



**THE FIFTEENTH ANNUAL JOINT MEETING
OF THE
BOARD OF TRUSTEES AND ITS STANDING COMMITTEES
OF
OCTOBER 13-14, 2010**

MINUTES

The Board of Trustees of The Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Wednesday, October 13, 2010 and Thursday, October 14, 2010 at the Kinney Bungalow at Sunset Farm, 505 Point Judith Road, Narragansett, Rhode Island.

Chairman Alfred called the meeting to order at approximately 9:05 a.m. on October 13, 2010.

1. ROLL CALL

Trustees Present

Stephen Alfred, Town of South Kingstown
John Ambrogi, Newport Public Schools (October 13, 2010 only)
Richard Brown, City of East Providence
Jeffrey Ceasrine, Town of Narragansett
David Faucher, Town of Portsmouth (departed at 9:35 a.m. on October 14, 2010)
Robert Hicks, New Shoreham School Department (departed at 12:45 p.m. on October 13, 2010)
Bruce Keiser, Town of Jamestown (October 13, 2010 only, departed at 12:50 p.m.)
John Mainville, Town of Burrillville
Diane Mederos, Town of Bristol (October 14, 2010 only, arrived at 8:55 a.m.)
Michael Petrarca, West Warwick Public Schools

Trustees Absent

Scott Avedisian, City of Warwick
John Ambrogi, Newport Public Schools (October 14, 2010 only)
Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns
Frances Gallo, Central Falls School District
Diane Mederos, Town of Bristol (October 13, 2010 only)
Bruce Keiser, Town of Jamestown (October 14, 2010 only)
Lori Miller, Lincoln Public Schools

Others Present

Brian Ahern, Trust Loss Prevention Manager
Stephanie Banister, Trust Director of Technical Operations and Research
Shawn Brown, Trust Employee Benefits Committee (October 13, 2010 only, arrived at 10:00 a.m.)
Colleen Bodziony, Trust Membership Services Manager
Peter DeAngelis, Trust Risk Management Committee
Lynne Dible, Trust Employee Benefits Committee (October 13, 2010 only, arrived at 10:00 a.m.)
Thomas Dwyer, Trust President and Executive Director
Douglas Fiore, Trust Employee Benefits Committee (October 13, 2010 only)
Russell Godin, Trust Property/Liability Claims Manager
Linda Grassini, Trust Benefits Program Operations Manager
Jeffrey Kadison, Practical Actuarial Solutions (October 13, 2010 only, arrived at 11:20 a.m.)

Laura Kenyon, Trust Employee Benefits Committee
David Krugman, Trust Employee Benefits Committee (October 13, 2010 only)
Nancy Lalli, Trust Employee Benefits Committee
Denise Lapolla, Trust Workers' Compensation Claims Manager
Alan Lord, Trust Investment and Audit Committee
Debby Maynard, Trust Executive Assistant
Col. Stephen McCartney, Trust Risk Management Committee
Robert Mushen, Trust Employee Benefits Committee (October 13, 2010 only, departed at 3:30 p.m.)
Kathleen Raposa, Trust Employee Benefits Committee
Ian Ridlon, Trust General Counsel and Director of Legal Services
Ronald Slovak, Trust Chief Financial and Administrative Services Officer
Ronald Tarro, Trust Investment and Audit Committee (October 13, 2010 arrived at 10:55 a.m.)
William Thompson, Milliman (October 13, 2010 only)

2. Adoption of Minutes of Board Meeting of June 29, 2010

On a motion made by Trustee Mainville, seconded by Trustee Petrarca, the Board voted to approve the minutes of the Board Meeting of June 29, 2010.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	aye	Bruce Keiser	aye
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	absent
Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

3. Business Items

3.a. Employee Benefits Programs

i) Post-June 30, 2011 Health Pool Third Party Administrator (TPA) Options

Management Overview of Relevant Considerations for TPA Services and Options

Mr. Dwyer first presented the option of a one year extension with Blue Cross/Blue Shield of Rhode Island (BCBSRI), reviewing various advantages and disadvantages to such an approach and ways it might be accomplished. He indicated that he had earlier discussed similar matters with the Employee Benefit Committee, which had provided direction and guidance to him about areas it wished to have explored as part of the possible alternatives for a TPA arrangement post June 30, 2011.

