



**BOARD OF TRUSTEES MEETING
OF
THURSDAY, FEBRUARY 3, 2011**

MINUTES

The Board of Trustees of The Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Thursday, February 3, 2011 at The Trust Offices, 501 Wampanoag Trail, Suite 301, East Providence, Rhode Island.

Chairman Alfred called the meeting to order at approximately 9:08 A.M.

1. ROLL CALL

Trustees Present

Stephen Alfred, Town of South Kingstown
Scott Avedisian, City of Warwick
Jeffrey Ceasrine, Town of Narragansett
Peter DeAngelis, Town of Barrington
David Faucher, Town of Portsmouth
Robert Hicks, New Shoreham School Department
Bruce Keiser, Town of Jamestown
John Mainville, Town of Burrillville
Diane Mederos, Town of Bristol
Michael Petrarca, West Warwick Public Schools

Trustees Absent

John Ambrogi, Newport Public Schools
Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns
Frances Gallo, Central Falls School District
Lori Miller, Lincoln Public Schools

Others Present

Stephanie Banister, Trust Director of Technical Operations and Research
Colleen Bodziony, Trust Membership Services Manager
Keith Demty, Trust Director of Employee Benefits Program
Thomas Dwyer, Trust President and Executive Director
Russell Godin, Trust Property/Liability Claims Manager
Joseph Pieksza, Saslow Lufkin & Buggy, LLP
Ian Ridlon, Trust General Counsel and Director of Legal Services

2. Approval of Minutes of the Board Meeting of October 13 and 14, 2010 (Both Regular and Executive Session)

On a motion made by Trustee Avedisian, seconded by Trustee Ceasrine, the Board voted to approve the minutes, both regular and executive session, of the Board Meeting of October 13 and 14, 2010.

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

Motion to Continue to Seal the Executive Session Meeting Minutes

On a motion made by Trustee Mainville, seconded by Trustee Keiser, the Board voted to seal the minutes of the executive session of the Board Meeting of October 13 and 14, 2010 in accordance with the Open Meetings Act requirements.

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

3. Old Business – Action Items

Mr. Dwyer formally introduced new Trustee Peter DeAngelis to the Board. Mr. Dwyer also formally introduced Keith Demty, Trust Director of Employee Benefits Program.

3.a. Health Pool Administrative Services Agreement Post June 30, 2011

Mr. Dwyer began the discussion of the negotiations with Blue Cross/Blue Shield of Rhode Island (BCBSRI) by reviewing the most recent correspondence he had with BCBSRI. He then presented the Trustees with a timeline of the progress of the negotiations from the previous October, at which time the Board had authorized him to engage in negotiations with BCBSRI in an effort to evaluate the propriety of extending the current Agreement, but with terms more favorable to The Trust. Mr. Dwyer noted, to his dismay, that BCBSRI had still not responded to myriad issues raised repeatedly by The Trust, including the issue of the so-called Quality Based Claims Fee.

Mr. Dwyer then stated that, based upon the ensuing discussion, he would recommend that the Board authorize Trust Management to take three specific actions:

- 1) Extend the current Agreement with BCBSRI for one year with a Trust option for a second year with terms no less favorable than those BCBSRI had offered in its December correspondence;
- 2) Intensify discussions with Members regarding the feasibility of switching to another third party administrator, such as United Healthcare, for the contract year commencing in July of 2012; and

- 3) Terminate the payments currently being made to BCBSRI for its Quality Based Claims Initiative, and find a mechanism to recoup the Quality Based Claims Payment fees paid to date.

With respect to the first action, Mr. Dwyer provided the Board with extensive details regarding the terms of a potential renewal as they existed as of December 2010. There followed a discussion among the Trustees.

Motion Regarding Potential Renewal of Existing BCBSRI Agreement

On a motion made by Trustee Mederos, seconded by Trustee Avedisian, the Board voted to authorize Trust Management to execute an agreement with BCBSRI to provide continuing administrative services for one year after June 30, 2011, on terms no worse than those offered by BCBSRI in its December 2010 correspondence and to include an option for a second year solely at The Trust's option.

