



**BOARD OF TRUSTEES MEETING  
OF  
TUESDAY, JANUARY 31, 2012**

**MINUTES**

The Board of Trustees of the Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Tuesday, January 31, 2012 at The Trust Offices, 501 Wampanoag Trail, Suite 301, East Providence, Rhode Island.

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

**1. ROLL CALL**

**Trustees Present**

Stephen Alfred, Town of South Kingstown  
John Ambrogi, Newport Public Schools  
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  
Lori Miller, Lincoln Public Schools  
John Mainville, Town of Burrillville  
Diane Mederos, Town of Bristol  
Michael Petrarca, West Warwick Public Schools

**Trustees Absent**

Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns  
Frances Gallo, Central Falls School District

**Others Present**

Stephanie Banister, Trust Director of Technical Operations and Research  
Colleen Bodziony, Trust Membership Services Manager  
Keith Demy, Trust Director of Employee Benefits Program  
Thomas Dwyer, Trust President and Executive Director  
Ian Ridlon, Trust General Counsel and Director of Legal Services  
Heather Sheley, Trust Chief Financial and Administrative Services Officer  
Joseph Pieksza, Audit Partner, Saslow, Lufkin & Buggy

**2. Approval of Minutes of the Board Meeting of October 13 & 14, 2011**

On a motion made by Trustee Ceasrine, seconded by Trustee Avedisian, the Board voted to approve the Minutes of the Board meeting of October 13 & 14, 2011.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**3. Old Business – Action Items**

**3.a. 2012 Legislative Positions**

Mr. Dwyer began the discussion of the legislative issues by noting that there were three outstanding topics that needed to be addressed. He indicated that two were issues left from the Joint Meeting of the Board and its Committees in October wherein the Board had asked Trust Staff to provide some analysis and recommendations, and one was an issue raised by the Employee Benefits Committee.

**3.a.i. Workers’ Compensation Court Role in relation to Public Safety Accidental Disability Retirements**

Mr. Ridlon, Trust General Counsel and Director of Legal Services, briefed the Board regarding the expected impact of the changes made in the last legislative session to various laws which brought appeals of disability pension applications decided by the State Retirement Board within the jurisdiction of the Workers’ Compensation Court. Mr. Ridlon noted that, to best protect the interests of our Members, the statutory scheme should be further amended to address four basic issues. The suggested changes included:

1. Expanding the statutory scheme to include municipalities which do not participate in the state-administered municipal employee retirement system, known as MERS;
2. Clarifying the conditions governing the continuation of IOD benefits during the pendency of any appeals;
3. Reducing the amount of time in excess of eighteen months that a worker can continue to receive IOD benefits if he or she is reasonably expected to return to work from six months to three months; and

4. Allowing the Workers' Compensation Court to award up to sixty-six and two-thirds percent (66 2/3%) of that person's compensation at the time of the retirement rather than an all or nothing proposition.

There was a brief discussion regarding the effective date of the statutory scheme and when its impacts might first be felt. Thereafter, several Trustees made comments endorsing the proposal.

On a motion made by Trustee Avedisian, seconded by Trustee Ceasrine, the Board voted unanimously to authorize Trust Management to draft and support legislation that would address the concerns identified by Management relating to the process and the role of the Workers' Compensation Court in hearing appeals of disability pension application decisions made by other bodies.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

### **3.a.ii. Uniform Health Benefit Plan Designs**

Mr. Dwyer next provided the Trustees with a brief overview of the status of legislation that was originally intended to provide for uniformity in health benefit plan designs for both municipal and school employees. He then provided the Trustees with a draft position statement relative to the issue on a going forward basis and the rationale underlying that proposed position. A very brief discussion followed in which the Trustees expressed their support for the proposed position.

On a motion made by Trustee Faucher, seconded by Trustee Hicks, the Board voted unanimously to approve the recommendation of Trust Management to adopt the Trust Position Statement<sup>1</sup> relative to Uniform Benefit Plan Designs.