Mr. Dwyer next discussed the advantages and disadvantages associated with a negotiated renewal. There followed a brief discussion regarding the impact of the legislation that precludes collective bargaining agreements (CBAs) from specifying a particular carrier or including plan specifications that would require a certain provider to be selected.

With respect to the option of a "full-scale" RFP, Mr. Dwyer discussed the several advantages and disadvantages of this option. Those included a greater likelihood that The Trust could achieve the

best administrative retention rate and overall operating arrangement, but it could be very time consuming and expensive as it would be necessary to engage consultants.

Mr. Dwyer next addressed issues that might arise if a carrier other than BCBSRI was chosen, with specific reference to the impact on The Trust's Injured-on-Duty program. Trustee Faucher indicated that he had had a conversation with State officials about whether United Healthcare was able to provide similar services to the State employees and he understood that it could.

The issue of a so-called "carve-out" for Pharmacy Benefit Management ("PBM") was the next item of discussion. Mr. Dwyer indicated that the program is an integrated one now, and BCBSRI keeps all of the discounts and savings. He discussed some of the advantages and disadvantages of carving out the pharmacy benefit, and indicated that, while The Trust has some experience in this area relative to the Workers' Compensation program, it would still likely require that more staff expertise be developed and, at the very least, The Trust would need to engage a consultant to structure the carve out PBM program.

The next issue addressed was the question of what services would be provided by the TPA. Mr. Dwyer began the discussion by noting that, currently, BCBSRI handles all of the underwriting internally. Mr. Dwyer indicated that he believed, ideally, The Trust should engage in underwriting in cooperation with the TPA, but that The Trust should have the final say over rates. This was followed by a discussion of the various potential Wellness programs that could be created. A brief discussion ensued over different types of programs and whether subsidies may be an effective alternative. The final area in this category involved the role of Member Services and whether it should or could be handled exclusively in house.

Mr. Dwyer next addressed the issue of the Quality Based Claims fee that was being unilaterally imposed upon The Trust by BCBSRI. He indicated that BCBSRI was asked to provide Trust Management with additional information on the rationale and contractual justification for this so-called "quality based fee. He added that Trust Management was currently paying the fee, but had formally reserved the right to challenge and withhold it from later payments. A brief discussion then ensued.

Break at 9:55 a.m. and meeting resumes at 10:05 a.m.

Presentation from BCBS about Partnership Post June 30, 2011

At this point, five representatives from BCBSRI joined the meeting to make a presentation regarding the health care market in Rhode Island and nationally and the relationship between The Trust and BCBSRI.

Dorothy Coleman, the Executive Vice President and Chief Financial Officer of BCBSRI, introduced those others from BCBSRI in attendance. They were:

- Dr. Gus Manocchia, M.D., Chief Medical Officer, BCBSRI
- Thomas Cauthorn, Chief Sales Officer, BCBSRI
- Marc Gagnon, Manager, Major Accounts, BCBSRI
- John Gilliland, Manager, Sales, BCBSRI

In her presentation, Ms. Coleman discussed the factors impacting healthcare costs and how to effectuate effective healthcare delivery. There was also a description of the so-called Patient Centered Medical Home ("PCMH"). The presentation concluded with a summary of what BCBSRI described as innovative ways to reduce claims expense.

A discussion followed in which Trustees asked specific questions of the BCBSRI representatives relative to its relationship with The Trust and its Members. There were also questions relating to wellness programs, the implementation of the PCMH, and the quality based claims payment fee. The presentation and discussion concluded with BCBSRI representatives giving their opinions on the impact the new health care reform act would have upon The Trust Members.

Break at 11:30 a.m. and meeting resumes at 11:50 a.m.

Federal and State Health Reform Implications on Health Pool

Mr. Dwyer next gave a brief introduction regarding the implications of Federal and State Health Reform on the Health Pools.

Ian Ridlon, Trust General Counsel, gave a more detailed review of the potential impact of the Rhode Island School Employee Uniform Benefit Act. There followed a discussion regarding what it will likely look like, implementation of the program, and who it was intended to cover. The discussion concluded with several comments regarding whether The Trust Health Pool could act as the entity charged with purchasing all of the plans. Mr. Dwyer noted that Investment and Audit Committee member Tarro serves on the legislatively appointed State committee working to develop uniform benefit plans, and that Trustee Faucher serves on the technical advisory group to that committee. Messrs. Tarro and Faucher commented on their perspective of the work of this State committee regarding uniform benefit plan designs for school employees.

