



**BOARD OF TRUSTEES MEETING
OF
FRIDAY, JUNE 29, 2012**

MINUTES

The Board of Trustees of the Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Friday, June 29, 2012 at The Trust Offices, 501 Wampanoag Trail, Suite 301, East Providence, Rhode Island.

Chairman Alfred called the meeting to order at approximately 9:16 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
David Faucher, Town of Portsmouth
John Mainville, Town of Burrillville
Diane Mederos, Town of Bristol
Michael Petrarca, West Warwick Public Schools

Trustees Absent

Peter DeAngelis, Town of Barrington
Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns
Robert Hicks, New Shoreham School Department
Bruce Keiser, Town of Jamestown
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
Ian Ridlon, Trust General Counsel and Director of Legal Services
Heather Sheley, Trust Chief Financial and Administrative Services Officer

2. Approval of Minutes of the Board Meeting of April 25, 2012

On a motion made by Trustee Petrarca, seconded by Trustee Avedisian, the Board voted to approve the Minutes, both regular and executive session, of the Board meeting of April 25, 2012.

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

3. Old Business – Action Items

3a. Legislative Update

Mr. Ridlon next provided the Trustees with an update on various bills of interest that were pending before the Legislature. More specifically, he provided them with updates relative to the bills that are part of The Trust’s legislative initiative.

Beginning with the Other Post Employment Benefit (OPEB) legislation, Mr. Ridlon informed the Trustees that the legislation for both municipal OPEB trusts and school district OPEB trusts had passed in both the House and the Senate, and were then transmitted to the Governor for signature. He then explained that the bill relating to OPEB trusts for municipalities had been signed by the Governor and become law, but the school district OPEB legislation was transmitted later and had not yet been signed. However, he further indicated that, if the Governor took no action on the bill, it, too, would become law.

Mr. Ridlon then informed the Trustees that his discussions with the State Treasurer’s Office and the Department of Revenue’s Municipal Finance Department led him to believe that it was the intent of the State to develop an OPEB system for municipalities and schools that would be similar to the current MERS program. However, they indicated that such action could be several years in the future. Thus, Mr. Ridlon noted that any program that The Trust might set up could act as either the model for, or a parallel program to, a program that the State might establish. In the short term, though, The Trust establishing programs pursuant to this new law would allow municipalities and school departments to achieve administrative savings as well as potentially better investment returns and diminished future costs that need to be funded.

Thereafter a discussion ensued regarding what, if any, action The Trust would take within the next several months to effectuate the intent of the legislation. Mr. Ridlon indicated that it was his belief that the “framework” for the trusts could be established within a year. Mr. Dwyer also noted that, if the Board expressed a willingness to move forward, by the start of the next calendar year, The Trust would be in a position to begin taking all of the administrative steps that would be necessary to run such a program. He further indicated that it was his intent to provide the Board with a detailed memorandum for consideration and discussion at the Joint Meeting of the Board and its Committees in October that would outline various options and proposed action items.

Chairman Alfred discussed the various forms that he believed the programs could take including a “skeletal” model where The Trust simply retained an outside bank or trust company to administer the various municipal and school trusts under one large umbrella. Trustee Ambrogi indicated that he had concerns regarding what expertise The Trust currently had to administer such a program and questioned what additional staff or consultants would need to be retained. Other Trustees, such as Trustee Avedisian and Trustee Faucher, recounted the great expenses associated with administering OPEB trusts independently and advocated for establishing a

program that could be run jointly among participating municipalities and school districts that would significantly reduce their costs. Chairman Alfred then briefly discussed his thoughts on such a joint program being run through the General Treasurer's office.

The discussion concluded with Mr. Dwyer and Mr. Ridlon indicating that Trust Management would prepare a memorandum for the October meeting. Mr. Ridlon also indicated that he would continue his discourse with State Treasurer's Office and the Department of Revenue's Municipal Finance Department regarding any programs that The Trust might seek to establish.