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

Mr. Dwyer next addressed the benefits and detriments of utilizing the services of a third party administrator other than BCBSRI. Discussion topics included cost, service, existing labor contracts, and employees' general comfort level with BCBSRI. There followed a brief discussion among the Trustees relative to what overtures would be made to the Members.

Motion Regarding Alternative Third Party Administrators for the Health Pool

On a motion made by Trustee Keiser, seconded by Trustee Ceasrine, the Board voted to authorize Trust Management to intensify discussions with Trust Membership regarding a shift to another third party administrator for services relating to the Health Pool commencing in July 2012.

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

Mr. Dwyer next gave a brief summary of the issues relating to the Quality Based Claims Payment issue. He indicated that, despite repeated efforts to obtain an explanation of the fee and BCBSRI's position relative to whether it was authorized under the current Agreement, there had been no meaningful response from BCBSRI. Mr. Dwyer also reiterated that it was of the opinion of Trust General Counsel that there was no authority under the terms of the current Agreement for

BCBSRI to unilaterally impose the fee. Accordingly, Mr. Dwyer recommended that the Board authorize Trust Management to both stop paying the fee for the balance of the current Agreement, and to find a mechanism to recover the fee paid to date. Mr. Dwyer said he would also approach other entities which were paying the fee to discuss their plans relative to continuing to pay the fee.

There was a brief discussion among the Trustees and Chairman Alfred requested that Trust Management prepare a memorandum outlining the various recovery options that The Trust had with respect to this issue and the ramifications of pursuing each of the options. He also asked Trust Management to make a recommendation as to which option was preferable. Trustee Faucher also initiated a brief discussion relative to the interplay between the resolution of this issue and the negotiations relative to extending the current Agreement with BCBSRI. Chairman Alfred also expressed his opinion that any future contract with BCBSRI must address this issue specifically.

Motion Regarding the Resolution of the Quality Based Claims Payment Issue

On a motion made by Trustee Keiser, seconded by Trustee DeAngelis, the Board voted to direct Trust Management to take action to cease paying the Quality Based Claims Payment Fee and to recover the fee paid to date, subject to a lack of objection from the Board about the method Management intended to employ to achieve this result.

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

3.b. Excess Health Claims Backstop Account – Revised Policy

For the benefit of the new Trustees, Mr. Dwyer began his presentation relative to the Excess Health Claims Backstop by providing the Trustees with a brief overview of the how the Backstop Account works, and gave background information relative to the drafting of the Policy that governs it. Then, working from a Powerpoint presentation, Mr. Dwyer proceeded to discuss the rationale for the proposed Policy. He noted that, previously, Chairman Alfred had expressed a concern that the Property/Casualty Pools bore all of the risk and were not getting the commensurate reward under the previously proposed Policy. In response to those comments, Trust Management reworked the Policy.

Notwithstanding the fact that the Property and Casualty Pools bore 100% of the risk, Keith Demty, Trust Director of Employee Benefits Program, explained the premiums normally charged for commercial Stop-Loss insurance incorporated a profit margin which was over and above the “cost” of the risk. Accordingly, after a lengthy review of the issue and consideration of the Trustees’ previous comments, Trust Management recommended a revised distribution allocation of 85% to the Property/Casualty Pool and 15% back to the Health Pool rather than the previous even split between the Property and Casualty Pools and the Health Pool.

Mr. Dwyer then continued with the Powerpoint presentation and discussed the so-called “High Claim” activity, noting that this analysis was based on 5½ years of claims history. Relative to the discussion about the Backstop Account attachment point, Chairman Alfred inquired whether it should be periodically raised above \$1 million to account for the inflationary impact of rising cost of medical care. Mr. Dwyer then responded by discussing the “leverage” issue and noting that future premium increases could be effected to address that issue. He added that loss ratio levels specified in the Policy could be periodically adjusted by action of the Board if the actual losses are exceeding the projections.

