



**BOARD OF TRUSTEES MEETING
OF
WEDNESDAY, JUNE 26, 2013**

MINUTES

The Board of Trustees of the Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Wednesday, June 26, 2013 at The Trust Offices, 501 Wampanoag Trail, Suite 402, East Providence, Rhode Island.

Chairman Alfred called the meeting to order at approximately 9:12 A.M.

1. ROLL CALL

Trustees Present

Stephen Alfred, Town of South Kingstown
Scott Avedisian, City of Warwick
Jeffry 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
Lori Miller, Lincoln Public Schools
Melinda Thies, Bristol Warren Regional School District

Trustees Absent

John Ambrogi, Newport Public Schools
Daniel Beardsley (*ex officio*), Rhode Island League of Cities and Towns
Thomas Hoover, Town of Coventry

Others Present

Colleen Bodziony, Trust Director of Membership Services
Keith Demty, Trust Director of Employee Benefits Program
Thomas Dwyer, Trust President and Executive Director
Russ Godin, Trust Director of Claims
Shannon Ruff, Trust Senior Property and Casualty Insurance Underwriter
Heather Sheley, Trust Chief Financial and Administrative Officer

2. Approval of Minutes of the Special Board Meeting of April 12, 2013

On a motion made by Trustee Ceasrine, seconded by Trustee Faucher, the Board voted to approve the Minutes of the Trust Board Meeting of April 12, 2013.

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

3. Old Business

3a. Restructuring the Health Pool's Membership Participation Agreement and Governing Provisions

Chair Alfred opened the discussion by noting that several matters which would restructure the governance and participation relationship between The Trust and the Member entities in the Health and Dental Pools were now ready for Board action. He commented that these matters had been extensively reviewed by the Board and by the Employee Benefits Committee in past meetings, and that the changes being proposed had been circulated to all participating Member entities for comment.

Board actions which would allow the relationship to be restructured were described in a packet of material distributed to the Trustees by Mr. Dwyer prior to the meeting, Mr. Alfred noted.

3a.i Final Approval of the Membership Participation Agreement

Chair Alfred directed the Trustees' attention to the proposed Employee Benefits Pool Membership Participation Agreement (MPA) which would replace, effective July 1, 2013, the Agreement for Joint Negotiation and Purchase of Health Coverage. Two minor changes to the MPA had been prepared by Management, Mr. Alfred said, addressing some concerns he had raised at the last Board meeting. The changes and rationale for them were set forth in a memo dated June 18, 2013 from Trust General Counsel and Director of Legal Services Ian Ridlon and would accomplish the following:

- The definition of "Subscriber" and/or "Member/Enrollee" is expanded to be clearer; and
- The description of the process used to establish funding rates for health and dental insurance coverage is modified slightly to more clearly delineate the roles of the Board, the Underwriting Committee, the Employee Benefits Committee, and Trust Management.

The Trustees had no questions about these changes or other provisions of the proposed MPA. Chair Alfred noted that the 30-day period for Member entities to comment, specified in the expiring Agreement for Joint Negotiation and Purchase of Health Coverage for proposed changes to that Agreement, had passed, and that the only comment received had been a favorable one.

On a motion made by Trustee Hicks, seconded by Trustee Faucher, the Board voted to approve the Employee Benefits Membership Participation Agreement (MPA) for The Trust Health and/or

Dental Pool which replaces the Agreement for Joint Negotiation and Purchase of Health Coverage effective July 1, 2013.

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

3b.ii Authorization to Return Health Pool Contributed Capital to Members

Chair Alfred again noted that Management's recommendation to return to Members the capital they contributed upon their entry into the Health Pool had been thoroughly vetted by the Trustees and other relevant Board standing Committees in past meetings. It was noted that the Board had, in fact, tentatively endorsed such a return at its prior meeting as part of an overall review of Health Pool Members' Equity that could be returned to Members. It was also noted that the new MPA no longer requires a Capital Contribution from entities newly joining the Health Pool.

Management has estimated the total amount to be returned, including accumulated interest, at about \$2 million.