Mr. Dwyer next discussed the potential impacts of the Federal Health Care Reform. He outlined some of the federally mandated changes, and then briefly discussed the Early Retirement Insurance Program. He next engaged in an extensive review of circumstances under which plans can be “grandfathered” and what the potential benefits and detriments to grandfathering would be.

Direction to Management Regarding Health Pool TPA Services

Chairman Alfred next led the discussion of what direction Management should be given with respect to the potential for continuing The Trust’s relationship with BCBSRI. By consensus, the Board directed Mr. Dwyer to attempt to negotiate a TPA renewal extension with BCBSRI as soon as possible, but that should such a renewal agreement not be able to be reached in a month or so that Management then be prepared to seek proposals for TPA services from other parties forthwith.

Break at 12:50 p.m. and meeting resumes at 1:40 p.m.

ii) Actuarial Results and Reports for Health and Dental Pools

Actuary William Thompson of Milliman led a discussion of the Incurred But Not Reported (“IBNR”) claim reserve that he had calculated for the Health and Dental Pools, and compared the concepts of IBNR reserves for property/casualty lines of insurance with those for medical and dental lines of insurance. He then explained the Claim Fluctuation Reserve that he had also calculated for the Health and Dental Pools. There were several questions from the Trustees regarding these issues and then the discussion concluded.

iii) Excess Health Claims Backstop Policy

Mr. Dwyer next presented background information regarding the newly established Excess Claims Backstop Account, which had earlier been approved in concept by the Board. He indicated that, consistent with The Board’s previous instruction, a detailed policy was now being proposed to

govern the workings of the Account. That proposed policy was reviewed by the Employee Benefit Committee and the Investment and Audit Committee, both of which provided comment and suggestions, and by the actuary.

Mr. Dwyer further commented that based on discussions he had recently had with Chair Alfred that he now believed that the proposed policy merited further revision before he was prepared to recommend it to the Board for adoption. Chair Alfred elaborated on his concerns which related primarily to the financial return to the property and casualty pools allowed by the policy in return for the risk it was assuming as a backstop for excess Health Pool claims. Board discussion followed, with the actuary also offering comments.

Ultimately, Management was tasked with reworking certain sections of the policy and presenting it to the Employee Benefits Committee for its comment prior to resubmitting it to the Board.

iv) Woonsocket Education Department Premium Delinquency

Mr. Dwyer provided a brief summary of the background facts associated with the dispute, and updated those in attendance on the payments made by the Woonsocket Education Department and potential outstanding balance. Mr. Dwyer proposed that a letter be sent to the Department outlining The Trust's position on the outstanding balance, and that further legal action against the Department to collect amounts cease due to the payments made by the Department.

On a motion made by Trustee Ceasrine, seconded by Trustee Brown, the Board voted as follows 1) to accept the recommendation of Trust Management to cease any legal action against the Department to collect amounts due and to write-off of any amounts which may be due to The Trust by the Department once all the final calculations are made of the amount of any Capital Contribution or Equity Allocation that may be due to the Department; and 2) to send the letter drafted by Mr. Dwyer to the Woonsocket Education Department setting forth The Trust's position on the matter.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	absent
Jack Ambrogi	aye	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	absent
Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

3.b. Property and Casualty Pools

i) Management Overview of IBNR & Actuarial Indications

Mr. Dwyer next presented an analysis of the loss trends for the Workers' Compensation and Property and Liability Pools. Mr. Dwyer discussed the reasons that the Operating Percentages for the Pools tend to improve over time. Because of the likelihood that these ratio will improve, the pricing of Member premiums is not heavily reliant on the experience of recent years, he said. He illustrated this pattern with specific reference to the Operating Ratios for the Workers' Compensation Pool for several older policy years at different points in time. With respect to the Property and Liability Pools, items of note included a discussion of reserve strengthening. Also discussed was the fact that, over the last several years, the Operating Percentages for older policy years in both Pools have been quite stable.