Mr. Ridlon next identified two other "successes" in this legislative session. The first related to the so-called "Judicial Fairness Initiative" bills. He noted that several bills had been introduced in the House by Representative Marcello that would effectuate the same goals as The Trust's Judicial Fairness Initiative. While none of those bills made it out of Committee on the House side, Representative Marcello's continued support was encouraging especially in light of his position as the Vice Chair of the House Judiciary Committee.

Mr. Ridlon also detailed the fate of the bills on the Senate side and noted that the Judicial Fairness Initiative received a surprisingly warm reception before the Senate Judiciary Committee. In fact, he noted that, if the Chair of the Committee was not so personally opposed to the legislative package, it likely would have passed out of Committee. In any event, it helped to identify other Senators who support the legislation and would advocate on its behalf in the next session if the Board wishes to pursue the Initiative again.

The next "success" was with respect to the clarification of the term "firefighter" for Injured-on-Duty (IOD) purposes. Mr. Ridlon informed the Trustees that Representatives Brien and Edwards co-sponsored legislation in the House that would have more than adequately addressed this issue in bill H 7670. Although the bill did not get a hearing, and no companion bill was introduced in the Senate, Mr. Ridlon indicated that he had several encouraging conversations about the proposed bill with a number of Senators and Representatives who indicated that they would likely support it next session.

Mr. Ridlon next discussed proposed legislative changes to the Accidental Disability Retirement scheme that, among other things, brought appeals from the Retirement Board before the Workers' Compensation Court. One proposed change was contingent upon the passage of other legislation this session that did not happen. Accordingly, it needed to be carried forward into the future. The other proposed changes found no traction among the legislators who many times indicated that they wanted to see how the current system worked before making any substantive changes. Mr. Dwyer also indicated that the Workers' Compensation Advisory Council did not attempt to address any of the related issues this session, either.

With respect to the balance of the balance of The Trust's legislative agenda, Mr. Ridlon reported that there was little appetite in either the House or the Senate for addressing those issues. Regarding the proposed legislation that would resolve the issue of the payment of premiums for group life insurance plans by retired teachers, multiple efforts to find sponsors for the legislation failed. Similarly, no sponsors could be found for legislation that would have brought the resolution of IOD claims under the auspices of the Workers' Compensation Court. Finally, although a bill was introduced in the House by Representative Gallison that would have addressed the Employee Benefits Committee's concerns regarding the Small Employer Health Insurer Availability Act, the proposed legislation was not as clear as the Trust would have liked and, in any event, it failed to garner a hearing in the House or to have a companion bill in the Senate.

Mr. Ridlon concluded his report by indicating that there was a successful concerted effort to keep deleterious changes proposed by the Chairman of the Senate Judiciary Committee to the Recreational Use Statute from gaining any traction. He also commented on a number of other bills, notably ones pertaining to health insurance. Specifically, he discussed the recently passed legislation that required Rhode Island to conform to the requirements of the federal Patient Protection and Affordable Care Act of 2010 (PPACA).

There were no further questions or comments regarding The Trust's legislative initiatives or legislative activities in general.

4. New Business – Action Items

4a. 2012-2013 Budget

At the outset, it was noted that the Management Committee had reviewed the Budget and was recommending its adoption to the Board.

At Mr. Dwyer's request, Heather Sheley, The Trust's Chief Financial and Administrative Services Officer, next presented a financial overview of the proposed 2012-2013 budget. She began her presentation by identifying 2013 Budget "highlights". Among those were an estimated \$138.4M in revenue, \$145.6M in expenses, \$1.3M in investment income, \$6.0M in budgeted net operating losses, all resulting in a forecasted Member Equity position of \$33.9M as of June 2013.

Ms. Sheley next discussed the combined revenues of the various Trust programs. Chairman Alfred questioned an apparent inconsistency in the numbers, which Ms. Sheley explained as being related to the way reinsurance premiums were treated in her presentation.