Trustee Ceasrine then inquired about the “risk carrying charge” and a discussion ensued. Mr. Dwyer and Mr. Demty both reiterated that the carrying charge was commercially reasonable and again detailed the profit margins that are normally built into other commercial charges. There was no further discussion.

On a motion made by Trustee Avedisian, seconded by Trustee Keiser, the Board voted to approve the Revised Excess Health Claims Backstop Account Policy as presented by Trust Management.

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

3.c. WorkSmart21 Policy Amendment

Prior to the meeting, the Trustees were provided with a policy document that explained The Trust’s *WorkSmart21* program. Included within that document was a proposed amendment to the policy that related to the use of an occupational therapist. There was a very brief discussion regarding this proposed amendment.

On a motion made by Trustee Faucher, seconded by Trustee Mainville, the Board voted to accept the Amendment to the *WorkSmart21* Policy as presented by Trust Management.

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

3.d. Scope of Coverage Matters – Liability Policy

Mr. Ridlon, Trust General Counsel, next discussed a proposed change to the Liability Policy of Insurance that related to coverage provided to city and town solicitors or school department attorneys who were not “employed” by the entity. At the October Board meeting, the Trustees

has requested a more detailed definition of the term “employee” as that term related to attorneys. That definition was presented by Mr. Ridlon and a very brief discussion ensued.

On a motion made by Trustee Avedisian, seconded by Trustee Faucher, the Board voted to approve the proposed revision to The Trust Liability Policy of Insurance clarifying the definition of the term “Employee” as presented by Trust Management.

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

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

Mr. Ridlon provided the Trustees with an update regarding inquiries made relative to whether The Trust was subject to the Open Meetings and Open Records Laws. There was a very brief discussion that followed and the Board indicated that it would take the matter under advisement.

3.f. Judicial Fairness Legislative Initiative – Campaign to Promote

At the request of the Board at its October Meeting, Trust Management prepared a memorandum detailing proposed action items to support The Trust’s Judicial Fairness Initiative which was presented to the Trustees in advance of the meeting. Mr. Ridlon provided the Trustees with a brief recap of the previous legislative initiatives and how they had fared in past legislative sessions. Mr. Ridlon also provided the new Trustees with an overview of the Judicial Fairness Initiative and the work of the Judicial Fairness Task Force operating under the auspices of The Trust.

A discussion ensued about the best ways to present the benefits of the Initiative to legislators. Fiscal impact was deemed to be a key. There followed a discussion about how the fiscal impact could be demonstrated and about elected officials who could be of assistance in gaining passage of this legislation including the mayors of the major cities, Governor Chafee, other State officials such as the Attorney General or the Director of the Department of Administration. There was also discussion about seeking support for the Initiative from other local governmental associations and interest groups.

4.a. 2009-2010 Audit Presentation and Acceptance

Mr. Dwyer next introduced Joseph Pieksza, the audit partner from Saslow Lufkin & Buggy, LLP (SL&B). Mr. Pieksza indicated that he had previously reviewed the audit with the Investment and Audit Committee in great detail and, thus, would focus his comments more narrowly for the Board on key items of Board-level import.

After giving a brief background about himself and SL&B, he described briefly the scope of SL&B’s Audit. He then provided the Trustees with a “high level” report of the audit. Of note were the following comments:

- The opinion was “clean” or unqualified and that the financial statements were issued in accord with the pronouncements of the Governmental Accounting Standards Board
- The Trust has followed sound accounting practices and no material adjustments were needed;
- There were no internal control weaknesses noted; and
- The loss reserves analysis is consistent with the methodology of prior years, and reserves for 2010 were recorded within the actuary’s range of reasonableness.