During Mr. Dwyer's presentation, Trustees and Committee members asked a few questions and offered various observations.

ii) Report from Actuary – Loss Reserve Analysis ending June 30, 2010

Jeff Kadison, of Practical Actuarial Solutions, presented the findings of his actuarial study of loss reserves. He began with a discussion of the Workers' Compensation Pool, including Injured-on-Duty ("IOD") program. He followed that with a more extensive report on the Property/Liability Pool.

For the various lines of coverage, Mr. Kadison discussed such items as: the current fund year estimates, prior year changes, claims closing rates, unusual activity, changes in trends, and loss ratios compared to premium and to exposures. There were no questions and there was no further discussion.

Break at 3:40 p.m. and meeting resumes at 4:00 p.m.

3.c. Preliminary Projected Financial Position as of June 30, 2010

Messrs. Dwyer and Slovak provided those in attendance with a Preliminary Statement of Operations. Mr. Slovak noted that the numbers in the Statement include the IBNR Reserve for the various Pools at the actuarial best estimates earlier provided to the Board. Further minor adjustments might yet occur, Messrs. Dwyer and Slovak added, before the financial results are finalized for the year.

Overall, Mr. Dwyer said, Member Equity for the Property/Casualty Pools should remain very close to last year's number and was projected at approximately \$16.4M. Members' Equity the Employee Benefits programs is projected at approximately \$5.6M, with a significant portion of that comprised of Contributed Capital in the Health Pool.

There followed a brief discussion about the level of Members' Equity relative to various financial benchmarks and in terms of its implications on Member premium levels.

Mr. Dwyer then presented the preliminary financial results in a revised format so that the Board and Committee members could analyze the data in terms of its major component parts: underwriting results, reinsurance levels, investment returns, TOPS dividend implication, and changes in Members' Equity Balances year to year. He compared and contrasted the financial characteristics of each Pool and the Life Insurance Program.

i) Employee Benefits Program

He noted that annual financial operations for the Health Pool was projected to be slightly negative, and for the Dental Pool slightly positive. There was a discussion that followed regarding Health Pool rates for the current year in light of the slight projected deficit for the year ended June 30, 2010. Mr. Dwyer emphasized that the issue of rates was exactly why it was important that The Trust become more involved in underwriting.

ii) Property and Casualty Programs

Mr. Dwyer discussed the preliminary operations projections for the Property and Liability Pools, as well as the Workers' Compensation Pool. He then discussed the results of the combined Pools.

Mr. Slovak provided those in attendance with information regarding the investment results for the Property and Casualty Pools. Of particular note were his comments that the numbers showed how much the markets fluctuated and that, as a result, unrealized gains and losses are not budgeted. There were no questions and there was no further discussion.

The meeting adjourned for the day at 4:35 p.m.

The meeting continued at 8:45 a.m. on October 14, 2010.

3.j. Claims: Settlement Authority

Notice of Intent to Seek to Convene into Executive Session

On a motion made by Trustee Ceasrine, seconded by Trustee Brown, 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 cases of Fasciano v. Town of Johnston.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	absent
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

Motion to Return to Open Session

On a motion by Trustee Petrarca, seconded by Trustee Ceasrine, 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	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

Motion to Seal Minutes of the Executive Session

On a motion by Trustee Mederos, seconded by Trustee Hicks, 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	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye

Richard Brown	aye	Diane Mederos	aye
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

3.d. Scope of Coverage Matters

Mr. Dwyer provided those in attendance with a brief overview of the need to address various matters in the Property and Liability Policies. He noted that the Policies are routinely reviewed to ensure that Members are being provided with the broadest coverage within reason, and that, in certain cases, Policy changes are made to reflect changes in The Trust’s reinsurance policies. Non-substantive changes, changes to clarify existing intent, and changes to conform our Policies to reinsurance and excess insurance agreements are customarily made by Management, Mr. Dwyer added, but other changes in terms of scope of coverage provided to Members are first presented to the Board for action.

i) Proposed Liability Policy Changes for July 1, 2011

Mr. Ridlon first addressed the issue of increasing or removing the sublimit for defense costs related to defending claims before the Rhode Island Commission for Human Rights. There was a brief discussion regarding the issue.