Ms. Sheley also indicated that these revenues did not include the premiums that would be paid by the City of Warwick when it entered the Health Pool as the fact of its participation came too late in the process to be incorporated into the Budget document. Mr. Dwyer noted that other significant membership changes are also pending. Accordingly, he said Management planned to file a revised budget with the Board showing the impact of those changes on revenue and expenses. He noted that, because revenue and expense changes caused by new or departing Members move largely in pre-defined relationships to each other, such adjustments do not fundamentally alter the overall Budget projections, however.

This was followed by a discussion of the combined expenses. Ms. Sheley noted that 94% of the expenses is loss related. She also noted that, as always with respect to the Property and Casualty Pools, underwriting activities produce a net loss which is then offset by investment returns for the Property and Casualty Pools Investment Portfolio and by expected beneficial reductions in the amount of loss reserves held for prior policy year periods. Ms. Sheley further described these expectations for both forecasted fiscal year 2012 results and the 2013 Budget projections.

She next discussed the Employee Benefits Pools and noted that, unlike the property and casualty lines of insurance, underwriting is the key with investment portfolio results playing only a minor role. She also noted that slightly over \$1.1M of Member Equity was being used to offset premiums for FY2013.

With respect to the Incurred But Not Reported (IBNR) Reserve estimate of about \$3.4 million made by Management in forecasting Fiscal Year 2012 expected results, Ms. Sheley stressed the uncertainty of this number until the respective independent actuaries for the Property and

Casualty Pools and the Employee Benefits Pools complete their detailed loss reserve studies over the course of the Summer.

Ms. Sheley next addressed the Fiscal Year 2013 projection for Members' Equity before and after non-budgeted items. Before non-budgeted items are counted, she said that Members' Equity is forecasted to rise by approximately \$3.5 million (or 11%) over the next two years. After the addition of non-budgeted items, she indicated that it was forecast that Members' Equity could increase by another \$1.3 million by June 30, 2013.

Ms. Sheley concluded her presentation with an overview of the results of annual operations by Pool and a brief discussion of the volatility in The Trust's unrealized investment gains and losses this year. There were no further questions or comments.

On a motion made by Trustee Mederos, seconded by Trustee Avedisian, the Board voted as follows to approve the 2012-2013 Budget as presented and summarized below, subject to the caveat that a revised 2012-2013 Budget that incorporates the impact of membership changes be filed by Management with the Board as promptly as possible:

	Property & Casualty Pools	Health Pool	Dental Pool	Group Life & Voluntary Benefits Program	Backstop Account	Consolidated
Income						
Gross Premiums and Other Income	\$23,433,665	\$106,553,300	\$6,169,900	\$2,021,350	\$239,900	\$138,418,115
Reinsurance Premiums Ceded	(\$8,022,000)	(\$1,726,200)	\$0	(\$1,904,100)	\$0	(\$11,652,300)
Net Premium & Other Income	\$15,411,665	\$104,827,100	\$6,169,900	\$117,250	\$239,900	\$126,765,815
Expenses, Including Expected Losses						
	(\$21,283,688)	(\$106,125,237)	(\$6,254,625)	(\$140,084)	(\$167,930)	(\$133,971,563)
Underwriting Results	(\$5,872,023)	(\$1,298,137)	(\$84,725)	(\$22,834)	\$71,970	(\$7,205,748)
Investments						
Investment Income	\$1,079,000	\$300,000	\$2,300	\$0	\$12,800	\$1,394,100
Investment Management Fees	(\$101,900)	(\$15,000)	\$0	\$0	\$0	(\$116,900)
Net Investment Income	\$977,100	\$285,000	\$2,300	\$0	\$12,800	\$1,277,200
Operating Results	(\$4,894,923)	(\$1,013,137)	(\$82,425)	(\$22,834)	\$84,770	(\$5,928,548)

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

4b. Approval of Delta Dental Contract for Third Party Administrative Services

Mr. Dwyer presented information regarding the multi-year offer of Delta Dental to serve as the Third Party Administrator (TPA) for The Trust's Dental Pool. He noted that the Employee Benefits Committee had reviewed and considered the issue and recommended that the Board approve the contract as presented.