Trustees had no questions or comments about the proposed return of Contributed Capital.

On a motion made by Trustee Avedisian, seconded by Trustee Faucher, the Board voted unanimously to authorize the return of the Members' Contributed Capital in an amount estimated to be about \$2 million effective upon the Member's execution of the new Membership Participation Agreement and payable to Members in 2013-2014 under the terms of the Board's previously approved distribution procedures.

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

3a.iii Rescission of Health Pool New Member Policy

The last step in restructuring the governance and participation relationship between The Trust and the Member entities in the Health and Dental Pools is rescission of the Health Pool New Member Policy, Chair Alfred said. That Policy establishes the amount of capital to be contributed by entities newly joining the Health Pool, and is now no longer necessary since the new MPA removes such an entry requirement. Other provisions of the New Member Policy are addressed in other documents or covered by internal operating and administrative procedures, it was noted.

Trustees had no questions or comments about this matter.

On a motion made by Trustee Keiser, seconded by Trustee Faucher, the Board voted unanimously to rescind the existing Health Pool New Member Policy.

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

3b. Legislative Update

Prior to the meeting, The Board received a memorandum from Mr. Ridlon, Trust General Counsel and Director of Legal Services, which provided an update on various bills of interest that were pending before the Legislature. More specifically, the memorandum provided the Board with updates relative to the bills that are part of The Trust's 2013 legislative initiative.

At the meeting, Mr. Dwyer noted that Mr. Ridlon's memorandum provided an update on one piece of legislation that related to a new surcharge that would be imposed upon self-insured plans to pay for immunization programs and children's healthcare services. He noted that the surcharge would directly impact municipalities which either self-insure directly or indirectly through The Trust. Mr. Dwyer indicated that he received confirmation from Mr. Beardsley that the legislation was not passed and is no longer under consideration for this legislative session.

Next, Mr. Dwyer commented on The Trust's Judicial Fairness Initiative and noted that with respect to the bill introduced at the request of The Trust with regard to precluding plaintiffs from bringing actions against employees or officials of our Member entities in their personal or individual capacities, organized labor supported the bill publicly for the first time.

Trustee Avedisian noted that the bill, imposing significant responsibilities on officers and directors of quasi-public corporations, should be closely monitored as it could be problematic for some entities next year, potentially even The Trust.

4. New Business – Action Items

4a. 2013-2014 Property and Casualty Reinsurance

At the request of Chair Alfred, Mr. Dwyer summarized the status of the anticipated Trust reinsurance structure and program for the coming policy year commencing July 1, 2013.

For the following coverages, Mr. Dwyer said quotes provided by the reinsurers and excess insurers were either in line with or slightly below the projections made by Management in the last several months when *pro forma* underwriting estimates were developed and when The Trust's Multi-Year Funding Outlook was developed and presented to the Board.

- Liability Coverage from NLC Mutual Insurance Company (NLC-MIC)

- Workers' Compensation Coverage from NLC-MIC and Safety National
- Equipment Breakdown Coverage from Hartford Steam and Boiler Inspection Company
- Property Coverage from NLC-MIC above The Trust's retention to a \$1 million limit

Mr. Dwyer also commented that Management was not proposing any change to The Trust's Self-Insured Retention (SIR) levels for any of the above lines of coverage compared to the expiring year's SIR.

However, for catastrophic property coverage (namely, coverage above \$1 million to \$500 million Trust-wide per occurrence), Mr. Dwyer said certain elements of this excess insurance package remained uncertain. Using several PowerPoint slides, he described the changes he anticipated, summarized as follows:

- The anticipated excess insurance premium for catastrophic property coverage is about \$4.8 million, slightly below the \$5 million budgeted for Fiscal Year 2013-2014 but about \$100,000 higher than the amount used in developing Member premium estimates and in the Multi-Year Funding Outlook.
- The number of excess insurers providing the catastrophic coverage will increase in number and the quota and layer shares being taken by each will change in comparison to the arrangement in the expiring year. Mr. Dwyer displayed a graph showing the expected participation layers of each excess insurer, noting that RSUI Indemnity Company remains the anchor excess insurer, but two new excess insurers will likely be participating at different layers: Ironshore and a Berkshire-Hathaway company.
- A per occurrence coverage sub-limit for losses to docks arising from flood damage will be imposed at \$6.5 million Trust-wide. Mr. Dwyer noted that this is the approximate insured value of all docks listed on The Trust's Member property schedule, so the sub-limit should not seriously restrict Members' coverage.

