



**BOARD OF TRUSTEES MEETING
OF
TUESDAY, AUGUST 21, 2012**

MINUTES

The Board of Trustees of the Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Tuesday, August 21, 2012 at The Trust Offices, 501 Wampanoag Trail, Suite 301, East Providence, Rhode Island.

Chairman Alfred called the meeting to order at approximately 10:13 A.M.

1. ROLL CALL

Trustees Present

Stephen Alfred, Town of South Kingstown
John Ambrogi, Newport Public Schools
Scott Avedisian, City of Warwick
Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns
Jeffrey Ceasrine, Town of Narragansett
Peter DeAngelis, Town of Barrington
David Faucher, Town of Portsmouth
Bruce Keiser, Town of Jamestown
John Mainville, Town of Burrillville
Diane Mederos, Town of Bristol

Trustees Absent

Robert Hicks, New Shoreham School Department
Lori Miller, Lincoln Public Schools
Michael Petrarca, West Warwick Public Schools
Melinda Thies, Bristol Warren Regional School District

Others Present

Thomas Dwyer, Trust President and Executive Director
Ian Ridlon, Trust General Counsel and Director of Legal Services

2. Approval of Minutes of the Board Meeting of July 26, 2012 (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 July 26, 2012.

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

3. Old Business – Action Items

There was no old business raised or discussed.

4. New Business – Action Items

4.a. Employment Status Considerations for Executive Director

Chairman Alfred began the discussion by noting that, as a follow-up to the last Board of Trustees meeting, he had spoken at length with Mr. Dwyer regarding the issues that were raised in that meeting. During the course of that conversation, he asked Mr. Dwyer to prepare a memorandum outlining issues and concerns that he had, as well as provide some guidance as to how he believed he and the Board could move forward. He said that Mr. Dwyer had complied with that request and the memorandum contained, essentially, five discussion points.

According to the Chairman, the first discussion point related to the plan of reorganization that had been approved by the Board at the previous meeting. In Mr. Dwyer's response, he said he would implement the reorganization as approved, Chairman Alfred reported, but wished to proceed with one part of it in two phases: first, hire a "senior" underwriter for the Property and Casualty Pools, work with that person for a number of months to evaluate his/her capabilities, and then re-assess the need for a new position of Property and Casualty Pools Director or for another management configuration. Mr. Dwyer's memo asked that the Board be willing to re-visit the organizational arrangement at that time. Chairman Alfred noted that he had no difficulty with the reconsideration of the issue at any time, but noted that he believed it should be first vetted by the Management Committee, and then presented to the full Board for consideration.

Chairman Alfred then stated that the Management Committee had approved two organizational staffing changes within the last year at Mr. Dwyer's request. No Trustees had any questions or comments regarding this first discussion point, or expressed any reservation about re-visiting the reorganization plan if requested later by Mr. Dwyer.

The discussion next shifted to Mr. Dwyer's request that the Board clarify the roles and responsibilities of the various Committees, and clarify the relationship between the Executive Director, the Board and the various Committees. Chairman Alfred began by stating that it is undisputed that the Board is the controlling entity in The Trust.

Moreover, he noted that his view was that Trust Management, and specifically the Executive Director, works for the Board, but through the Management Committee. He further noted that it was the belief of the members of the Management Committee that all Committees are advisory to the Board, but that each Committee is vested with certain duties and obligations. Using the work of the Underwriting Committee, the Employee Benefits Committee and the Management Committee, he cited several examples of this arrangement in practice. He concluded by noting that all actions taken by the Management Committee are transparent, and the Board is always given the opportunity to comment on, or overrule, those actions.

In closing, he also stated that Mr. Dwyer had expressed concerns about Management's timing in presenting decision-making materials to the full Board and to the standing Committees. He noted that he and Mr. Dwyer had discussed this issue at length, and both agreed the Board was the ultimate authority for all matters.