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<sup>1</sup> The adopted Position Statement reads:

"In principle, The Trust supports a limited set of uniform health benefit plan designs for local governmental employees, both school and municipal based.

To that end, The Trust will support State legislative initiatives that advance the development of uniform benefit packages for the local governmental sector, but, at this time in early 2012, The Trust will not initiate legislation to accomplish that. Should such legislation be proposed by others, The Trust will support it and will work actively to ensure that such legislative proposals are well-crafted to accomplish the desired ends and not conflict with the operations of The Trust Health Pool.

Moreover, Trust Management is directed to encourage uniformity in health insurance plans across the local governmental section by seeking to design and offer plan benefit structures with features that incentivize employees and employers to adopt voluntary uniform benefit plans."

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**3.a.iii. Allowing Small Local Public Sector Employers to Join Health Pool**

Mr. Dwyer next addressed an issue that the Employee Benefits Committee raised with respect to the impact of the Small Employer Health Insurance Availability Act on Members of the Trust's Health Pool and upon potential new Members. He explained that local government units with under 50 employees could not join the Health Pool per the requirements of the Health Insurance Availability Act, unless they were able to affiliate with a larger local governmental employer. He said the Employee Benefits Committee had asked that The Trust support an amendment to existing law which would change that provision for local governmental small employers.

Mr. Dwyer noted some underwriting concerns if small employers were to enter the Health Pool without being part of a larger employee group, but he added that he expected that there were ways those concerns could be alleviated if the law were to be changed.

There followed a brief discussion of the underwriting issues including a comment from Chairman Alfred regarding the significant impact that claims by a small entity could have on its "parent" entity in an affiliate structure.

On a motion made by Trustee Keiser, seconded by Trustee Ambrogi, the Board voted unanimously to authorize Trust Management to draft and support legislation that would remove the existing legislative 50 employee threshold for local government units that might wish to join The Trust's Health Pool, and, should such legislation pass, to then direct Trust Management to develop appropriate underwriting guidelines for rating such entities.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**3.b. Status Report on RFP for Third Party Claims and Benefit Plan Administrators for Health and Dental Pools**

Mr. Dwyer began the discussion by providing the Trustees with a brief update on the progress of the Request for Proposal process. Thereafter, Keith Demty, Trust Director of Employee Benefits Program, provided the Trustees with additional information, noting that responses had been received from three (3) prescription drug companies and three (3) medical plan providers. Because the responses had just been received, there was not adequate time to review them prior to the meeting and, thus, there was little to report substantively, he said. However, he noted that Milliman, The Trust's benefits consultant, would be analyzing the responses paying particular attention to the discounts as those would likely drive the costs savings between the various proposals. Chairman Alfred emphasized the importance of including Bob Dooley, Executive Director of WB Community health, in the review process, and Mr. Dwyer assured him that he was.

There followed a very brief overview of the proposals by Mr. Demty. He then indicated that he believed Trust Management and Mr. Dooley would be meeting with Milliman in early February to discuss discounts and the pharmacy options, and that it was expected that interviews with the finalists would be conducted during the week of February 20th. There were no further questions or discussion.

Mr. Dwyer invited Trustees to participate in the finalist interviews if any were so inclined, and said he would advise them of the interview dates just as soon as they were finalized.

**4. New Business**

**4.a. 2010-2011 Audit Presentation and Acceptance**

Heather Sheley, The Trust's Chief Financial and Administrative Services Officer, began the presentation by introducing Joseph Pieksza, the assigned Audit Partner from Saslow, Lufkin & Buggy ("SL&B"). Ms. Sheley reported that Mr. Pieksza had presented the audit results to the Investment and Audit Committee at its most recent meeting on December 21, 2011. The Committee, she said, found the audit report to be satisfactory, but, due to a lack of a quorum, it was unable to vote formally to accept the report and recommend it to the Board. She noted that the auditor's opinion on The Trust's financial records was unqualified, which is the best characterization to receive.