Mr. Dwyer noted that Management accordingly planned to limit The Trust coverage to Members to the \$6.5 million sub-limit provided by the excess insurers; thus, the financial risk of losses in excess of \$6.5 million would be borne by Members with insured docks.

- Special deductibles or buffer layers will be required by the excess insurers for flood losses to two types of property:
 - Properties in Flood Zones A and V which are not eligible for National Flood Insurance Protection insurance (NFIP). As examples of such coverage, Mr. Dwyer said this category includes property such as bandstands, gazebos, grandstands, playground equipment, etc. and also includes NFIP covered properties but where incidentals might not be covered (i.e., a covered beach cabana but not associated decking surrounding or attached to the cabana).

- Properties in Flood Zones A and V which are eligible for NFIP insurance but where a gap could exist between NFIP coverage which is provided on an actual cash value (ACV) basis versus The Trust provided coverage on a replacement cost (RC) basis.

For these properties, the excess insurers, Mr. Dwyer said, are expected to require an additional \$500,000 buffer per occurrence before the catastrophic coverage is triggered.

Rather than pass this exposure to the Members, Mr. Dwyer said Management is recommending that The Trust assume the financial risk for this \$500,000 buffer layer, essentially creating a special circumstance Trust SIR for properties of this type which might be impacted by a flood event. He said Management is presently trying to better gauge the financial exposure from such an event, and he described for the Trustees the total value of such properties as best as Management has been able to determine to date.

Management's current view, Mr. Dwyer further commented, is that this is a limited risk that The Trust can easily assume, though he said he also plans to explore with NLC-MIC whether it would be willing to assume this risk either in full or part for an additional premium.

During this review, Trustees asked a number of questions to clarify the options and the coverage conditions being described by Mr. Dwyer. In response to a question from Chair Alfred, Mr. Dwyer provided additional information comparing these proposed changes for the coming year with the coverage positions being taken by The Trust's 2012-2013 excess property insurers for certain claims related to the Super Storm Sandy loss.

Mr. Dwyer then asked the Board to authorize him to put into place a property coverage structure for catastrophic losses (i.e., those above the \$1 million attachment point) along the lines he had just described, effective July 1, 2013. He said he would try to secure the most favorable conditions he could for The Trust and its Members. Trustees indicated they concurred with this approach and understood the need for some Management flexibility in determining final terms and conditions for the coverage.

4b.i Property and Casualty Coverage Modifications to Member Policies Commencing July 1, 2013 – Property Coverage

Mr. Dwyer summarized the two key changes he recommended that the Board endorse for property coverage for Members as of July 1, 2013, namely:

1. A Trust-wide per occurrence sublimit of no less than \$6.5 million be placed on property damage caused to Member insured docks; and
2. The Trust be prepared to assume full financial responsibility for up to \$500,000 per occurrence for certain Flood Zone A and V properties and related appurtenances which may either be ineligible for NFIP insurance protection or for eligible NFIP properties and building contents where there may be a gap between coverage at actual cash value per NFIP and replacement cost coverage per The Trust's Property Policy.

It was noted that both these matters had been extensively reviewed under the prior Agenda item. Accordingly, only brief discussion among the Trustees and Mr. Dwyer ensued.

Members had been apprised by letter in mid-May of possible changes to Flood Zone A and V property coverage and to coverage for docks, Mr. Dwyer said, adding that the final changes to be implemented were less onerous to the Members than the ones about which The Trust had warned.

