

Minutes
Risk Management Trust Board
October 27, 2014

Minutes of the Risk Management Trust Board meeting held on October 27, 2014, 5:00 p.m., at the Library Board Room, Second Floor, Tempe Public Library, and 3500 S. Rural Road, Tempe, Arizona.

(MEMBERS) Present:

Bill Goodman
Ken Jones
Tom Duensing
David Long

(MEMBERS) Absent:

Robin Arredondo-Savage

City Staff Present:

Renie Broderick, Internal Services Director
Jerry Hart, Deputy Internal Services Director -
Finance
Chris Hansen, Risk Manager

Guests Present:

Hilary Martinez, Marsh USA
Lavonna Arms, Marsh USA
Jodi Clever, Marsh USA

Agenda Item 1 – Call To Order

Ken called the meeting to order at 5:02 p.m.

Agenda Item 2 – Approval of Board Meeting Minutes

Ken introduced the minutes of the June 9, 2014 meeting and asked for a motion.

Motion: David

Second: Tom

Abstained: None

Decision: Approved

Agenda Item 3 – Review of Services Provided by Marsh USA, Inc.

Hilary and Lavonna presented an overview of Marsh and the services that they currently provide to the City of Tempe. The various insurance coverages the city currently maintains were generally discussed. Ken asked and the board was provided with a description of how Marsh assists the city in obtaining the various coverages. Chris described the assistance Marsh provides with reviewing insurance provisions of various city contracts and with providing certificates of insurance as needed.

Agenda Item 4 – Financial Statement Review

Jerry reviewed the preliminary (unaudited) fiscal year-end financial statements of the city's Risk Management Fund as of June 30, 2014 including the Statement of Net Position, Statement of Revenues,

Expenses, and Changes in Net Position, and Statement of Cash Flows. He indicated there was no activity reflected in these statements for the Worker's Compensation Trust since the effective start date of that fund is July 1, 2014. Jerry noted that there was \$8.6 million in cash, \$6.6 million in accrued claims expense, and \$1.97 million in fund balance at June 30, 2014. He also noted that there was \$4.2 million in both operating revenue and expenses for the fiscal year.

Jerry mentioned that approximately \$1.5 million in cash and accrued claims expense (representing accrued worker's compensation claims at June 30) would be transferred during the current fiscal year from Risk Management Fund to the newly established Worker's Compensation Trust Fund. Future consideration may also be given to transferring a portion of the \$1.97 million fund balance also to the trust fund.

Jerry briefly reviewed the fiscal year-to-date through September 30, 2014 financial statements of the Risk Management Fund and the Worker's Compensation Trust Fund.

Ken requested that comparative data be added to future financial reports.

Agenda Item 5 – Current Claims Review

Chris presented a summary report of the open liability and property claim reserves as of September 30, 2014. He noted a total of 61 claims with a total combined reserve of \$2.85 million. A brief discussion ensued regarding the nature of some of the open claims.

Chris then briefly reviewed a summary report of the open worker's compensation claim reserves as of October 1, 2014, noting a total of 91 claims with reserves totaling \$2.6 million.

Chris asked the board if there was specific claims information they wanted in the future. The board indicated they would like to receive fiscal year loss comparison reports.

Agenda Item 6 – Board Member & Staff Announcements

Ken asked whether anyone had any announcements. Jerry informed the board that the Worker's Compensation Trust Agreement was approved by the City Council in June 2014. Jerry informed the board that Robin's term is set to expire 12/31/14. Jerry then reminded the board of the need to select a chairperson and secretary; Ken requested that this be agendized for the next meeting.

Jerry indicated that the next quarterly meeting will be scheduled for January 2015. The financial statement review and claim overview will be standard agenda items.

Agenda Item 7 – Public Appearances

None.

The meeting was adjourned at 6:30 p.m.

Prepared by: Jerry Hart

Reviewed by: Chris Hansen