After giving a brief background about himself and SL&B, Mr. Pieksza 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 audit adjustments were needed to The Trust's financial records;

- There were no internal control weaknesses noted;
- The auditors carefully reviewed the new the Backstop Account and found everything to be in order; and
- The loss reserves analyses were consistent with the methodology of prior years, and Management’s recording level for the reserves for 2011 were prudent and within the actuarial recommended range of prudent estimates.

Mr. Pieksza next discussed the impact on the Health Pool’s Financial Statements from the return of Equity occasioned by the departure of the Woonsocket Department of Education from the Pool near the end of Fiscal Year 2010.

Mr. Pieksza then highlighted certain key aspects of The Trust’s Financial Statements. Particular emphasis was placed upon the treatment of Members’ Capital Contributions to the Health Pool, especially in light of the planned return to the Woonsocket Department of Education’s of its Capital Contribution. Chairman Alfred raised the issue of whether Member Capital Contribution should be shown in the Financial Statements as simply Equity, segregated as a distinct part of Members’ Equity, or classified as a Liability. Messrs. Dwyer and Pieksza and Ms. Sheley further commented on this matter. Mr. Pieksza said the current treatment was proper, but other approaches could be acceptable as well. Mr. Dwyer commented that Management had considered other treatments for the Capital Contribution amount and would continue to look at alternative treatments for future years. He noted that that the footnotes to the Audit clearly disclose the total amount of Members’ Capital Contributions to the Health Pool. He also stressed that those Capital Contributions are “at risk” in the overall financing of the Health Pool and do not constitute an automatic, irreversible liability of funds due back to the Members upon departure. Chairman Alfred concluded the discussion by asking Management to ensure that future audit reports continue to show the amount accumulated for Health Pool Member Capital Contributions in some fashion.

Chairman Alfred also asked Mr. Pieksza if he wished to direct comments to the Trustees outside of the presence of Trust staff and he declined. Chairman Alfred then offered the Trustees the opportunity to meet with the auditor outside of the presence of Trust staff. The Trustees declined the offer.

On a motion made by Trustee DeAngelis, seconded by Trustee Mainville, the Board voted unanimously to accept the 2010-2011 Audit Report as presented.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**4.a.i. Health Pool Member Equity Shares and Distribution to Woonsocket Education Department**

Mr. Dwyer gave a brief background of the genesis of the current Health Pool Equity Allocation Policy which governs the distribution of Contributed Capital and earned Members' Equity back to Members. Ms. Sheley then presented two charts showing earned Equity of about \$ \$10.7 million and Contributed Capital at approximately \$1.5M.

In the case of the departure of the Woonsocket Education Department from the Health Pool, the workings of the Equity Allocation Policy, Mr. Dwyer explained, results in the creation of a certain amount of Equity not assigned to a specific Member entity. Mr. Dwyer observed that the existence of unassigned Equity can be beneficial to The Trust Health Pool in many ways, noting that in the cases of Property/Liability Pool, the Workers' Compensation Pool, and the Dental Pool all Members' Equity is unassigned and held in common. Nonetheless, Mr. Dwyer reported that Trust Management would be reviewing with the Employee Benefits Committee the advantages and disadvantages associated with unassigned Equity versus assigned Equity in the Health Pool. Ultimately, Mr. Dwyer added, decisions about the use and allocation of unassigned Equity resides with the Board. Mr. Dwyer said he would provide to the Board the results of Management's coming review of this matter with the Employee Benefits Committee.

Next, there was brief discussion of the impact on the earned Equity distribution to the Woonsocket Education Department by the provision in the Equity Allocation Policy that specifies that the computation of the amount due is based on audited financial results for the fiscal year following the fiscal year in which the Member departed. Mr. Dwyer explained the rationale for that provision.

This was followed by Mr. Dwyer discussing the contents of the letter that he proposed to send to the Woonsocket Education Department regarding its withdrawal from the Health Pool. Because this distribution was the first one to be made under the terms of the Equity Allocation Policy, Mr. Dwyer stated that he felt it was important to discuss the letter's contents to be sure the Board understood the computation. He pointed out that the distribution of Contributed Capital and earned Equity is mandatory under the terms of the Policy and does not require Board action, unless the Board were to find that such a distribution would place the Health Pool in a negative surplus position.