On a motion made by Trustee Ceasrine, seconded by Trustee Avedisian, the Board voted unanimously to provide authorization to Trust Management to secure and place catastrophic property reinsurance coverage in the manner presented by Mr. Dwyer and to deliver Policy Year 2013-2014 Insurance Certificates to Members evidencing such coverage.

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

4b.ii Property and Casualty Coverage Modifications to Member Policies Commencing July 1, 2013 – Public Safety Injured-on-Duty (IOD) Coverage

Prior to the meeting, Mr. Dwyer had circulated to the Board a description of the changes Management was proposing become effective July 1, 2013 for the Public Safety IOD Program. The most substantive change, Mr. Dwyer stressed, was an increase from \$100,000 to \$150,000 for the specific (or per individual officer) point at which The Trust becomes responsible for reimbursing the Member for that officer's lost wages due to injuries sustained on the job.

He reminded the Board that this change and other less significant ones had been extensively discussed by the Board in past meetings dating to October 2012 and that the *pro forma* underwriting premium estimates for the Workers' Compensation Pool for municipal Member entities had been based on a change in the attachment point from \$100,000 to \$150,000. Member entities had also been apprised by letter of the likelihood of this and other changes becoming effective July 1, 2013, he noted.

Mr. Dwyer pointed out that he was no longer recommending, as the letter circulated to Members indicated was possible, a change which would impose a \$500,000 per year limit on The Trust's final exposure from both specific and aggregate IOD coverage. The \$500,000 limit, he said, would remain on the aggregate exposure, and for the specific exposure, a limit of five years of coverage dating from the time of the injury would remain.

Brief discussion ensued.

On a motion made by Trustee DeAngelis, seconded by Trustee Faucher, the Board voted unanimously to accept the recommendations of Trust Management relative to changes to the Public Safety Injured-on-Duty Program effective July 1, 2013, including raising the Specific or Individual Attachment Point for wages paid to police officers and firefighters who incur on-the-job injuries from \$100,000 to \$150,000.

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

4c. Report on Membership Retention and Acquisition for 2013-2014

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

Mr. Dwyer stated that Trust Management is quite pleased with the results of membership retention and acquisition for all lines of coverage heading into the new policy year. He then informed the Board that the Pawtucket Water Supply Board has elected to join both the Property/Liability and Workers' Compensation Pools effective July 1, 2013 and the Benjamin Church Senior Center joined The Trust's Property/Liability Pool effective April 30, 2013. Mr. Dwyer noted that the Town of New Shoreham and the New Shoreham School Department will be joining The Trust's Dental Pool effective July 1, 2013. Additionally, he noted that the Group Life Insurance Program is experiencing the single largest growth spurt since the Program's inception 14 years ago with the addition of four new Members effective either July 1, 2013 or August 1, 2013: Cranston Public Schools, Exeter-West Greenwich Regional School District, Town of Narragansett, and Pawtucket School Department. With the addition of these new life insurance Members, premium level for the Group Life Insurance Program is now expected to be about 50% higher than in the expiring year and covered lives to be about 30% higher.

It was noted that all relevant standing Board Committees – the Underwriting Committee and the Employee Benefits Committee – had endorsed the membership of these entities in the Property and Casualty Pools and in the Employee Benefits Pools. Board approval is not required for entities joining the Group Life Insurance Program since each of those entities are already Trust Members by virtue of its participation in a Trust risk-sharing pool.

On a motion made by Trustee Avedisian, seconded by Trustee Faucher, the Board voted unanimously to approve the membership applications of the Benjamin Church Senior Center effective April 30, 2013 and Pawtucket Water Supply Board effective July 1, 2013 as participating members in the Property and Casualty Pools and the Town and Schools of New Shoreham as a participating entity in The Trust's Employee Benefit Pool (specifically, the Dental Pool) effective July 1, 2013.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Thomas Hoover	absent
Jack Ambrogi	absent	Bruce Keiser	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Lori Miller	aye
Peter DeAngelis	aye	Melinda Thies	aye
David Faucher	aye		

Robert Hicks aye

Mr. Dwyer and Ms. Bodziony then informed the Board that, at the request of the State-appointed Budget Commission, the City of Woonsocket has requested Property/Liability and Workers' Compensation quotations from The Trust for possible membership effective July 1, 2013. However, Ms. Bodziony reported that only property/liability underwriting information has been submitted as of the meeting date. Trust Management evaluated the information provided and prepared a property/liability quotation that contained many proposal conditions and stipulations such as advance premium payment conditions, request for additional loss information and loss prevention/risk management actions to be taken by the City.