On a motion made by Trustee Ceasrine, seconded by Trustee Mederos, the Board voted as follows to accept the recommendation of Trust Management to remove effective July 1, 2011 the sublimit for defense costs on coverage for matters before the State of Rhode Island Commission for Human Rights:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Ridlon next addressed the inequity in the current version of the Liability Policy relative to Public Officials’ Liability coverage for acts relating to benefit plan administration. Mr. Ridlon provided the background for the proposed change and there followed a brief discussion.

On a motion made by Trustee Brown, seconded by Trustee Hicks, the Board voted as follows to accept the recommendation of Trust Management to expand effective July 1, 2011 The Trust’s defense obligations for certain claims arising under the Employee Benefit Liability Insuring Agreement:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye

Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Ridlon next provided those in attendance with a brief historical background of issues relating to appointment of counsel for Insured Members, and addressed the requirements under the current state of the law. Mr. Dwyer noted that this proposed language change would make more explicit The Trust’s control over the appointment of defense counsel, and provide a mechanism for addressing the occasional requests The Trust receives from Members for special counsel. There followed several questions and a brief discussion.

On a motion made by Trustee Faucher, seconded by Trustee Ceasrine, the Board voted as follows to accept the recommendation of Trust Management to change to the “Conditions” section of the Policy to insert a so-called “Naming of Counsel” provision effective July 1, 2011:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Ridlon then gave a brief historical background of issues relating to coverage afforded to city and town solicitors and school department attorneys. There followed an extensive discussion regarding what coverage should be afforded to them and whether the solicitors were public officials, municipal employees, or something else.

On a motion made by Trustee Brown, seconded by Trustee Mainville, the Board voted as follows to endorse the concept, as recommended by Trust Management, that it is not the intent of the Liability Policy to provide insurance coverage to independent counsel under contract to the Member, but deferred final approval of a change to the Liability Policy until Management presents redrafted and acceptable policy language clarifying the definition of “employee” for such coverage purposes:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Ridlon next discussed an issue relating to clarifying the so-called “intentional acts” exclusion in the Liability Policy. There followed a brief discussion regarding the potential impact of the proposed change on the Members.

On a motion made by Trustee Ceasrine, seconded by Trustee Mederos, the Board voted as follows to accept the recommendation of Trust Management to add personal injury claims to the exclusion for intentional acts effective July 1, 2011:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	absent	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Ridlon next discussed the inconsistency with respect to the application of Exclusion 28 only to certain of the Insuring Agreements. Mr. Ridlon provided those in attendance with some examples of issues that had arisen and described the potential impact on the Members. There was a brief discussion and no questions.

On a motion made by Trustee Mederos, seconded by Trustee Petrarca, the Board voted as follows to accept the recommendation of Trust Management extending Exclusion 28 to the General Liability and Police Professional Liability Insuring Agreements effective July 1, 2011:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	absent	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Ridlon then gave a brief historical background of issues relating to coverage afforded under Insuring Agreement G – Medical Payments Liability – and discussed the rationale for the proposed change to the Policy. There followed a brief discussion regarding the impact of the proposed change on the Members.

On a motion made by Trustee Mederos, seconded by Trustee Ceasrine, the Board voted as follows to accept the recommendation of Trust Management to deny coverage effective July 1, 2011 under the Medical Payments Liability Insuring Agreement in the event the Member fails to timely report the claim to the Trust:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	absent	Michael Petrarca	aye
Frances Gallo	absent		

ii) Flood Coverage for Non-Eligible NFIP Structures in Flood Zones A and V

Mr. Dwyer gave the attendees background information relative to the new deductible program involving Wastewater Treatment Facilities that are located entirely or partially within Flood Zones, and summarized the negotiations that Management recently had with its reinsurers about this matter.

Mr. Dwyer and Ms. Banister also provided the attendees with information regarding the new appraisal process underway on Member properties and how the appraisal firm contracted by The Trust is tracking and monitoring those Member properties in flood zones. Ms. Bodziony also provided information relative to the Flood Zone mapping changes that are taking place throughout the state. There were several questions and comments from Trustees and the discussion concluded.

3.e. Trust Position and Policy vis-à-vis Open Meetings and Open Records Laws

Mr. Ridlon provided the attendees with a brief historical background of the position that The Trust has taken with respect to its obligations under the Open Meetings Act (OMA) and Access to Public Records Act (APRA). Mr. Ridlon also provided some anecdotal information regarding how similar pools in other states were treated under their so-called “sunshine laws”. There was an extensive discussion regarding the applicability of the acts, legislative issues, and the practical implications of continuing the current policy of voluntary compliance.