Chairman Alfred inquired whether the amount returned to Woonsocket Education Department under the policy would have been different if Risk Based Capital had been used as the base for the computation rather than the Claims Fluctuation Target. Mr. Dwyer indicated that it could have been, depending on the level of Risk Based Capital which would have been set forth in the Policy as the basis for the computation. Mr. Dwyer added that as The Trust established more sophisticated financial benchmarks for measuring the performance of the Health Pool it would be advisable to revisit the criteria used in the Equity Allocation Policy for Member Equity distributions to be sure they still made sense.

There was no further discussion regarding these issues.

#### **4.a.ii. Financial Benchmarks**

Next, Mr. Dwyer presented a series of Financial Benchmarks measuring the performance of The Trust as of June 30, 2011 against commonly used industry and regulatory standards. He first displayed the data for five Property and Casualty Benchmarks. These Benchmarks are ones formally adopted for use by the Board in its Financial and Marketing Benchmark Policy. He also displayed some other graphs analyzing The Trust's reserve components in different ways. In response to a question from Mr. Hicks about one chart, Mr. Dwyer elaborated on the way that chart shows the degree of fluctuation from year to year in reserve level changes and can thus be thought of as a proxy for roughly measuring the accuracy of reserve estimates being made by the actuary and The Trust's claims staff.

With respect to the Health Pool, Mr. Dwyer presented another five charts showing The Trust's Health Pool's ratio levels over a several year period. He also displayed several charts which compared The Trust's ratios with those of certain other NLC-Risk Information Sharing Consortium (NLC-RISC) intergovernmental pools, though he cautioned against placing too much reliance in those comparisons as the consistency of the data used among the pools may not be good. He said NLC-RISC was just beginning a program to develop a reliable database to compare health pools against each other, and much work remained to be done to ensure data integrity from pool to pool.

Presently, the only formally approved Health Pool Benchmark is the Claims Fluctuations Target (CFT), Mr. Dwyer said. This CFT Benchmark is used in the Equity Allocation Policy as a component of the computation of the amount of earned Equity due back to Member entities departing the Health Pool.

However, he noted that Milliman, The Trust's employee benefits actuary and consultant, has completed an analysis of other potential benchmarks with a specific focus of the Risk Based Capital methodology as a important benchmark. The Milliman Report had been provided to the Trustees in advance of the meeting. Mr. Dwyer briefly summarized a few key parts of the Report and said the Employee Benefits Committee had reviewed the Report in some depth at its last meeting. Using the Milliman Report as a basis, the Committee, he said, adopted a working guide a Member Surplus target which would produce a Risk Based Capital level in the range of 300% to 400%, or, stated in premium terms, Surplus as a percent of premium in the 12% to 20% range. Mr. Dwyer added that Management has used a Surplus Target range of about 15% in its underwriting model for the Health Pool for the coming year.

Mr. Dwyer said Management would be continuing to work on a number of fronts to develop a revised Financial Benchmark Policy which would incorporate formal measures for the Health and Dental Pools, as well as update the existing Policy provisions and measures for the Property and Casualty Pools. He said an opportune time to review such proposed revisions would be at the coming October "strategic" planning meeting of the Board and its standing Committees, and he is planning to have a proposal ready by then.

**4.b. Property and Casualty Pools 2012-2013 Underwriting and Related Items**

**4.b.i. Report of the Underwriting Committee**

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

Mr. Dwyer presented the Property and Casualty Pools Multi-Year Funding Outlook covering the fiscal year period from 2012 through 2106. In particular, he focused his presentation on the implications of that Outlook on PY 2012-13 underwriting calculations.