Considerable discussion ensued regarding the City of Woonsocket's pending membership in The Trust and the conditions that should be imposed. Board Members specifically were concerned with the City's ability to make premium payments not only in the upcoming policy year beginning July 1st but in subsequent years as well. Board Members questioned whether an August 1st membership commencement was feasible to give Trust Management and the Board additional time to review the City's application for membership. The capacity of Trust Management and staff to service this potential Member based on its size and complexity was of concern.

There followed a brief discussion regarding some of the other conditions which Management planned to include in The Trust's proposal to the City, and the Board's request to review a draft of Ms. Bodziony's proposal prior to its release to the City of Woonsocket. In particular, the Board urged Management to stipulate strict premium payment terms and conditions on the City to ensure that payments were timely received and coverage was not extended without assurance of payment.

On a motion made by Trustee Hicks, seconded by Trustee Avedisian, the Board voted unanimously to approve the City of Woonsocket for admittance into the Property/Liability Pool effective July 1, 2013 pending further review by the Board of Management's Property/Liability proposal and quotation to the City and lacking any Trustee objection thereto.

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

Chair Alfred said Trustees must advise Management of any objection to the proposal no later than 4 P.M. Thursday, June 27, 2013.

Approval for the City to participate in the Workers' Compensation Pool would not be sought at this time, Mr. Dwyer said, because it did not appear that the City would be submitting in time information The Trust would need to prepare a quote.

4d. Revisions to Backstop Account Policy and Creation of Excess Health Claims Stop Loss Account

Prior to the meeting, the Trustees had been furnished with background material from Mr. Dwyer describing the proposed changes to the Health Pool Backstop Account Policy which would result in a revised policy document that Management suggested be called instead the Excess Health Claims Stop Loss Account. It was noted that the changes had been extensively discussed by the Board and the Employee Benefits Committee at recent meetings, but the formal document with all of the changes shown had not previously been prepared and distributed.

Chair Alfred asked whether Trustees had any questions, noting that included with the background material distributed by Management were both a red-lined copy of the revisions and a clean copy of the final Excess Health Claims Stop Loss Account document. It was noted that the cover memo to the Board from Mr. Dwyer also summarized the close-out transfers between the Backstop Account Policy and the Property & Casualty Pools which had been previously authorized by the Board. Also noted was the endorsement of these changes by the Employee Benefits Committee.

Trustees indicated they had no questions or concerns at this time.

On a motion made by Trustee Faucher, seconded by Trustee Avedisian, the Board voted unanimously to approve the revisions to the Backstop Account Policy and change the name of the account from the Backstop Account to the Excess Health Claims Stop Loss Account as recommended by the Employee Benefits Committee and outlined in Management's cover memorandum¹ to the Board.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Thomas Hoover	absent
Jack Ambrogio	absent	Bruce Keiser	aye
Scott Avedisian	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Lori Miller	aye
Peter DeAngelis	aye	Melinda Thies	aye
David Faucher	aye		
Robert Hicks	aye		

4e. 2013-2014 Budget

Prior to the meeting, Mr. Dwyer had distributed to the Board the proposed 2013-2014 Trust Budget along with a detailed cover memorandum dated June 14, 2013. The Budget document consisted of the following separate parts:

Consolidated Budget Document
Staffing Level Chart

For the Property and Casualty Pools

- Property/Liability Pool Budget
- Workers' Compensation Pool Budget

¹ Erroneously dated July 1, 2013; should have been dated June 21, 2013 as shown in header on second page of the cover memorandum.