Keith Demty, Director of The Trust's Employee Benefits Program, next summarized his negotiations with both Blue Cross/Blue Shield of Rhode Island and Delta Dental regarding their

administrative fees to act as the TPA for the Dental Pool. He indicated that Delta Dental for the first time was willing to include a claims discount guarantee in its proposal to The Trust. He also informed the Trustees that Delta Dental adjusted its administrative rates downward in recognition of the fact that The Trust would do its own underwriting for the program. In conclusion, he noted that there were no other options in the market that were as beneficial to Trust membership as that presented by Delta Dental. There was no further discussion, nor were there any questions.

Management advised that the contract term was proposed by Delta Dental at five years; however, he said Management still hoped in final negotiations before entering into a formal contract to limit the term to three years, perhaps with two optional years at The Trust's sole discretion.

On a motion made by Trustee Faucher, seconded by Trustee Mederos, the Board voted to approve the Delta Dental Contract for Third Party Administrative Services, as recommended by the Employee Benefits Committee and by Management, for a term not exceeding five years.

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

4c. 2012-2013 Property Catastrophic Reinsurance Results and Update

Mr. Dwyer began the discussion by indicating that there were some unexpectedly positive developments for reinsurance costs in comparison to the projections utilized for the Multi-Year Funding Outlook presented to the Board in January and used in developing the 2012-2013 underwriting model and projections. In sum, the reinsurance costs, he said, could possibly be as much as \$500,000 less than was projected for property reinsurance, or approximately the same amount as forecast as the final cost for the 2011-2012 policy year.

Stephanie Banister, Trust Director of Technical Operations and Research, then provided the Trustees with an overview of the process through which property reinsurance was purchased this year. She began by noting that costs skyrocketed by nearly 59% last year. Accordingly, based upon a recommendation from our independent insurance consultant, Jim Evans of Albert Risk Management Consultants, and with the approval of the Board at its October 2011 meeting, Trust Management had multiple brokers essentially "compete" for the business.

Ms. Banister first explained the process used to choose the brokers and then detailed the markets that were approached by Willis and Beecher Carlson, the two brokers chosen. She then discussed the Beecher Carlson model. She distributed charts showing the expected property reinsurance structure for the coming year and for the current year, and she also passed out tables showing the various reinsurance markets surveyed by Beecher Carlson.

Mr. Dwyer noted that in the new configuration RSUI Indemnity Company (or one of its wholly-owned subsidiaries) would remain The Trust's "anchor" reinsurer. Lexington Insurance Company would also continue to play a prominent role in the reinsurance structure, he added. Active discussion among the Trustees and Trust Management ensued regarding the details of the structure, the pricing, and the value of having multiple reinsurers involved in the reinsurance structure.

Mr. Dwyer indicated that about five different configurations were considered before the final one was selected, including a proposal whereby NLC Mutual insurance Company (NLC-MIC) and The Trust would have taken on more risk. However, in consultation with NLC-MIC Management, Trust Management decided that such an alternative was not advantageous given the surprisingly good pricing proposed by the private reinsurers in the Beecher Carlson model.

Ms. Banister continued by noting that Management had also been impressed to date by the effort, quality of work, and service responsiveness of The Trust's new broker, Beecher Carlson.

Mr. Dwyer next discussed the role of the entity called CV Starr in the reinsurance structure for the coming year, noting that this entity is not an insurance company but a "managing general agent" for certain reinsurers which will be utilized, namely: Starr Surplus, Chubb Custom, and General Security Indemnity Company of Arizona (GSINDA),

In response to a question from Trustee Petrarca regarding the broker fees, Mr. Dwyer advised that the broker commission amounts to 9.23% of total premium, is paid by the reinsurers, and that the premium quoted by Management in its presentation is inclusive of that amount. He noted that in the future The Trust may seek to arrange other forms of compensation for the broker that are fee based or a combination of a fee base and commission.

