



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

Tuesday, April 4, 2007

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
Mike Petrarca, West Warwick Schools
Wolfgang Bauer, Town of West Warwick
Jack Ambrogi, Newport School Department
Bob Dooley, Warwick Schools
Rich Kerbel, Town of Coventry
Lori Miller, Lincoln School Department
John Mainville, Town of Burrillville

Trustees Absent

Scott Avedisian, City of Warwick
Bruce Keiser, Town of Jamestown
Gerry Kempen, Town of Middletown
Ed Mara, Bristol Warren Regional Schools
M. Richard Scherza, Cranston Public Schools
Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns

Trust Staff Present

Thomas Dwyer, Trust President and Executive Director
Colleen Bodziony, Trust Membership Services Manager
Ian Ridlon, General Counsel and Director of Legal Services
Ron Slovak, Trust Chief Financial and Administrative Services Officer
Mike Riccitelli, Trust Underwriting Analyst
Russ Godin, Trust Property Liability Claims Manager

2. Approval of Minutes of Board Meeting of January 30, 2007

On a motion made by Trustee Petrarca, seconded by Trustee Mainville, the Board voted to approve the minutes of the Board meeting of January 31, 2007.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

3a. Report of the Underwriting Committee relative to *Pro Forma* Underwriting

Prior to the meeting, the Trustees were provided with the Report of the Underwriting Committee on 2007-2008 Pricing in the form of a memorandum dated March 28, 2007 from Mr. Dwyer. In addition, working off a PowerPoint presentation, Mr. Dwyer, on behalf of the Underwriting Committee, discussed the Underwriting Strategies and Pricing for the Policy Year 2007-2008. For the benefit of the new Trustees, Mr. Dwyer also outlined the underwriting process.

Included in the discussion were the concepts of caps and floors, the WorkSmart21 program, and the impact of the new Flood Zone coverage. There was also a notation of the “proprietary nature” of the process. Several Trustees inquired about and discussed the topic of caps and floors. There was also a discussion of the so-called “sensitivity adjuster.”

On a motion made by Trustee Dooley, seconded by Trustee Ambrogi, the Board voted unanimously to accept the Report of the Underwriting Committee relative to *Pro Forma* Underwriting as presented.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

3b. Competitive Environment Outlook

Prior to the meeting, the Trustees were provided with a memorandum dated March 28, 2007, from Mr. Dwyer and Ms. Bodziony regarding the Competitive Environment. Ms. Bodziony then gave a cursory review of the status of the existing members and identified two Members that provided The Trust with a Notice of Intent of a potential withdrawal. She emphasized that the rationale for the Notices was purely economic. She further noted that one of the Members that had submitted a Notice also had received no response other than from The Trust to the Member’s stipulation that any insurer or broker that wished to submit a proposal for the Member’s property/liability coverage be pre-qualified by the Member.

Ms. Bodziony also discussed the general competitive environment in the Workers' Compensation field, noting in particular the status of programs offered through the Rhode Island Association of School Committees (RIASC) and developments with Beacon Mutual Insurance Company's outreach to Rhode Island local government. Other than Beacon Mutual, she added that there appeared to be no other workers' compensation insurer interested in the Rhode Island market.

With respect to the general competitive environment in the Property/Liability field, Ms. Bodziony noted three items of interest. First, there was a brief discussion regarding Metroguard. Ms. Bodziony indicated that, while the program was still apparently in existence, it did not appear to be making any efforts to interest municipalities or school districts in joining the program.

Second, Webster Insurance Agency, which already had a strong presence in Connecticut's local government arena, has entered the Rhode Island public sector marketplace, she reported. Mr. Dwyer led a brief discussion of what Webster was doing in Connecticut and how it was operating in conjunction with a pool that competes directly with the League sponsored pool. Trustee Bauer inquired whether there was available information on its willingness and ability to pay claims and a brief discussion of the issue followed. The general discussion of Webster concluded with Ms. Bodziony and Mr. Dwyer indicating that they would continue to monitor Webster's actions.

Third, there was an update on the inquiry by the City of Cranston about joining Property/Liability Pool. Ms. Bodziony indicated that The Trust is currently engaged in a due diligence review which it must complete before any pricing can be offered.

The Competitive Outlook discussion concluded with a brief update on the Life Insurance program. Ms. Bodziony indicated that the program rates have been stable, and that management expects the program to continue to grow. With the recent addition of Lincoln Public Schools, the program is now up to 45 Members.

After the conclusion of the report, Trustee Dooley indicated that the Warwick Schools would be sending a Notice of Intent to Withdraw. He indicated that the Chair of the School Board has indicated that the Warwick Schools should seek quotes from providers, including Beacon.