On a motion made by Trustee Brown, seconded by Trustee Mainville, the Board voted as follows to pursue guidance from the Attorney General’s office relative to the status of The Trust under the OMA and the APRA:

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	absent	Michael Petrarca	aye
Frances Gallo	absent		

3.f. 2011 Legislative Agenda

Mr. Ridlon began the discussion by commenting that Management was planning to once again advocate at the General Assembly session beginning in January 2011 for a number of statutory changes which would lessen the liability and insurance burden on local government. He the proceeded to review these proposed changes, all of which had been previously endorsed by the Board in past legislative sessions, to ensure that that Board remained in support of them for the coming session.

First, Mr. Ridlon provided the Board with an update regarding the recent Rhode Island Supreme Court case involving the designation of a “lineman” as a firefighter for I.O.D. purposes. That was followed by a discussion of a proposed legislative change that would resolve the issue.

There followed a discussion of proposed legislation that would allow for retired teachers and other municipal workers to be treated equally with respect to participating in group life insurance programs. A discussion ensued regarding garnering support for the legislation. Ms. Grassini commented about changes that she was experiencing in the way insurers were bidding on these programs and the fact that they are attempting to separate out coverage for retirees. There was also

discussion about whether WB Community Health would be developing a Life Insurance Program for its members and other local governmental entities.

Mr. Ridlon next gave a brief overview of the proposed legislation that would allow for local governmental entities to join together to operate Other Post Employment Benefit (OPEB) Trusts, and discussed its likelihood of successful passage in this coming legislative session.

Mr. Ridlon concluded the discussion of the legislative initiatives with a discussion of the Judicial Fairness Initiative. Mr. Ridlon updated the attendees on the particular legislators who had been either helpful or hurtful to the Initiative's passage in the past and whether they would be returning to the Legislature this session. There followed numerous suggestions from the attendees about ways to make the passage more likely this session.

Mr. Alfred asked that Management present a report to the Board at the next meeting on ways that the Judicial Fairness Initiative could be promoted. Mr. Dwyer said he and Mr. Ridlon would be happy and eager to prepare that report.

3.g. Goals and Objectives – July 2010 through June 2012

Chairman Alfred advised the Board that the Management Committee had directed Mr. Dwyer to prepare a two year set of goals and objectives for The Trust, and noted that a draft of those goals had been circulated to the Board and Committee members for comment. There followed a brief discussion and a suggestion that the term of the goals with respect to operation of the Health and Dental Pools be broadened to include a time horizon of three to five years.

Chair Alfred invited Trustees and Committee members to convey to Mr. Dwyer and to the Management Committee further suggestions that may occur to them after the close of the meeting about desired goals and objectives for The Trust.

3.h. Status Review of Trust Office Space Considerations

Mr. Dwyer briefed the Board on Management's work to date in examining various options for new space. Though some buildings and sites have been visited as candidates for new office space, none to date appear to fit The Trust's needs, he said. Because of other work demands, Management has had only limited time to devote to the search for new space, he further explained.

Though Management would continue to consider options for new space, he said it appeared the most realistic and likely short-term course of action would be to continue to rent space at the existing location when the existing lease expires in April 2011, Mr. Dwyer commented. Some factors that need to be considered, he said, are whether The Trust needs more space to make available to its Members for general meeting purposes or for use as a "Government Center", and whether excess space that might be available at a new location should be leased to other parties until there was a need for the space by The Trust itself. With respect to the last issue, the question was discussed about whether it would be proper to lease space to any entity, non-profits only, or governmental only.

Brief comments from the Board ensued. Chair Alfred concluded the discussion by indicating that the Board appreciated the difficulty in finding suitable new space, especially in the face of other pressing work demands on Management at this time, and understood that the most likely short-term course of action would be to continue to lease space at the existing location.

3.i. Board Governance

It was pointed out that at this time each year, the Board, under the provisions of the Bylaws, must appoint a Trustee to fill the at-large seat on the Nominating Committee. In addition, a new Chair of the Nominating Committee needs to be appointed by the Chairman of the Board.

