

Minutes Risk Management Trust Board June 9, 2014

Minutes of the Risk Management Trust Board meeting held on June 9, 2014, 5:00 p.m., at the Library Board Room, Second Floor, Tempe Public Library, and 3500 S. Rural Road, Tempe, Arizona.

(MEMBERS) Present:

Robin Arredondo-Savage
Bill Goodman
Ken Jones
Tom Duensing
David Long

(MEMBERS) Absent:

None

City Staff Present:

Jerry Hart, Deputy Finance & Technology
Director
Chris Hansen, Risk Manager
David Park, Assistant City Attorney

Guests Present:

Councilmember Kolby Granville

Agenda Item 1 – Call To Order

Ken Jones called the meeting to order at 5:03 p.m.

Agenda Item 2 – Approval of Board Meeting Minutes

Ken Jones introduced the minutes of the January 27, 2014 meeting and asked for a motion.

Motion: David Long

Second: Robin Arredondo-Savage

Abstained: None

Decision: Approved

Agenda Item 3 – Draft Worker’s Compensation Trust Agreement

The board reviewed the draft worker’s compensation trust agreement. Jerry Hart introduced David Park who assisted in the drafting of the agreement, and then explained that the document was based on the trust agreement that is utilized by the City of Peoria; we took that agreement and tailored it for City of Tempe use. Ken asked whether the board members wanted to review page by page or if they had any comments on the draft. Dave Long identified a few minor edits to the agreement that were needed. Ken asked whether the trust funds would be maintained in a separate bank account. Jerry indicated that the funds would be pooled with other city funds for investment purposes, but would be accounted for separately in the city’s general ledger beginning July 1, 2014. Ken asked if the funds would be invested following current city policy. Jerry replied that they would be invested in accordance with current policy with interest allocated to the trust. PFM (the city’s investment advisor) could provide a portfolio review for the board.

Dave Long asked whether separate financial statements be issued and would there be a separate audit. Jerry explained that the trust would be included in the city’s annual financial statement and would be

included in the city's annual financial statement audit. The scope of the city audit could be modified to meet the needs of the trust agreement. Ken asked whether board members would be required to have a bond; Jerry responded that he would follow up with the city's insurance consultant.

Ken asked whether there were any other changes and if the board was ready to recommend approval of the trust agreement to the city council. The board recommended approval with the minor edits as identified.

Agenda Item 4 – Overview of City's Risk Management Self Insurance Program

Chris provided an overview of the city's self-insurance programs, specifically, liability, property and safety. He described the city's fiscal years 2013/14 and 2014/15 self-insured liability retention limits, excess liability insurance coverages and costs. He provided information on the city staff that administers the liability program including the role of the City Attorney's Office. A five-year liability claim history was reviewed. Chris explained that the self-insured retention limit does not apply to each layer of liability. Jerry explained that the city would pay the first \$2,000,000 of any single claim, Starr Indemnity would pay the next \$10,000,000, Scottsdale would pay the next \$15,000,000, etc.

Chris reviewed the city's property insurance program including insured values, premiums, deductibles, recoveries and sub-limits for fiscal years 2013/14 and 2014/15. Finally, Chris described the composition and duties of the city's safety staff members.

Agenda Item 5 – Annual Excess Insurance Renewal Program Update

The board reviewed the city's proposed annual excess insurance renewal program for fiscal year 2014/15. Jerry explained that this item was on the June 12th Regular Council Meeting agenda for approval.

Agenda Item 6 – Board Member Announcements

Ken asked the board whether there were any announcements. He then reminded the board of the need to select a chairperson and secretary. David requested that the board be kept informed on any large claims that occur. Ken indicated he would like to see the city move towards a system of charging premiums (much like a private insurance company would) to the different city departments. Tom indicated that the City of Glendale charges premiums.

Jerry asked if the board still intended to meet quarterly. The board will meet quarterly with the next meeting scheduled in early October.

Agenda Item 7 – Public Appearances

None.

The meeting was adjourned at 5:50 p.m.

Prepared by: Chris Hansen

Reviewed by: Jerry Hart

UNAPPROVED