petrarca, West Warwick School Department
Dick Sartor, Town of Charlestown

Trustees Absent

Wolfgang Bauer, Town of West Warwick
Robert Dooley, Warwick Public Schools
Ralph Malafrente, Barrington School Department
M. Richard Scherza, Cranston Public Schools
Daniel Beardsley, Rhode Island League of Cities and Towns

Trust Staff Present

Thomas Dwyer, Trust President and Executive Director
Colleen Bodziony, Trust Membership Services Manager
Ron Slovak, Trust Chief Financial and Administrative Services Officer

2. Approval of Minutes of Board Meeting of January 31, 2006

On a motion made by Trustee Mainville, seconded by Trustee Petrarca, the Board voted to approve the regular and Executive session minutes of the Board meeting of January 31, 2006.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Scott Avedisian	aye	Ralph Malafronte	absent
Wolfgang Bauer	absent	Lori Miller	aye
Cindy Brown	aye	A. Ralph Mollis	aye
Robert Dooley	absent	Mike Petrarca	aye
Rich Kerbel	aye	Dick Sartor	aye
		Rick Scherza	absent

3a. Report of the Underwriting Committee

Prior to the meeting, Mr. Dwyer provided the Board with a memorandum dated April 6, 2006 presenting the report of the Underwriting Committee on Policy Year 2006-2007 pricing. Using a PowerPoint presentation, Mr. Dwyer reviewed the pro forma underwriting scenario approved by the Underwriting Committee.

Mr. Dwyer's presentation included:

- A distribution analysis of Member premium percentage changes
- Workers' Compensation premium floors and caps
- Workers' Compensation underwriting loss sensitive techniques
- New options for Members to use (deductibles and premium refund plans) to control workers' compensation premium levels
- Property/Liability premium floors and caps
- Property/Liability cost allocations by exposure trends

Discussion ensued regarding the workers' compensation floors and caps and the impact on individual Members. Mr. Dwyer indicated that about a half-dozen Members benefit from the workers' compensation cap. He noted that management has prepared pro forma premium estimates for each Member based on the premium target levels and underwriting scenario approved by the Underwriting Committee.

Mr. Alfred noted that the Bylaws assign to the Board's Underwriting Committee the authority for approving The Trust's underwriting and premium pricing approach, so the Committee's report is to be treated as informational in nature.

On a motion made by Trustee Mainville, seconded by Trustee Brown, the Board voted unanimously to accept the Underwriting Committee report as presented.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Scott Avedisian	aye	Ralph Malafronte	absent
Wolfgang Bauer	absent	Lori Miller	aye
Cindy Brown	aye	A. Ralph Mollis	aye
Robert Dooley	absent	Mike Petrarca	aye
Rich Kerbel	aye	Dick Sartor	aye
		Rick Scherza	absent

3b. Competitive Environment

Prior to the meeting, Mr. Dwyer provided the Board with a memorandum dated April 6, 2006 regarding matters affecting the competitive insurance marketplace for Rhode Island local government this year. At the meeting, Mr. Dwyer summarized the competitive issues for the Board.

First, Mr. Dwyer provided an update on the Rhode Island Association of School Committees' (RIASC) marketing of a workers' compensation program underwritten and serviced by the Beacon Mutual Insurance Company to interested school districts and municipalities. RIASC's promotional literature also indicates, he said, that it is expanding into other insurance areas: property and liability, life and dental.

Next, Mr. Dwyer discussed proposed new State legislation (H 6853) referenced in the RIASC information relating to education-based initiatives regarding insurance purchasing programs. He noted that the legislation directs the State to develop a wide ranging statewide purchasing system for all public schools but is not specifically directed at property, casualty and life insurance purchasing programs. Discussion ensued about the proposed legislation and the RIASC initiative.

Mr. Dwyer noted that Trustee Brown had suggested that Trust management call the State's Director of Finance at the Department of Education to educate her on the workings of The Trust, but that efforts at such a meeting have been rebuffed to date. Trustees also suggested that management contact the governor's office to discuss The Trust's risk management programs and services.

Finally, Mr. Dwyer reported that Trust management had scheduled a series of regional breakfast meetings during the third week of April to try to answer Member questions and better explain The Trust's programs, services, pricing and overall financial condition. He invited Trustees to participate in the regional meetings and offer comments in support of Trust operations, services and the intergovernmental pool concept.

Ms. Bodziony next provided the Board with an update on Member reaction to projected premium levels for the coming year. She noted that notices of potential withdrawal have been received from the Town of Lincoln, Town of Portsmouth, Smithfield Public Schools, Town of Burrillville, Town of Smithfield and Woonsocket Schools. Discussion ensued about the Members who have submitted possible intent to withdraw from coverage to date.

3c. Changes to Enabling Legislation

Prior to the meeting, Mr. Dwyer provided the Board with a memorandum dated April 6, 2006 regarding changes proposed to the enabling legislation §45-5-20.1) that allows The Trust to exist. Mr. Dwyer said that although the Board decided at its January meeting not to introduce legislation to the General Assembly to change parts of that statute, proposed amendments to that statute have nonetheless been introduced by the Governmental Health Group of Rhode Island.