Mr. Pieksza then moved to the discussion items from the 2010 audit. He noted that they had met with the auditors for the former Governmental Health Group of Rhode Island (GHGRI), with which The Trust merged on June 22, 2010. He discussed the impact of the merger on the audit, explaining in particular that after consultation with GASB officials SL&B used the “pooling” method of accounting in its review of The Trust’s Financial Statements as a merged entity comprising the former GHGRI program and the on-going Trust program. He next briefly discussed loss reserves and reserve setting, noting that it was done by independent, consulting actuaries. He indicated that SL&B’s examination of the actuaries’ work produced no concerns and stated that The Trust has booked reserves appropriately.

There followed a brief discussion regarding the valuation of The Trust’s investment in NLC-MIC. Mr. Roberts noted that there was an increase of \$308,931 in earnings allocated by NLC-MIC to The Trust in Fiscal Year 2010.

Mr. Pieksza then briefly led the Board through an analysis of the Balance Sheets. He then concluded by calling to the Board’s attention the increase in revenue as a result of Member premiums. There was no further discussion or questions.

Chairman Alfred offered the Trustees the opportunity to meet with the auditors outside of the presence of Trust staff. The Trustees declined the offer.

On a motion made by Trustee Avedisian, seconded by Trustee Mederos, the Board voted unanimously to accept the 2009-2010 Audit 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

4.a.i. Financial Benchmarks

Working from a Powerpoint presentation, Mr. Dwyer presented a number of charts comparing The Trust’s financial performance as indicated by the June 30, 2009 statements against insurance industry benchmarks and the Board’s Financial and Benchmarking Policy. Mr. Dwyer commented on the implications of each of these charts on The Trust’s operations and The Trust’s financial capacity. Charts were presented for the following measures:

- Premium to Surplus
- Loss Reserves to Surplus
- Liabilities to Liquid Assets
- Two Year Overall Operating Ratio
- Surplus to Self-Insured Retention
- One Year Reserve Development to Surplus

In addition, Mr. Dwyer presented two other charts showing the historical change in loss reserve components and surplus levels over the last five years.

Of particular note was the discussion of loss reserves to surplus. Mr. Dwyer noted that we have not had the significant prior year “take downs” so the “gap” between the two is not as great as The Trust would like, but it is still acceptable. Chairman Alfred discussed the significance of the reserve take-downs and noted this was a very significant piece of the Underwriting Committee’s deliberations when it recommends premium rates and considers the impact on Surplus. There was no further discussion.

Motion Regarding the Financial Benchmarks

On a motion made by Trustee Avedisian, seconded by Trustee Hicks, the Board voted unanimously to accept the Financial Benchmark 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

4.b. Property and Casualty Pools Underwriting and Related Items

4.b.i. Report of the Underwriting Committee

Trustee Petrarca briefly discussed the Underwriting Committee’s actions and then discussed the overall pricing targets generally. He then noted that the Committee had reviewed the Underwriting Objectives and Issues for the coming policy year that had been prepared by Management, and found them to be well done.

4.b.i.(1) Review of Management’s Multi-Year Funding Outlook

Working from a Powerpoint presentation, Mr. Dwyer and Stephanie Banister, Trust Director of Technical Operations and Research, presented the Multi-Year Funding Outlook with a focus on its implications on PY 2012 Underwriting. Ms. Banister began by discussing the operating costs and their various component parts. She next discussed the Trust-wide premium targets and noted that the overall premium level for the Workers’ Compensation Pool was being held constant and the overall premium level for the Property/Liability Pool was projected to increase by approximately 5.4%. She then stated that, as always, the difference between the premiums and

the operating costs results in an underwriting loss that is expected to be offset by investment income and portfolio market value changes.

Mr. Dwyer continued the discussion by explaining the five year history of reserve level changes and its impact on Management's projections.

Chairman Alfred noted that the Funding Outlook's FY 2015 Surplus projection was below the level that the Underwriting Committee sought. However, he further noted that, due to the conservatism of Management's projections, there was a strong likelihood that four years distant the level would nonetheless ultimately end up where the Underwriting Committee desired.