Nominating Committee Appointments

Upon recommendation to the Board by Chairman Alfred, on motion made by Trustee Petrarca, seconded by Trustee Mederos, the Board voted unanimously to appoint Jeffrey Ceasrine to the Nominating Committee.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	absent	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Alfred then advised that he was appointing Trustee Ceasrine as the Chair of the Nominating Committee. Other members of the Nominating Committee are set by the Bylaws and consist of the Chairs of each of the Board's standing committees, excepting the Management Committee.

4. Cost and Funding Reports

Mr. Slovak began the discussion by indicating that the Cost and Funding Reports for the Health and Dental Pools would be in a format slightly modified from that which was previously prepared by the former consultant to the Pools. He noted that, rather than burdening Members with the entire detailed report each month, each Member would receive only its individual reports and that the combined reports would be provided to the Employee Benefits Committee quarterly for its review.

Mr. Slovak then discussed the report relative to the Health Pool. There was a brief discussion and several questions by Trustees. Included among them was a question about whether profitability of the Pool would obviate the need for the Backstop Account. It was determined, though, that the Account would still be necessary. Mr. Dwyer concluded the discussion by commending Mr. Slovak and Trust Accountant Jean Violet for their hard work and dedication in gathering and interpreting the information provided by the former consultant and BCBSRI.

Mr. Slovak next discussed the report relative to the Dental Pool. There followed a brief discussion relative to how the Pool was performing in its infancy and questions about when the existing contract with Delta Dental expired. There were no further questions and no further discussion.

Mr. Dwyer then presented information relating to the Property/Liability Pool and the Workers' Compensation Pool. With respect to the former, the discussion item of significance was a "spike" in the analysis which tended to skew the results. With respect to the latter, the discussion centered on two unusual claims. Mr. Dwyer then discussed the composite results. There was no further discussion, nor were there any questions.

On a motion made by Trustee Brown, seconded by Trustee Petrarca, 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	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffrey Ceasrine	aye	Lori Miller	absent
David Faucher	absent	Michael Petrarca	aye
Frances Gallo	absent		

5. Standing Committee Reports

Reports were given for two of The Trust's standing committees.

5.a. Investment and Audit Committee

Committee Chair Alan Lord presented a summary of the highlights of the Committee's activity during the past year. He began with a brief description of the Committee's charge and how it accomplishes it work. He then discussed the composition of the investment portfolios and discussed how they were managed and were performing relative to various benchmarks.

He concluded his report by commenting on the Committee's responsibilities in terms of financial audit oversight. He noted that the independent audit firm of Saslow, Lufkin, and Buggy (SLB) had its contract with The Trust extended after The Trust evaluated several other possible audit firms as part of a Request For Proposal process during the past year. Because the firm had been used by The Trust for the previous five years and to comply with best practices in rotating the lead engagement partner, he noted that the Committee had recommended that the engagement partner for The Trust's audit be an individual different from prior engagement partners. SLB had complied with this request.

5.b. Risk Management Committee

Mr. Ahern began the discussion by updating those present on proposed changes to the *WorkSmart21* Program. He indicated that the change proposed, accepted by the Risk Management Committee at an earlier meeting, was a minor but important change. It related to involving an occupational therapist, as opposed to an occupational nurse only, in the Program. There was a brief discussion about the proposed change and it was agreed that final approval of the proposed change would be put off until the next Board meeting.

Trustee Brown, Chair of the Risk Management Committee, next spoke and briefly touched upon the annual summary of the Committee's activities. Mr. Ahern concluded the discussion by thanking all of the Committee members for their hard work and dedication. He also congratulated Trustee Mederos on becoming the first female President of the Rhode Island League of Cities and Towns.

6. Informational Items

Chairman Alfred indicated that the informational items provided would be placed on file.

7. Adjournment

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

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Robert Hicks	aye
Jack Ambrogi	absent	Bruce Keiser	absent
Scott Avedisian	absent	John Mainville	aye
Richard Brown	aye	Diane Mederos	aye
Jeffry Ceasrine	aye	Lori Miller	absent
David Faucher	absent	Michael Petrarca	aye
Frances Gallo	absent		

The meeting then stood adjourned at approximately 12:02 p.m.

Respectfully Submitted,



Ian C. Ridlon
Corporate Secretary