For the Employee Benefits Programs

- Health Pool Budget
- Dental Pool Budget
- Group Life and Voluntary Benefits Program Budget
- Backstop Account Budget (Excess Health Claims Stop Loss Account)

It was noted that the Management Committee had reviewed the proposed Budget and was recommending its approval to the full Board of Trustees.

At the request of Mr. Dwyer, Ms. Sheley summarized key aspects of the Budget and Management's projection of The Trust's financial position as of June 30, 2013 and June 30, 2014 by means of a 12-slide PowerPoint presentation. Elements of the presentation included:

- Analysis of Revenues and Expenditures
- Review of Underwriting Results
- Analysis of Projected Incurred But Not Reported Reserve levels
- Forecasted Members' equity levels as of June 30, 2013 and June 30, 2014, including the impact on equity from The Trust Ownership Participation Shares (TOPS) Health Pool and Workers' Compensation Pool dividends, the return of Health Pool Contributed Capital, the special one-time infusion of funds to the Backstop Account from the Health Pool, and the transfer of Health Pool funds to the Property and Casualty Pools to reimburse those Pools for the secondary capital it provided to cover a prior year Backstop Account funding deficiency.
- Investment Portfolio Activity and Projected Results

While reviewing the Health Pool Budget, Ms. Sheley noted certain new fees expected to become the obligation of the Pool as a result of Federal health care reform. She also stressed that the 2013-2014 Budget projects Health Pool claims activity at a rate much higher than being experienced in 2012-2013, explaining that Management believes the experience of the 2012-2013 year is abnormally low and will not be repeated.

Brief discussion ensued during the presentation. Chair Alfred noted that Mr. Dwyer had also submitted under separate cover to the Board information on employee personnel costs, both salaries/wages and fringe benefits, incorporated within the Budget. The Management Committee, Chair Alfred said, had reviewed those costs and Mr. Dwyer's proposed approach to implementing staffing changes during the coming year, and approved them. Pending objection from any Trustee, those changes would then be implemented in the coming year, Chair Alfred noted.

Finally, it was noted that the proposed Budgets for the Property and Casualty Pools do not include additional premium revenue and expenses related to the potential membership of the City of Woonsocket.

On a motion made by Trustee Keiser, seconded by Trustee Ceasrine, the Board voted unanimously to approve the 2013-2014 Budget as presented and summarized below.

	Property & Casualty Pools	Health Pool	Dental Pool	Group Life & Voluntary Benefits Program	Backstop Account	Consolidated
Income						
Gross Premiums and Other Income	\$24,951,623	\$135,142,694	\$6,480,584	\$3,090,225	\$700,558	\$170,365,684
Reinsurance Premiums Ceded	(\$8,830,800)	(\$3,131,373)	\$0	(\$2,947,859)	\$0	(\$14,910,032)
Net Premium & Other Income	\$16,120,823	\$132,011,320	\$6,480,584	\$142,366	\$700,558	\$155,455,652
Expenses, Including Expected Losses						
	(\$21,799,200)	(\$133,714,178)	(\$6,898,316)	(\$134,765)	(\$560,447)	(\$163,106,906)
Underwriting Results	(\$5,678,378)	(\$1,702,858)	(\$417,732)	\$7,601	\$140,112	(\$7,651,255)
Investments						
Investment Income	\$1,233,000	\$230,000	\$3,464	\$0	\$28,773	\$1,495,237
Investment Management Fees	(\$110,960)	(\$15,000)	\$0	\$0	\$0	(\$125,960)
Net Investment Income	\$1,122,040	\$215,000	\$3,464	\$0	\$28,773	\$1,369,277
Operating Results	(\$4,556,338)	(\$1,487,858)	(\$414,268)	\$7,601	\$168,885	(\$6,281,977)

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Thomas Hoover	absent
Jack Ambrogio	absent	Bruce Keiser	aye
Scott Avedisian	aye	John Mainville	aye
Jeffrey Ceasrine	aye	Lori Miller	aye
Peter DeAngelis	aye	Melinda Thies	aye
David Faucher	aye		
Robert Hicks	aye		