Mr. Dwyer stated that the proposed amendments to the enabling statute do not appear to be detrimental to The Trust's operations. For the benefit of the Board, he summarized the changes to the enabling legislation proposed by the Governmental Health Group of Rhode Island as follows:

- Eliminates DBR's approval of the plan of operations
- Makes clearer that DBR has no subsequent role in the regulation of intergovernmental risk-sharing pools
- Pluralizes the word "corporation" used in the existing law to avoid any inference that only one intergovernmental risk sharing corporation is permitted under law
- Clarifies that school committees and water and fire districts can participate in intergovernmental pooling arrangements.

Mr. Dwyer indicated that he has been monitoring activity related to the legislation carefully. He also noted that he continues to look for an opportunity to incorporate the changes that The Trust is seeking regarding certain exceptions to the Open Meetings/Records law without jeopardizing passage of the Group's bill. Mr. Dwyer said that he does not expect such an opportunity to present itself, however.

3d. Judicial Fairness Presentation

Using a PowerPoint presentation, Mr. Dwyer reviewed with the Board his presentation on Judicial Fairness for Rhode Island Government. He said he had presented a similar presentation to the Executive Board of the Rhode Island League of Cities and Towns recently, and, as a result of that presentation, changed a few items to reflect suggestions offered by League officials.

Per the Trustee's directive, Mr. Dwyer said The Trust will function as a resource in the development of what is hoped will eventually be an independent broad-based public sector coalition that will work to promote amendments to current tort legislation in order to lessen governmental liability. Mr. Dwyer said that he is available and eager to offer this presentation to public sector groups to educate them on these areas concerning governmental liability.

Mr. Dwyer's presentation focused on the following key areas:

- Making meaningful the so-called "tort cap" by eliminating the loophole that excludes governmental employees and officials from its protection
- Preventing governmental officials and employees from being sued in their personal individual capacity for actions they took in their official capacity.
- Changing the manner in which Joint and Several Liability is triggered so that 1% liability does not translate into 100% responsibility for damages.
- Reducing the 12% statutory interest rate and changing the way it is calculated on court awards to eliminate the incentive that prolongs litigation and discourages prompt settlement.

Discussion ensued about governmental liability and the approaches The Trust could take to deliver this important message to public sector entities and related organizations and associations.

3e. Committee Appointments

i) Investment and Audit Committee

Chairman Alfred recommended that Mayor Avedisian, Board Trustee from the City of Warwick, be appointed to the Investment and Audit Committee.

On a motion made by Trustee Kerbel, seconded by Trustee Mainville, the Board voted unanimously to accept the recommendation of the Chair and appoint Scott Avedisian, Mayor, City of Warwick, to the Investment and Audit Committee.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Scott Avedisian	aye	Ralph Malafronte	absent
Wolfgang Bauer	absent	Lori Miller	aye
Cindy Brown	aye	A. Ralph Mollis	aye
Robert Dooley	absent	Mike Petrarca	aye
Rich Kerbel	aye	Dick Sartor	aye
		Rick Scherza	absent

4. Operations and Funding Report

Mr. Dwyer distributed to the Board the Operations and Funding Report as of March 31, 2006 for The Trust's two pools: Workers' Compensation and Property/Liability. Mr. Dwyer also distributed to the Board the Report showing the Adjusted Loss Ratio on a consolidated basis for the Property/Liability, the Workers' Compensation Pool and special Member programs. Mr. Dwyer briefly reviewed recent significant loss activity affecting the Loss Ratios.

On a motion made by Trustee Brown, seconded by Trustee Avedisian, the Board voted unanimously to accept the Operations and Funding Report as presented.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Scott Avedisian	aye	Ralph Malafronte	absent
Wolfgang Bauer	absent	Lori Miller	aye
Cindy Brown	aye	A. Ralph Mollis	aye
Robert Dooley	absent	Mike Petrarca	aye
Rich Kerbel	aye	Dick Sartor	aye
		Rick Scherza	absent

5. Informational Items

a. Minutes of Committee Meetings

The following Minutes of various Committee meetings were presented to the Board as informational items:

- i. Investment and Audit Committee of March 16, 2006
- ii. Risk Management Committee of February 16, 2006
- iii. Underwriting Committee of March 15, 2006

b. Drug and Alcohol Annual Report

A memorandum dated April 3, 2006 from Mr. Ahern summarizing The Trust's Drug and Alcohol Consortium testing data for the calendar year 2005 was presented to the Board as an informational item.

c. Quarterly Investment Performance Report

The past quarter's Investment Performance for the period ending December 31, 2005 as prepared by Punter Southall, The Trust's investment advisor, was presented to the Board as an informational item.

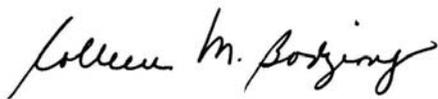
6. Adjournment

On a motion made by Trustee Avedisian, and seconded by Trustee Mainville, the Board voted unanimously to adjourn the meeting.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Scott Avedisian	aye	Ralph Malafronte	absent
Wolfgang Bauer	absent	Lori Miller	aye
Cindy Brown	aye	A. Ralph Mollis	aye
Robert Dooley	absent	Mike Petrarca	aye
Rich Kerbel	aye	Dick Sartor	aye
		Rick Scherza	absent

The meeting then stood adjourned at approximately 10.40 AM.

Respectfully Submitted,



COLLEEN M. BODZIONY
Corporate Secretary