Ms. Banister then discussed Workers' Compensation and Property "pure premium rate" histories and Management's selection of rates for those lines of coverage for the coming policy year. She commented that a similar process was used by Management to develop the rate for each line of coverage.

She followed that with a discussion of The Trust Ownership Participations Shares (TOPS) dividends that were forecast over the five year Outlook period at different levels. Mr. Dwyer added that Management was recommending a \$1 million TOPS Dividend and 10% Bonus be declared by the Board based on the June 30, 2010 financial results. Chairman Alfred noted potential difficulty in maintaining future TOPS dividend levels as projected in Management's five year forecast under certain scenarios. But he also identified a number of strategies that could be employed by The Trust to counteract negative loss trends if they developed or to curtail gradually the annual level of declared TOPS dividends if necessary.

There followed a brief discussion about changing Member deductibles. Mr. Dwyer noted that deductibles for some school Members had been recently increased substantially. Chairman Alfred commented that, as money available for maintenance becomes more scarce, The Trust might continue to see even more dramatic increases in Property claims.

Mr. Dwyer concluded the review by displaying a chart that showed that the audited year-end Trust Surplus positions have typically been well in excess of Management's Outlook projections five years earlier.

On a motion made by Trustee Mederos, seconded by Trustee Mainville, the Board voted unanimously to accept the Report of the Underwriting Committee as presented, and to direct Trust Staff to complete its work in accordance with the conclusions set forth in the Report.

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

4.b.i.(2) Motion Regarding the TOPS Dividend

On a motion made by Trustee Avedisian, seconded by Trustee Petrarca, the Board voted unanimously to make a distribution of a portion of the Trust Ownership Participation Shares (TOPS) as recommended by the Underwriting Committee.

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

4.b.i.(3) Underwriting Goals and Objectives for 2011-2012

Mr. Dwyer indicated that the presentation regarding Underwriting Goals and Objectives had been previously discussed as part of the presentation on the Multi-Year Outlook and Underwriting Approach. There were no further questions from the Trustees regarding these issues.

4.c. Health and Dental Pools Underwriting

Working from a Powerpoint presentation, Keith Demty, Trust Director of Employee Benefits Program, provided the Trustees with the Health and Dental Pool Underwriting and Rate Renewal information. Mr. Dwyer indicated, by way of background, that the Employee Benefits Committee had recommended the rates presented to the Underwriting Committee. The Underwriting Committee in turn voted to recommend those rates to the Board on a 3 (in favor) to 2 (opposed) vote, Mr. Dwyer reported.

Mr. Dwyer commented that that he was very pleased that Mr. Demty and the Employee Benefits Committee and the Underwriting Committee had been extensively involved in the determination of Member premium rates and levels for the coming year. In past years when the Health Pool was managed by the GHGRI, underwriting decisions were made by BCBSRI with little to no input from the GHGRI, even though the Health Pool itself was responsible for the financial risk arising from those underwriting projections.

Mr. Demty then began his presentation by discussing the two-step process that is involved with underwriting the Health Pool. The first set is to develop the "baseline" premiums, and the second step is to apply the "risk assessment". Mr. Demty detailed the methodology Management followed in establishing baseline rating and discussed the impact of the various adjustments that were made to that baseline. From this, a final projected premium was developed.

Mr. Demty noted that some Underwriting Committee members had expressed a concern that an important component of this projection relied upon projected unaudited results for the current fiscal year. Chairman Alfred further amplified on these concerns, and also noted that he believed the exposure was somewhat minimized because of the otherwise conservative nature of other components of the underwriting methodology.