4f. Advisory Opinion from Attorney General regarding Determination of Trust as a “Public Body”

Chair Alfred noted that The Trust had recently received an opinion from the Rhode Island Attorney General’s Office advising that it did not consider The Trust a “public body” for the purpose of compliance with the State’s Open Meetings Act. The Trust had been seeking such an opinion since November 2011 when Ian Ridlon, Trust General Counsel and Director of Legal Services, first submitted a letter to the Attorney General’s Office describing in detail the legal rationale for The Trust’s belief that it should not be considered a “public body” under the law.

Due to a previously scheduled personal commitment, Mr. Ridlon was not able to be present at the meeting, but Chair Alfred said he had discussed the matter with Mr. Ridlon and summarized his conversation with Mr. Ridlon about Management’s recommendation that The Trust, in light of the new Attorney General opinion, cease its voluntary compliance with the Open Meetings Act henceforth. It was noted that Mr. Ridlon had submitted a detailed memorandum to the Board analyzing the Opinion and presenting Management’s reasons for recommending that voluntary compliance with the Act cease.

Chair Alfred asked Mr. Dwyer if he had supplementary comments to offer to the Board. Mr. Dwyer said he believed the Chair had accurately conveyed Management’s views to the Board. He also complimented Mr. Ridlon on the excellent legal analysis he had submitted to the Attorney General’s Office for its consideration in weighing the question of whether The Trust was indeed a “public body” under the Open Meetings Act.

Trustees indicated they concurred in the approach that Management was now recommending for the conduct of future Board meetings. Mr. Hicks inquired about whether the Board or The Trust should adopt formal procedures for the conduct of its meetings, in particular the use of executive

sessions, if it was to no longer be guided by the provisions of the Open Meetings Act. Mr. Dwyer said he would consult with Mr. Ridlon on that point and report back to the Board on Management's thoughts.

On a motion made by Trustee Hicks, seconded by Trustee Ceasrine, the Board voted unanimously to accept Management's recommendation that The Trust discontinue its voluntary compliance with the Open Meetings Act after the June 26, 2013 meeting of the Board of Trustees based on the Advisory Opinion issued by the Attorney General's Office.

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

4g. October Off-Site Strategic Planning Meeting of the Board and its Standing Committees

Chair Alfred noted that the Management Committee recently discussed the question of whether the Board should convene its traditional October off-site strategic planning meeting with all its standing Committee members. He noted that Management Committee wished to review this topic with the full Board before a final decision is made on whether or not to hold the meeting in its traditional strategic planning format. Specifically, Chair Alfred noted that the Management Committee will be faced with the recruitment of a new Executive Director in the coming months and the individual selected would most likely not be in place prior to the October meeting. He said that there is a great deal of information prepared for the October meeting with significant staff time dedicated to the preparation of the meeting. Further, Chair Alfred noted that with the change in the Executive Director's position and with other changes occurring to the makeup on the Board of Trustees over the next six months, the Management Committee concluded that the traditional October off-site strategic planning meeting might not be advisable during this time of transition in The Trust's Executive Director's position and in Board positions.

Chair Alfred suggested Management's time would be better spent completing the proposed approved Trust-wide Goals and Objectives currently in place. Board members discussed the pros and cons of the strategic planning session and agreed with the Management Committee's suggestion to pass on the traditional October off-site strategic planning meeting session in 2013.

On a motion made by Trustee Miller, seconded by Trustee Hicks, the Board voted unanimously to forego the traditional October off-site Strategic Planning Meeting with the Board and its standing Committees in 2013, due to the transition occurring in The Trust's governance structure at the Board level and an in the chief executive officer position at the Management level.

