



**MANAGEMENT COMMITTEE MEETING
OF
AUGUST 23, 2006**

MINUTES

The Management Committee of the Board of Trustees of the Rhode Island Interlocal Risk Management Trust, Inc. (The Trust) convened a meeting on Wednesday, August 23, 2006 at 9:00 AM at The Trust Offices, 501 Wampanoag Trail, Suite 301, East Providence, Rhode Island.

In attendance were Committee Chair Stephen Alfred and Committee members Ralph Malafronte, Wolfgang Bauer, and Cindy Brown. Also in attendance was *ex-officio* member Daniel Beardsley.

Thomas Dwyer, Trust President and Executive Director, was also in attendance. Consultant James W. Evans of Albert Risk Management Consultants was present for Agenda Topics 1 and 2 below.

1. ADOPTION OF MINUTES

On a motion made by Mr. Bauer and seconded by Ms. Brown, the minutes of the Committee's meeting of June 22, 2006 were approved unanimously by the affirmative votes of Committee members Alfred, Bauer, Brown and Malafronte.

2. STAFF COMPENSATION FOR 2006-2007

Prior to the meeting, the Committee had received from Mr. Dwyer two reports relevant to the discussion: 1) a Compensation and Benefits Study conducted by James W. Evans of Albert Risk Management Consultants, and 2) a June 14, 2006 memo and accompanying exhibits from Mr. Dwyer setting forth his recommendations for staff compensation and benefit levels for the 2006-2007 year.

At the request of Mr. Alfred, Mr. Evans reviewed his Study, summarizing the major parts – Executive Summary, Study Objectives, Assumptions, Scope and Methodology, Limitations and Reliances, Findings, and Recommendations – and in some areas amplifying on the Study's comments. Committee members asked a number of questions about the Study and offered their observations.

In response to an invitation from Mr. Alfred, Mr. Dwyer presented his observations about the Study, the general market competitiveness of The Trust's compensation package, and related implications on staffing.

Again in response to a request from Mr. Alfred, Mr. Dwyer also briefly highlighted his recommendations for adjustments in the staff compensation package for the 2006-07 year. In further discussion with the Committee, Messrs. Dwyer and Evans commented on the ramifications of the Study relative to Mr. Dwyer's recommended changes in the compensation package, which had been prepared prior to the completion of the Study.

Mr. Malafronte moved, seconded by Ms. Brown, to approve Mr. Dwyer's recommended compensation plan (salary and benefits) as set forth in his June 14th memo to the Committee with its accompanying exhibits; it was so approved unanimously (Alfred, Bauer, Brown and Malafronte voting in the affirmative).

Continued brief discussion followed about action to be taken in light of the Compensation and Benefits Study.

Mr. Malafronte moved, seconded by Ms. Brown, to direct Mr. Dwyer to develop for the Committee's further consideration no later than December 1, 2006 a specific plan to address the needs of The Trust 1) in terms of staff compensation levels and benefits using the Evans' Study as a reference point, and 2) in terms of advisable changes in the number and type of employee positions; it was so approved unanimously (Alfred, Bauer, Brown and Malafronte voting in the affirmative).

3. PERFORMANCE OF THE PRESIDENT/EXECUTIVE DIRECTOR

Mr. Alfred initiated this discussion by asking Mr. Dwyer for his overview comments about the performance of The Trust during the past year. In response, Mr. Dwyer offered a number of observations about key events, activities, and developments, among them being the following: the increase in Members' Equity from \$8 million to \$10.4 million, the very high Member retention level in the Workers' Compensation Pool despite significant premium increases; the operational difficulties presented by the departure of several key managers; and the restructuring of The Trust's reinsurance program.

Further Committee discussion centered on Mr. Dwyer's Status Report on The Trust's Work Plan Objectives for the past year. That Status Report had been provided to the Committee prior to the meeting. In particular, the Committee inquired about and Mr. Dwyer commented upon the staffing and workload allocation for underwriting functions, and on progress toward implementation of NavRisk, the vendor-supplied software program designed to enhance The Trust's ability to manage many of its administrative functions in issuing policies and other documents and in tracking Member data.

❖ **Notice of Intent to Seek to Convene into Executive Session**

Mr. Malafronte then moved, seconded by Ms. Brown, to convene into Executive Session to review the performance of the President/Executive Director pursuant to the Rhode Island Open Meetings Act, Rhode Island General Laws 42-46-5(a)(1), discussions relating to the job performance, character, or physical or mental health of a person; it was so voted unanimously (Alfred, Bauer, Brown and Malafronte voting in the affirmative).

Upon return to the regular meeting after the conclusion of the Executive Session, Mr. Malafronte then moved, seconded by Mr. Bauer, to seal the Minutes of the Executive Session until such time as the matters taken up had been resolved; it was so voted unanimously (Alfred, Bauer, Brown and Malafronte voting in the affirmative).

5. ADJOURNMENT

There being no further business before the Committee, the Committee voted unanimously to adjourn the meeting.

The Meeting stood adjourned about 12: 00 P.M.

Respectfully submitted,



THOMAS E. DWYER
President and Executive Director

Pursuant to § 5. 31 of the Trust Bylaws, my signature below attests to my consent that all matters and actions taken by the Management Committee at this meeting were properly before it.

Stephen A. Alfred