3c. Workers' Compensation Program Options

Prior to the meeting, the Trustees were provided with a memorandum dated March 29, 2007, from Mr. Dwyer regarding the Future of the Workers' Compensation Pool. Based upon the contents of that memorandum, Chairman Alfred indicated that Management was recommending that The Trust refrain, at this time, from hiring a consultant to study the viability of maintaining the Workers' Compensation Program. He further stated that premiums have begun to stabilize and that the Program was beginning to "see the light at the end of the tunnel." He further indicated that it was uniformly agreed that the Injured On Duty ("IOD") Program and risk management and loss prevention programs were valuable benefits that come with the existing Program.

Thereafter, there was a discussion among the Trustees and the Executive Director regarding the "quality" of some Members of the Pool that seem to historically experience high loss ratios and Experience Modifiers. There was also a discussion of whether it would be beneficial for The Trust to explore alternative risk-sharing and financing arrangements for the Pool with other private insurers or a not-for-profit insurer such as the Beacon. A Board consensus emerged that there seemed to be too many disadvantages and obstacles to such an approach to continue an exploration of such alternative arrangements at this time.

On a motion made by Trustee Ambrogi, seconded by Trustee Dooley, the Board voted unanimously to accept management's recommendation to refrain, at this time, from retaining consultants to study the long term viability of the Workers Compensation Pool or other alternative risk financing or operational arrangements for The Trust's workers' compensation programs.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

3d. WB Community Health Relationship Update

Prior to the meeting, the Trustees were provided with a memorandum dated March 29, 2007, from Mr. Dwyer regarding the Possible Relationship with WB Community Health. Trustee Dooley, also the Chair of the WB Community Health Board, indicated that the organization's Executive Director had decided to remain in his position. Thus, while some restructuring was ongoing, WB Community Health was no longer interested, at the present time, in exploring other options for the management of its programs.

This was followed by a brief discussion among the Trustees of the benefits of the various Blue Cross/Blue Shield programs and the competition between it and United Health Care.

3e. Claim Activity Litigation

Prior to the meeting, Mr. Dwyer provided the Board with a confidential memorandum dated March 29, 2007, regarding the pending litigation captioned Kane v. Town of Narragansett, and another confidential memorandum dated March 29, 2007, regarding certain property claims pending in North Providence.

Notice of Intent to Seek to Convene into Executive Session

On a motion made by Trustee Kerbel, seconded by Trustee Bauer, the Board, after a unanimous roll call vote, convened into Executive Session pursuant to the Rhode Island Open Meetings Act, Rhode Island General Laws 42-46-5 (a)(2), in order to discuss litigation matters related to the matter of Kane v. Town of Narragansett and certain Property Claims.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

Motion to Return to Open Session

On a motion by Trustee Kerbel, seconded by Trustee Ambrogi, the Board voted as follows to conclude the Executive Session and resume the public meeting:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

Motion To Seal Minutes of The Executive Session

On a motion by Trustee Kerbel, seconded by Trustee Ambrogi, the Board voted as follows to seal the Minutes of the Executive Session until such time as the matters taken up had been resolved:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

4. Operations and Funding Report

Working from a PowerPoint presentation, Mr. Dwyer presented a report detailing the Property/Liability Pool Adjusted Loss Ratios indicating that there was a “up tick” in property claims. That was followed by a report on the Workers’ Compensation Pool Loss Ratios which demonstrated that the trend from the last three years was good. Mr. Dwyer concluded with a report on the Composite Adjusted Loss Ratios and indicated that the Workers’ Compensation “curve” was beginning to flatten out.

On a motion made by Trustee Kerbel, seconded by Trustee Dooley, 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	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

5. Informational Items

a) Minutes of Committee Meetings

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

- i) Investment and Audit Committee: March 14, 2007**
- ii) Risk Management Committee: March 8, 2007 (Regular and Executive Session)**
- iii) Underwriting Committee: January 24, 2007 and March 26, 2007**

Also presented as informational items were reports showing:

- b) Claim Activity of Note**
- c) Drug and Alcohol Annual Report**
- d) Quarterly Investment Performance Report thru December 31, 2006**
- e) Newly Revised Publications**
 - i) Preferred Physician Network Booklet**
 - ii) Loss Prevention Programs Booklet**

6. Adjournment

On a motion made by Trustee Ambrogi, seconded by Trustee Petrarca, the Board voted unanimously to adjourn the meeting.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Rich Kerbel	aye
Jack Ambrogi	aye	John Mainville	aye
Scott Avedisian	absent	Edward Mara	absent
Wolfgang Bauer	aye	Lori Miller	aye
Robert Dooley	aye	Michael Petrarca	aye
Bruce Keiser	absent	M. Richard Scherza	absent
Gerald Kempen	absent		

The meeting then stood adjourned at approximately 11:16 AM.

Respectfully Submitted,



Ian C. Ridlon
Corporate Secretary