



**BOARD OF TRUSTEES MEETING  
OF  
APRIL 9, 2009**

**MINUTES**

The Board of Trustees of the Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Thursday, April 9, 2009 at The Trust Offices, 501 Wampanoag Trail, Suite 301, East Providence, Rhode Island.

Chairman Alfred called the meeting to order at approximately 9:15 A.M.

**1. ROLL CALL**

**Trustees Present**

Stephen Alfred, Town of South Kingstown  
John Ambrogi, Newport Public Schools  
Scott Avedisian, City of Warwick  
Richard Brown, City of East Providence  
Jeffry Ceasrine, Town of Narragansett  
Frances Gallo, Central Falls School District  
John Mainville, Town of Burrillville  
Edward Mara, Bristol Warren Regional School District  
Diane Mederos, Town of Bristol  
Lori Miller, Lincoln Public Schools  
Michael Petrarca, West Warwick Public Schools  
Richard Scherza, Cranston Public Schools (arrived at 9:50 A.M.)

**Trustees Absent**

Bruce Keiser, Town of Jamestown  
Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns

**Others Present**

Stephanie Banister, Trust Director of Technical Operations and Research  
Colleen Bodziony, Trust Membership Services Manager  
Thomas Dwyer, Trust President and Executive Director  
Ian Ridlon, Trust General Counsel and Director of Legal Services  
Ronald Slovak, Trust Chief Financial and Administrative Services Officer

**2. Approval of Minutes of the Board Meeting of January 27, 2009**

On a motion made by Trustee Gallo, seconded by Trustee Mainville, the Board voted to approve the minutes of the Board meeting of January 27, 2009.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Jack Ambrogi	aye	Edward Mara	aye
Scott Avedisian	aye	Diane Mederos	aye
Richard Brown	aye	Lori Miller	aye
Jeff Ceasrine	aye	Michael Petrarca	aye
Frances Gallo	aye	Richard Scherza	absent
Bruce Keiser	absent		

### **3.a.(ii) The Competitive Insurance Environment**

Prior to the meeting, the Trustees were provided with a memorandum dated March 30, 2009, from Mr. Dwyer and Ms. Bodziony regarding the Competitive Environment. Ms. Bodziony then gave a cursory review of the status of the existing membership complement 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 The Trust expected to receive two additional Notices of Intent prior to the May 1, 2009 deadline.

With respect to the Lincoln School Department, Ms. Bodziony noted that the Town's Budget Committee had forced the School Department to put the workers' compensation program out to bid. However, no entity other than The Trust submitted a bid.

There followed a brief discussion among the Trustees and staff about the fact that most commercial policies could not match the coverage afforded by The Trust regardless of price. Chairman Alfred noted that we should be diligent in explaining to Members what they would lose in the way of coverage if they left The Trust.

Regarding the Workers' Compensation competitive environment, Ms. Bodziony informed the Trustees that, while the Beacon Mutual Insurance Company remains The Trust's strongest competitor, it no longer has a dedicated Municipal Services Unit. Mr. Dwyer commented further about the downsizing of Beacon's workforce previously handling its municipal program.

Ms. Bodziony concluded her report with a brief update on the Life Insurance Program. She noted that the North Tiverton Fire District and the City of Warwick's municipal employees (excluding Police and Fire) had joined the Program. She then indicated that The Trust had submitted a proposal to the Town of Little Compton. There was no further discussion or questions.

### **3.a.(iii) New Member Approvals**

Prior to the meeting, Mr. Dwyer and Ms. Bodziony provided the Trustees with a memorandum dated March 30, 2009, regarding three potential new Members: the East Greenwich Free Public Library; the Foster Land Trust; and the West Warwick Senior Center. Ms. Bodziony noted that all three entities had been deemed to be eligible for Trust Membership should approval be granted by the Board. She indicated further that the East Greenwich Free Public Library had voted to apply for membership in the Property/Liability Pool and may also consider joining the Workers' Compensation Pool. The Foster Land Trust and the West Warwick Senior Center have inquired about Membership, but have not yet formally applied.