There followed several questions by Trustees regarding the rationale for the size of the projected overall Trust-wide rate increase when a positive year-end Health Pool balance is being forecasted

by Management for the current year. In response, Messrs. Dwyer and Demty noted that the projection is based on loss and cost trends covering a period longer than a year. It was also noted that new coverage expansions mandated by the Federal Patient Protection and Affordable Care Act become effective July 1, 2011, pushing medical care costs higher and thus causing rates to rise higher than they otherwise might have. Chairman Alfred noted that BCBSRI has not yet reduced its administrative charges to The Trust Health Pool to reflect the fact that The Trust is now performing certain services previously provided by BCBSRI personnel.

There being no more discussion regarding the Health Pool underwriting, Mr. Demty gave a brief presentation regarding the Dental Pool underwriting. Of note was that the average premium decrease was 4% and only five Members had premium increases. He also noted that Members in the coming policy year would be receiving varying percentage increases in their rates based on their individual loss experience rather than a uniform percentage change for all Member entities as occurred for the current year. There was no further discussion or questions.

On a motion made by Trustee Avedisian, seconded by Trustee Faucher, the Board voted to approve the underwriting for the Health and Dental Pools 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

4.d. Annual Reorganization

4.d.i. Election of Board Officers

Trustee Ceasrine, Chair of the Nominating Committee, presented his report and recommended that Stephen Alfred be elected as Chair of the Board of Trustees and that Michael Petrarca be elected as Vice-Chair of the Board of Trustees.

On a motion made by Trustee Avedisian, seconded by Trustee Mainville, the Board voted unanimously to close the nominations and elect the slate as proposed by Trustee Ceasrine of Stephen Alfred as Chair and Michael Petrarca as Vice-Chair of the Board of Trustees.

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

4.d.ii. Election of Trust Officers

Trustee Ceasrine next provided his report on the proposed slate of Trust Officers.

On a motion made by Trustee Avedisian, seconded by Trustee Mederos, the Board voted unanimously to elect Thomas Dwyer as President, Cynthia Olobri as Treasurer, and Ian Ridlon as Secretary.

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

4.e. Claim Activity Litigation

Notice of Intent to Seek to Convene into Executive Session

On a motion made by Trustee Mederos, seconded by Trustee Mainville, 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 case of Mauti v. Town of Hopkinton.

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

Motion to Return to Open Session

On a motion by Trustee Avedisian, seconded by Trustee Mederos, 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	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 Avedisian, seconded by Trustee Mederos, 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

5. Operations and Funding Reports

5.a. Operations and Funding Report for the Property and Casualty Pools

Mr. Dwyer distributed to the Board the Operations and Funding Report for the Property/Liability and Workers' Compensation Pools. The Operations and Funding Report was shown for both Pools as of December 31, 2010. Mr. Dwyer also distributed to the Board the Report showing the Adjusted Loss Ratio on a consolidated basis for both Pools. He noted that this consolidated report no longer contains the results for the Life Insurance Program because that program is now being handled as part of the Employee Benefits Program and not as an adjunct to the Property and Casualty Pools. The impact of this change on the results shown for consolidated report's loss ratios is minimal, he said, since the Life Insurance Program is essentially a break-even operation and one where The Trust assumes no financial risk.

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 Petrarca, seconded by Trustee Hicks, the Board voted unanimously to accept the Operations and Funding Report for the Property and Casualty Pools 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

5.b. Operations and Funding Report for the Employee Benefits Pools

Mr. Denty provided the Board with the Operations and Funding Report for the Health Pool and the Dental Pool. He provided the Trustees with a brief overview of the report and a very brief discussion ensued.

On a motion made by Trustee Mederos, seconded by Trustee Hicks, the Board voted unanimously to accept the Operations and Funding Report for the Employee Benefits Pools 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

6. Informational Items

On a motion made by Trustee Ceasrine, seconded by Trustee Mederos, the Board voted unanimously to place the Informational Items on file.

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

7. Adjournment

On a motion made by Trustee Avedisian, seconded by Trustee DeAngelis, 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	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	absent
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

The meeting then stood adjourned at approximately 11:58 A.M.

Respectfully Submitted,



Ian C. Ridlon
Corporate Secretary