<u>Trustee</u>	<u>Vote</u>	<u>Trustee</u>	<u>Vote</u>
Stephen Alfred	aye	Thomas Hoover	absent
Jack Ambrogi	absent	Bruce Keiser	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Lori Miller	aye

Peter DeAngelis	aye	Melinda Thies	aye
David Faucher	aye		
Robert Hicks	aye		

4h. Board and Committee Governance

Chair Alfred informed the Board of recent changes to the Board of Trustees due to retirements of Board Members. Specifically, Chair Alfred noted that Vice Chair Mike Petrarca has resigned his position on the Board. Due to the timing, both in terms of the announcement and the effective date of his resignation, Chair Alfred noted that there has not yet been an opportunity to recognize his tenure and commitment to The Trust Board and as Chair of the Underwriting Committee. Chair Alfred indicated that Mr. Petrarca left an indelible mark on The Trust and his service will be recognized at a subsequent event. With Mr. Petrarca's departure, Chair Alfred noted that the Vice Chair position on the Board becomes vacant as does the Chair position on the Underwriting Committee.

Next, Chair Alfred stated that the Board will be losing three additional Trustees over the next several months, again, due to upcoming retirements. Specifically, he noted that Trustee Keiser will be departing effective September 1st, and Trustees Ambrogi and Faucher have announced that they will be resigning effective early January 2014 to coincide with their retirements. Further, Chair Alfred noted that Alan Lord, long-time Chair of the Investment and Audit Committee, will be stepping down from his position effective July 2013 due to his retirement on July 1, 2013.

Chair Alfred next recognized Trustee Keiser for all of his good work for The Trust over many years as this meeting was his last on the Board of Trustees due to his retirement in September. He was joined by all Trustee and Trust Staff in attendance in thanking him and wishing him well in the future.

Next, Chair Alfred appointed John Mainville, Chair of the Investment and Audit Committee, and Jeff Ceasrine, Chair of the Underwriting Committee. He said that the Management Committee structure will remain the same with participation from all Trustees that Chair the various Trust subcommittees.

Chair Alfred indicated that in the year ahead The Trust will be undergoing major changes in the organization. In that context, he noted that diversity in The Trust Board is important to the continued future growth of the organization and singled out a perceived need for more representation on the Board from elected officials. He encouraged his fellow Trustees to submit names for consideration to fill the Trustee slots opening on the Board in the next several months, and encouraged Trustees to consider nominating themselves or another Trustee for the position of Vice Chair.

Finally, Chair Alfred recognized Ms. Sheley for her efforts in facilitating the 4th floor conference center project. He suggested that The Trust Conference Center will be an invaluable resource for Members.

4i. Claims: Settlement Authority and Activity of Special Note

Notice of Intent to Seek to Convene into Executive Session

On a motion made by Trustee DeAngelis, seconded by Trustee Ceasrine, 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 Kilcline v. Town of North Kingstown.

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

Motion to Return to Open Session

On a motion by Trustee Avedisian, seconded by Trustee Ceasrine, the Board voted as follows to conclude the Executive Session and resume the public meeting.

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

Motion to Seal Minutes of the Executive Session

On a motion by Trustee Mainville, seconded by Trustee Faucher, the Board voted as follows to seal the Minutes of the Executive Session until such time as the matter taken up had been resolved:

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

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 May 2013. Mr. Dwyer also distributed to the Board the Report showing the Composite Adjusted Loss Ratio on a consolidated basis for both Pools.

Mr. Denty distributed and provided the Self-Funded Cost vs. Funding Analysis for the Health and Dental Pools for the period ending May 31, 2013.

6. Informational Items

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

- a) Quarterly Investment Performance Report thru March 31, 2013
- b) City of Newport Letter Regarding Supervisory Management Institute

7. Adjournment

On a motion made by Trustee Keiser, 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	Thomas Hoover	absent
Jack Ambrogi	absent	Bruce Keiser	aye
Scott Avedisian	aye	John Mainville	aye
Jeffry Ceasrine	aye	Lori Miller	aye
Peter DeAngelis	aye	Melinda Thies	aye
David Faucher	aye		
Robert Hicks	aye		

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

Respectfully Submitted,



Colleen M. Bodziony
Director of Membership Services