Mr. Dwyer concluded the discussion by noting another favorable development of which he had just been advised: that the NLC-MIC rate for liability reinsurance would decrease by 3% rather than remaining flat as Management had expected. NLC-MIC had earlier informed Management that its rate for its share of property reinsurance would decrease by 10%.

There was no further discussion or questions from the Trustees. Action by the Board was not required.

4d. Revision to Late Payment Policy for Employee Benefits Pools

Mr. Dwyer began the discussion by noting that this proposed change to the Late Payment Policy related only to the Health and Dental Pools, and he explained the rationale for the proposed change. Mr. Dwyer then informed the Trustees that the proposed Policy was presented to the Employee Benefits Committee at its meeting and it recommended approval, although there were two dissenting votes.

There followed a brief discussion of the payment histories for Members generally and certain current and former Members specifically. Chairman Alfred asked about the discussion at the Employee Benefits Committee meeting and, specifically, about the basis for the dissenting votes. Trustee Faucher, Chair of the Employee Benefits Committee, indicated that two Committee members thought that the time period allowed for a Member to be delinquent in the revised Policy was still too lenient.

After a motion was made to approve the proposed revisions to the Policy by Trustee Avedisian and seconded by Trustee Faucher, more discussion followed regarding whether tightening the timeframes would be prudent. Mr. Demty commented on the partial adequacy of the funds held by The Trust for each Member as its Contributed Capital and Earned Equity as a hedge against a Member departing the Pools with a balance due. There was also further discussion regarding the sequence of events necessary to terminate a Member-entity from participation in the Pool in terms of notifying individual Member employees of the pending loss of coverage, and discussion

regarding the possible consequences of municipal bankruptcy on payment of premium to the Trust. The discussion concluded and a vote was taken.

On a motion made by Trustee Avedisian, seconded by Trustee Faucher, the Board voted as follows to approve the revisions to the Late Payment Policy for the Employee Benefits Pools as presented by Management and previously approved by the Employee Benefits Committee:

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

4e. Report on Membership Retention and Acquisition

The Trustees were provided reports on the competitive marketing situation and Membership Status Reports for the Property and Casualty Pools, the Health and Dental Pools, and the Group Life Program.

Mr. Dwyer then informed the Board that the Town of East Greenwich had considered joining The Trust's Property/Liability Pool and Workers' Compensation Pool, but declined to do so based, primarily, on its concerns over the Exit Capitalization Fee. There followed a brief discussion regarding some of the other reasons.

Mr. Dwyer also provided the Trustees with an update on the situation in Central Falls. He indicated that Management presently expects both the City of Central Falls and the Central Falls Public Schools to remain Members of the Property/Liability and Workers' Compensation Pools, and that the Central Falls Public Schools will also remain a participating entity in the Health and Dental Pools. However, he stressed that the coverage situation for the City and Public Schools of Central Falls was far from clear, given changing roles for those that are assigned governance and management responsibilities for the municipal and the school operations.

4.e.ii. New Member Approvals (Employee Benefit Pools)

Next, a discussion ensued regarding the City of Warwick choosing to become a Member of the Health Pool.

That was followed by a brief discussion of the East Providence Public Schools considering joining the Health Pool. As part of that discussion, Trustees raised concerns about the ability of the East Providence Public Schools to remain current with premiums were it to join The Trust Health Pool.

On a motion made by Trustee Mederos, seconded by Trustee Faucher, the Board voted unanimously to accept the City of Warwick as a participating entity in The Trust's Employee Benefit Pool (specifically, the Health Pool) effective July 1, 2012.

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

On a motion made by Trustee Faucher, seconded by Trustee Mederos, the Board voted unanimously to accept the East Providence School Department as a participating entity in The Trust's Employee Benefit Pool (specifically, the Health Pool) effective at some point between July 1st and November 1, 2012, subject to Management satisfying itself through the East Providence Budget Commission that sufficient funds will be available to allow the School Department to pay its premiums on a timely basis.

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

Prior to the meeting, the Trustees were presented with a memorandum from Linda Grassini, Trust Benefits Program Operations Manager, dated June 26, 2012, updating them on the Group Life Insurance Program. There were no questions from the Trustees regarding the report.