He began by discussing the operating costs and their various component parts. He next discussed the Trust-wide premium targets and noted that the overall premium level for the Workers' Compensation Pool was increasing by approximately 4% and the overall premium level for the Property/Liability Pool was projected to increase by approximately 9%. He 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 discussed at length the reasons Management was targeting a 9% overall increase in premium collected for the coming year. He summarized various alternative funding scenarios that Management had tested before settling on the 9% target. In particular, he explained that three items are quite negatively impacting The Trust's overall Property/Liability Pool funding:

- 1) dramatically rising catastrophic property reinsurance rate;
- 2) reductions in and even in some cases elimination of prior year reserve take-downs for favorable loss development; and
- 3) reduced investment returns due to the troubled economy.

On a motion made by Trustee Avedisian, seconded by Trustee Ceasrine, the Board voted unanimously to adopt the underwriting models for the Property/Liability and Workers' Compensation Pools as presented.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**4.b.i.(2) TOPS Dividend**

As part of Mr. Dwyer's report on the Multi-Year Funding Outlook, he had recommended that The Trust Board declare a \$400,000 Trust Ownership Participation Shares (TOPS) Dividend along with the customary 10% bonus for Members of the Workers' Compensation Pool. During the review of the Outlook, Mr. Dwyer had elaborated on his rationale for recommending that dividend amount and for not recommending a dividend for the Property/Liability Pool. It was noted that the Underwriting Committee had endorsed this Dividend declaration.

On a motion made by Trustee Avedisian, seconded by Trustee Mederos, the Board voted unanimously to declare a \$400,000 Trust Ownership Participation Shares (TOPS) Dividend plus a 10% bonus payable to Members of Record in the Workers Compensation Pool as of July 1, 2012 provided they were also Members of Record as of June 30, 2011, the base date for calculating the Dividend amounts.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**4.c. Health and Dental Pools 2012-2013 Underwriting Parameters**

Mr. Demty and Mr. Dwyer next presented the Underwriting parameters for the Health and Dental Pools for the coming year.

For the Health Pool, Mr. Dwyer presented a chart showing the range of year-to-year changes in premium levels by (unidentified) Member-entity. He noted that the Employee Benefits Committee and the Underwriting Committee had both endorsed these parameters, but with the understanding that Management would be applying a further stabilization factor to the proposed rates. The two Committees, he said, did not agree fully on the methodology to be used to effect the stabilization, though both Committees concurred that a further stabilization adjustment was warranted. The stabilization factor would essentially create a floor and a ceiling cap, Mr. Dwyer explained, the first time such a technique would be used for the Employee Benefits Pool though such a technique has long been employed for The Trust's Property and Casualty Pools.

Mr. Dwyer said Management expected that it could devise a method that would harmonize the two different approaches suggested by the Committees. He described a "scaling" or "curve" approach that he believed would achieve that harmonization.

A lengthy discussion ensued among the Trustees regarding the benefits and drawbacks of utilizing floors and ceilings in developing the underwriting methodology. Of note, Chairman Alfred raised the point that the premium base for the Property and Casualty Pools was much smaller so the dollar impact of the floors and ceilings on individual Member entities is not as great as it is in the Health Pool. The discussion also included questions from the Trustees regarding what impact “employer management” behavior had upon claims and what actions could be taken to help reduce claims. Mr. Dwyer noted that The Trust is looking to develop measurable goals to track the results of wellness programs and other health incentives on costs. Trustee Faucher noted that when employees have more personal responsibility, such as when they have high deductible plans, behavior is often changed.

The discussion next shifted to the Dental Pool. Mr. Dwyer indicated that preliminary indications from Delta Dental’s internal underwriting indicated an average decrease in premium on the entire book of Trust dental insurance business. He noted, though, that Trust Staff would engage in its own analysis to confirm the appropriateness of the indicated decrease. He also pointed out that some Members would experience increases, though modest in size.