On a motion made by Trustee Brown, seconded by Trustee Ambrogi, the Board voted to accept the recommendation of the Underwriting Committee and accept the applications for Membership

of the East Greenwich Free Public Library; the Foster Land Trust; and the West Warwick Senior Center should the applications be formally submitted.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Jack Ambrogi	aye	Edward Mara	aye
Scott Avedisian	aye	Diane Mederos	aye
Richard Brown	aye	Lori Miller	aye
Jeff Ceasrine	aye	Michael Petrarca	aye
Frances Gallo	aye	Richard Scherza	absent
Bruce Keiser	absent		

**3.a.(i) Report of the Underwriting Committee With Regard to Pro Forma Pricing and 2009-2010 Underwriting**

Prior to the meeting, the Trustees were provided with Memoranda from Mr. Dwyer and Stephanie Banister, The Trust's Director of Technical Operations and Research, to the Underwriting Committee relative to the Pro Forma Underwriting for 2009-2010. There was a memorandum, dated March 21, 2009, relative to the Property/Liability Pool Underwriting, a memorandum, dated March 20, 2009, relative to the Workers' Compensation Pool Underwriting, and a memorandum, dated March 23, 2009, that represented the Consolidated Pro Forma Underwriting for the two Pools.

On behalf of the Underwriting Committee, working from a PowerPoint presentation, Ms. Bannister discussed the Underwriting Strategies and Pricing for the Policy Year 2009-2010. She began by discussing the Pro Forma Premium Distributions relative to the Membership as a whole, taking into account the implementation of the Trust Ownership Participation Shares ("TOPS") Program.

Regarding workers' compensation pro forma pricing, Chairman Alfred indicated that the Management Committee assumed a 4% increase in payroll, which might be slightly higher than occurs due to expected layoffs and other reductions in force. The variance, though, was deemed immaterial by the Committee during its deliberations, Mr. Alfred further advised, given the uncertainties inherent in loss forecasting.

Ms. Banister then discussed the issues of floors and caps and identified variations in the floors and caps being utilized in the model this coming year for both the Property/Liability Pool and the Workers' Compensation Pool compared to the system employed in the current year.

With respect to the Workers' Compensation Pool, Ms. Banister indicated that 96% of the Members would experience a premium decrease this year after the implementation of the TOPS dividend and bonus. She then noted that the premium decreases for the Property/Liability program were not as significant because of the structure of the TOPS dividend program. A very brief discussion among the Trustees followed.

Management also described its recommendation, contained within the Underwriting Committee report, that it be given additional flexibility to require certain Members with adverse loss experience in the Property/Liability Pool to take higher per occurrence deductibles. It was noted that such flexibility was granted to Management in the current year, but for the coming year, the number of lines of coverage to which higher deductibles could be mandated would be expanded.

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

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Jack Ambrogi	aye	Edward Mara	aye
Scott Avedisian	aye	Diane Mederos	aye
Richard Brown	aye	Lori Miller	aye
Jeff Ceasrine	aye	Michael Petrarca	aye
Frances Gallo	aye	Richard Scherza	aye
Bruce Keiser	absent		

**3.b. Governmental health Group of Rhode Island (GHGRI) – Request for Affiliation**

Chairman Alfred began the discussion by summarizing the background and context of GHGRI's request to The Trust that it assume responsibility for the operations of the GHGRI and that the two organizations eventually meld into one under The Trust's name. He described actions taken to date to better determine precisely what GHGRI was looking for by himself as Chair, by Management, and by the Management Committee in its earlier meeting with GHGRI's President and its Treasurer.

Prior to the meeting, Mr. Dwyer had also provided background documents to the Board, including his March 16, 2009 memo to the Management Committee regarding this matter and the January 29, 2009 letter from GHGRI President David Faucher asking that a consolidation of the two entities be considered.