On a motion made by Trustee Petrarca, seconded by Trustee Mederos, the Board voted unanimously to accept the report regarding the Group Life Insurance Program.

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

4f. Board and Committee Governance

4.f.i. Trustee Vacancy

Upon recommendation of Chairman Alfred, and pursuant to Section 4.8 of The Trust's By-Laws, on a motion by Trustee Mederos, seconded by Trustee Faucher, the Board voted unanimously to appoint Melinda Thies, Superintendent of Schools of the Bristol Warren Regional School District, as a Trustee filling a vacated Trustee position whose term of office expires December 31, 2014, and with the proviso per The Trust Bylaws that Ms. Thies appointment will remain in effect only until the next meeting of the membership.

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

4.f.ii. Committee Appointments and Assignments

Upon recommendation of Chairman Alfred, on a motion by Trustee Avedisian, seconded by Trustee Ambrogi, the Board voted unanimously to appoint Melinda Thies; Jane Howington, Newport City Manager; and Stephen Coutu, City of East Providence Public Works Director, to the Risk Management Committee.

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

Upon recommendation of Chairman Alfred, on a motion by Trustee Avedisian, seconded by Trustee Faucher, the Board voted unanimously to appoint Julie Goucher, Bristol Town Treasurer, to the Investment and Audit Committee.

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

5. Operations and Funding Reports

Mr. Demty distributed and provided a brief summary of the Cost and Funding Reports through May 31, 2012 for the policy year ending June 30, 2012, for both the Health and Dental Pools. Also presented were comparative financial statistics for both Pools through similar points in time for the current year and the prior year. He noted that the loss summaries were consistent with the results from last year. He also briefly discussed so-called “high claimant” activity.

Next, 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 May 31, 2012. Mr. Dwyer also distributed to the Board the Report

showing the Composite Adjusted Loss Ratio on a consolidated basis for both Pools. Mr. Dwyer briefly discussed several key factors for changes in the Adjusted Loss Ratios for both Pools.

There were no questions from the Trustees regarding the Reports.

On a motion made by Trustee Ceasrine, seconded by Trustee Avedisian, the Board voted unanimously to accept the Operations and Funding Report for the Property and Casualty Pools and the Employee Benefits Pools as presented.

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

6. Informational Items

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

- a) Quarterly Investment Performance Report thru March 31, 2012**
- b) Claim Activity of Special Note – MLO 58 – Roof Collapses**

Chairman Alfred next raised the matter of Mr. Dwyer's recommendation regarding a reorganization of The Trust's internal staff operations in light of the pending departure of Ms. Banister and the Management Committee's previously expressed concern about the adequacy of internal staff back-up capacity should key individuals suddenly not be available to The Trust for any reason. The 2012-2013 Budget incorporated Mr. Dwyer's proposed reorganization plan, he said, but the Management Committee still had the matter under review and had asked Mr. Dwyer for other reorganizational options. He said he wished to ask the Board to delegate authority to the Management Committee to approve a final reorganization plan.

Trustee Ambrogi asked for further details about the options, and he raised his concern about the role of the Board in a matter that he considered to be quite important for the future of The Trust. Chair Alfred briefly described the options under consideration, adding that the Management Committee would report back to the Board on its conclusions and, further, that if one Trustee then objected, the matter would be placed before the full Board for consideration.

Further discussion ensued among the Trustees about the process to be followed in reviewing the reorganizational options, with a consensus being reached that a Special Meeting of the Board would be called on Tuesday July 10, 2012 at 10 AM to further consider the matter of succession planning and internal reorganization.

Trustee Petrarca next commended Stephanie Banister for all of her good work for The Trust over many years as she will be resigning at the end of July. He was joined by all Trustee and Trust Staff in attendance in thanking her and wishing her well in the future.

7. Adjournment

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

The meeting then stood adjourned at approximately 11:15 A.M.

Respectfully Submitted,



Ian C. Ridlon
Corporate Secretary