Mr. Dwyer then described his view of the relationship among the Board, the standing Committees and the Executive Director in light of his understanding of the letter and the spirit of the Bylaws and principles of good corporate governance at the Board level. He noted that his views were based upon certain basic principles. Those were:

- All Trustees are equal and should have easy access to all information.
- Since all Committees are advisory to the Board, it is necessary for the Board to be fully aware of the material being presented to the Committees in the conduct of their work to ensure that the Committees are moving in directions consistent with the wishes of the full Board. The Minutes of Committee meetings, while important in summarizing actions taken by the Committees, are nonetheless insufficient standing alone to convey the range of options considered and the rationale for actions taken by the Committees.
- Since the Executive Director is ultimately responsible to the Board, it is incumbent upon him to ensure that the Board is appropriately informed of Committee actions and he should not need the prior approval of any Committee to raise issues with the Board.

Mr. Dwyer stressed that he wanted to avoid having any Trustee feel "disenfranchised" due to having insufficient information to make decisions.

Mr. Dwyer then provided an illustrative, personal example of a scenario involving corporate governance of another organization where he believed that a lack of transparency and easy access to information on the part of that organization's chief executive officer and one of its Board Committees led to an undermining of confidence among the full Board, unequal treatment of certain of its member entities, and almost resulted in the collapse of the organization. Though the elements that led to the other organization's problems were not existent at The Trust, Mr. Dwyer said his personal

experience with the other organization convinced him that it is critically important to be vigilant in ensuring similar circumstances do not develop at The Trust.

He next indicated that The Trust was developing a so-called “Share Point” website that would allow Trustees and Committee members easier and more convenient access to information. One Trustee indicated that he appreciated that because he wanted access to all of the information impacting the organization. There followed a discussion regarding what information has been traditionally been distributed to whom and for what purpose, and then what was being proposed for the future. Chairman Alfred indicated that he believed a policy should be developed regarding the flow of information among the Board and Committees. It was noted that through the use of the Share Point system, any such policy should be able to be easily implemented.

Mr. Dwyer concluded this portion of the discussion by stating that he felt this process had been helpful in clarifying roles and responsibilities and eliminating confusion regarding these matters. He inquired whether the Board had any concerns with the position that he had articulated. Trustee Ambrogi stated that he had no issues with the way things had been presented, and Chairman Alfred noted that The Trust had always operated in an open manner.

In response to an earlier request from the Board, Mr. Dwyer also explained his interest in a position outside of The Trust. When asked about the timing of when this position might be available and when Mr. Dwyer would be more certain of his intentions, he indicated that it would likely be two to three months before anything was clarified.

Next, Chairman Alfred indicated that Mr. Dwyer had asked that the Board, working through the Management Committee, undertake a full review of his compensation package in light of prevailing market conditions. At this time each year, Chairman Alfred added, the Management Committee customarily undertakes a routine review of the Executive Director’s performance and salary level.

Chair Alfred said he had asked Mr. Dwyer to provide salary survey information to the Management Committee for consideration relative to his request for a salary increase. There followed a request from a Trustee to review that survey at the same time that the Management Committee was receiving it.

Further discussion ensued about the history of Mr. Dwyer’s employment with The Trust, the status of his current Employment Agreement, and his current compensation package. Chairman Alfred reiterated that information regarding Mr. Dwyer’s current compensation had been previously provided to the Board before being implemented.

Discussion continued regarding matters to be considered in assessing whether a substantially revised Employment Agreement with Mr. Dwyer should be sought and factors to be considered in evaluating Mr. Dwyer’s compensation level.

Chairman Alfred then asked the Trustees whether there were any further questions or issues that needed to be discussed and there were none.

Mr. Dwyer then thanked the Board and the Management Committee for their time and consideration of these matters.

5. Adjournment

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

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

The meeting then stood adjourned at approximately 11:16 A.M.

Respectfully Submitted,



Ian C. Ridlon
Corporate Secretary