Prior to a vote on the underwriting methodologies for the Health and Dental Pools, Trustee Petrarca, the Chair of the Underwriting Committee, noted that the Committee felt that it did not have adequate time to study and assess the recommendations of the Employee Benefits Committee. He asked that the process begin earlier in the fiscal year, perhaps November, so that pricing could be conveyed to Members still in the January/February time frame, but with more time for the Underwriting Committee to react. Chairman Alfred asked Management to prepare a report for discussion at a later meeting about ways to advance the timeline of the Committees’ reviews of the proposed underwriting for the coming year for the Employee Benefits Pools.

On a motion made by Trustee Petrarca, seconded by Trustee Ambrogi, the Board voted to approve the independent underwriting methodology for the Health and Dental Pools as presented by the Underwriting Committee and the Employee Benefits Committee, with the understanding Management would harmonize the divergent approaches of the Committees to the rate stabilization methodology for establishing floors and ceilings before finalizing the quotes to the Member entities.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

Mr. Dwyer said he would report to the Committees and the Board on the way Management harmonized the rate stabilization aspect, but in the interest of providing Members with timely quotes, that report would be prepared later as an informational item and not as a matter requiring further Board or Committee approval. The Board indicated it concurred with this approach.

**4.d. Implications of Central Falls Bankruptcy on The Trust**

Mr. Dwyer provided the Trustees with an overview of the dealings that Trust Staff has had with the City of Central Falls and the Central Falls School Department. He noted that the Receiver, the Receiver's Chief of Staff Gayle Corrigan, and Rosemary Gallogly, the Director of the Department of Revenue, have all been involved in talks with The Trust regarding myriad issues.

There followed a discussion of the overdue status of the City's premium payments and the City's request that interest on the past due balance be waived. Chairman Alfred indicated that Mr. Dwyer was vested with the authority to address this and similar issues without direct approval of the Board of Trustees, but asked that all agreements be reduced to writing.

There followed a brief discussion of premiums being returned to the Central Falls School Department as a result of adjustments made to its premium based upon previous audit results and a misclassification error that the School Department was making in its renewal applications. There was no further discussion on the issue.

**4.e. Annual Reorganization**

**4.e.i. Election of Board Officers**

Trustee DeAngelis, 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 Keiser, seconded by Trustee Ambrogi, the Board voted unanimously to close the nominations and elect the slate as proposed by Trustee DeAngelis 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	aye	Bruce Keiser	aye
Scott Avedisian	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**4.e.ii. Election of Trust Officers**

Trustee DeAngelis next recommended, as the slate of Trust Officers, Thomas Dwyer as President, Heather Sheley as Treasurer, and Ian Ridlon as Secretary.

On a motion made by Trustee Ceasrine, seconded by Trustee Mainville, the Board voted unanimously to elect Thomas Dwyer as President, Heather Sheley 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	aye	Bruce Keiser	aye
Scott Avedisian	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**4.e.iii. Committee Reappointments or Reassignments**

On a motion made by Trustee Ambrogi, seconded by Trustee Petrarca, the Board voted unanimously to accept the recommendation of Chairman Alfred and reassign Trustee Hicks from the Risk Management Committee to the Employee Benefits Committee.

<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	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

**5. Operations and Funding Reports**

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 through December, 2011. Mr. Dwyer also distributed to the Board the Report showing the Composite Adjusted Loss Ratio on a consolidated basis for both Pools. Mr. Dwyer very briefly discussed the key factors for the spike in the Adjusted Loss Ratios for the Property/Liability Pool.

Mr. Demty distributed and provided the Loss Ratio Summary for the Health and Dental Pools and a comparison of the periods from July through December 2011 to July through December 2010.

There were no questions from the Trustees regarding the Reports.

**6. Informational Items**

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

- a) Quarterly Investment Performance Report thru September 30, 2011

**7. Adjournment**

On a motion made by Trustee DeAngelis, seconded by Trustee Hicks, 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
Jeffrey Ceasrine	aye	Diane Mederos	aye
Peter DeAngelis	aye	Lori Miller	aye
David Faucher	aye	Michael Petrarca	aye
Frances Gallo	absent		

The meeting then stood adjourned at approximately 11:50 A.M.

Respectfully Submitted,



Ian C. Ridlon  
Corporate Secretary