By way of additional background, Chairman Alfred noted that GHGRI is currently a very strong organization financially. Although its financial management is being presently handled on a part-time basis, it has been operating effectively, he said. However, it is rapidly outgrowing not only this part-time financial management capability but also its administrative capabilities in other operational areas.

Chairman Alfred informed the Board that he indicated to the GHGRI representatives that The Trust's purpose is not to serve as purely an Administrative Services Organization (an "ASO") to another risk-pooling entity but instead to act as a full-fledged risk-bearing and sharing organization. He said he advised GHGRI representatives that he expected that The Trust, subject to Board approval, would be interested in exploring a merger with GHGRI and having it become a very important but distinct part of The Trust's various programs and pools. He also noted that there was discussion with the GHGRI about ways that GHGRI Board members could retain leadership roles by becoming part of a to-be-created Trust Health Pool Committee.

Chairman Alfred also addressed and clarified any impression that The Trust was attempting to force GHGRI to dissolve itself prematurely. Apparently, at the most recent GHGRI Board meeting, some members thought a GHGRI resolution submitted by Mr. Faucher calling for GHGRI's dissolution July 1, 2009 was being pushed by The Trust. Chairman Alfred, who attended that meeting along with Mr. Dwyer, indicated that it was not, nor had either he or Mr. Dwyer even seen the resolution. Rather, he told GHGRI's Board that he believed that The Trust was looking only to ascertain GHGRI's long-term intention regarding a full merger and consolidation rather than simply having The Trust function as an ASO to GHGRI.

Chairman Alfred next expressed his concern to the Board that, if a merger were not effectuated, it could adversely impact our competitive position in the marketplace. He expressed other concerns regarding the proliferation of entities such as The Trust in a market as small as Rhode Island. He then sought the Board's feelings on the issue.

Trustee Ambrogi indicated that he believed a merger would be in the best interests of both organizations as well as their members. He then indicated that he believed the Board should vote immediately on whether The Trust has an interest in pursuing merger discussions so that the vote could be transmitted to the GHGRI Board which was meeting later in the day.

Next there was a brief discussion regarding conflicts of interest as Trustee Mainville sits on both Boards. Mr. Dwyer indicated that Trustee Mainville had raised this issue himself several weeks prior, and that Trust General Counsel and Director of Legal Services Ian Ridlon had researched the issue, consulted with GHGRI's counsel, and determined that there was no conflict issue.

The discussion among the Trustees again returned to issues relating the competitive environment. There was also a brief discussion about the possibility that the Legislature would be taking action that would result in many of GHGRI's members being required to leave the pool and join a State program.

Trustee Brown then noted that there were two major issues that should be considered: 1) the financial and fiduciary implications; and 2) incorporating their Board members into The Trust's committee structure. There was a brief discussion regarding both of these issues.

The discussion next moved to the issue of The Trust's current contract with Blue Cross/Blue Shield, and the contract that GHGRI has with it. Mr. Dwyer briefly identified these contractual considerations as he presently understood them. The general conclusion was that, while it is an important issue that needs to be addressed and resolved, it would likely be in BC/BS's best interests to allow such a merger to occur.

There being no further discussion, on a motion made by Trustee Ambrogi, seconded by Trustee Brown, the Board voted unanimously to accept the Management Committee's recommendation that The Trust pursue affiliation with the GHGRI and that Trustee Mainville, as a Director of the GHGRI Board, convey to the GHGRI Board The Trust's strong interest in working toward a full merger under The Trust umbrella and The Trust's intent to provide a meaningful role for representatives of GHGRI participants in The Trust's governing structure.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Jack Ambrogi	aye	Edward Mara	aye
Scott Avedisian	aye	Diane Mederos	aye
Richard Brown	aye	Lori Miller	aye
Jeff Ceasrine	aye	Michael Petrarca	aye
Frances Gallo	aye	Richard Scherza	aye
Bruce Keiser	absent		

**3.c. Legislative Agenda**

**i. GHGRI Proposed Amendments to the Enabling Legislation**

Prior to the meeting, the Trustees were provided with a Memorandum from Mr. Dwyer to the Management Committee dated March 6, 2009 regarding the amendments proposed by GHGRI to R.I. Gen. Laws §45-5-20.1. Ian Ridlon, Trust General Counsel and Director of Legal Services, gave a general background on the rationale for the proposed amendment, and indicated that he had worked with counsel for GHGRI to ensure that the proposed changes accomplished GHGRI's goals while not overextending the breadth of the statute or creating issues that would subject entities created under the statute (like The Trust) to unnecessary scrutiny.

There followed a discussion about how much support the Trust should give to this legislative proposal and how visible that support should be. There was also a brief discussion about what benefit this change would bring for The Trust.

On a motion made by Trustee Ambrogi, seconded by Trustee Mara, the Board voted unanimously to support the legislative changes to the Enabling Legislation proposed by the GHGRI.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	John Mainville	aye
Jack Ambrogi	aye	Edward Mara	aye
Scott Avedisian	aye	Diane Mederos	aye
Richard Brown	aye	Lori Miller	aye
Jeff Ceasrine	aye	Michael Petrarca	aye
Frances Gallo	aye	Richard Scherza	aye
Bruce Keiser	absent		

**ii. Judicial Fairness Initiative Update**

Mr. Ridlon provided a very brief update regarding the progress of the Judicial Fairness Initiative. He then outlined the proposed course of action, which met with the Board's approval, and asked for support from Trust Members in the form of resolutions of support, direct contact with legislators, and testifying before legislative committees when appropriate.

**iii. Teacher Retiree Life insurance Issue**

Mr. Ridlon gave a brief review of the issue and indicated that there was very little support in the legislature for addressing this issue.

**4. Operations and Funding Report**

Mr. Dwyer distributed to the Board the Operations and Funding Report for The Trust's two pools: Workers' Compensation and Property/Liability. The Operations and Funding Report was shown for both the Property/Liability and Workers' Compensation Pools as of February 28, 2009 and for The Trust as a whole, including Member Programs. Mr. Dwyer also distributed to the Board a newly formatted Report showing trend lines across multiple years of Adjusted Loss Ratios for the Trust as a whole and for the Property/Liability and the Workers' Compensation Pools.

Mr. Dwyer briefly discussed several key factors for changes in the Adjusted Loss Ratios for both

Pools. There were no questions from the Trustees regarding the Reports.

On a motion made by Trustee Ambrogi, seconded by Trustee Mara, 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
Jack Ambrogi	aye	Edward Mara	aye
Scott Avedisian	aye	Diane Mederos	aye
Richard Brown	aye	Lori Miller	aye
Jeff Ceasrine	aye	Michael Petrarca	aye
Frances Gallo	aye	Richard Scherza	aye
Bruce Keiser	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:	March 18, 2009
ii)	Management Committee:	March 20, 2009
iii)	Underwriting Committee:	March 25, 2009
iv)	Risk management Committee:	March 26, 2009

Reports on the following items were provided to the Board as informational matters:

- b) Pre-Screening of Employment Actions
- c) Quarterly Investment Performance Report thru December 31, 2008
- d) Loss Control Peer Review Report and Management Comment
- e) Case Activity of Note
- f) Driving Simulator Pilot Demonstration
- g) Brian Ahern – “Step Up to the Plate” Recognition

## **6. Adjournment**

On a motion made by Trustee Avedisian and seconded by Trustee Gallo, 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
Jack Ambrogi	aye	Edward Mara	aye
Scott Avedisian	aye	Diane Mederos	aye

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Richard Brown	aye	Lori Miller	aye
Jeff Ceasrine	aye	Michael Petrarca	aye
Frances Gallo	aye	Richard Scherza	aye
Bruce Keiser	absent		

The meeting then stood adjourned at approximately 11:08 A.M.

Respectfully Submitted,



Ian C. Ridlon, Esq.  
Corporate Secretary