

**Minutes**  
**Tennessee School Boards Risk Management Trust**  
**Friday, May 7, 2004**

The trustees of the Risk Management Trust met at the New TSBA Headquarters in Nashville on Friday, May 7, 2004. Trust Chair Patricia Gruenewald called the meeting to order at 12:30 p.m. The trustees present were David Jones, Dawn Robinson, Mark Farley, Robert Stidham, Tony Tucker, Dr. Darryl Deason, Dr. Gordon Morris and Trust Administrator Dr. Dan Tollett. Also in attendance was Tammy Grissom of the TSBA staff, and John Evans of Next Generation Underwriters. Trustee Gloria Sweet-Love was absent.

Ms. Gruenewald welcomed the trustees and commented on Gloria's busy schedule which prevented her from being in attendance today. She expressed appreciation for the quality of her service to many organizations including this trust. At her request, Dr. Gordon Morris led the invocation.

**Consent Agenda.** The chair requested that two items be added to the agenda: a discussion of the future of the trust and election of officers. Then, she requested approval of the consent agenda which included adoption of the agenda and approval of the minutes of the last meeting.

**ROBINSON/DEASON**

Motion to adopt the consent agenda.  
**CARRIED.**

**Overview of Meeting.** Ms. Gruenewald called on Dr. Tollett, Trust Administrator to give an overview of the meeting. He called attention to the issues where action would need to be taken. Dr. Tollett announced that dinner would be served for trustees and their guests at the Aquarium Restaurant at Opry Mills at 7:00 p.m.

**Financial Report.** In the absence of Kristi Coleman, Dr. Tollett presented the financial report as of March 31, 2004. He noted that the trust income to date is \$31.1M which is \$3.5 M more than budgeted. The increase is due to excellent marketing and much hard work on the part of John Evans and his staff. Insurance costs were up only \$1.2 Million over budget resulting in a \$21 Million loss fund. However, at this point, \$5 Million of the loss fund is unearned. Due to that we have a deficit budget to date of \$328,000 but a reserve of \$16.5 Million. The Trust is projected to end the year with a positive net income.

**JONES/MORRIS**

Motion to approve the financial report.  
**CARRIED**

**Investment Report.** Dr. Tollett presented the investment report as of April 31, 2004. He called attention to charts and graphs to show the performance of each portfolio manager. He reported that investments for the year have not met the projections. Based

on current market conditions, the portfolios are each underperforming their respective benchmark but, due to short term investments, are poised to take advantage of an increase in interest rates and outperform their benchmarks.

**DEASON/STIDHAM**

Motion to approve the investment report.

**CARRIED.**

**Intergovernmental Agreement.** Dr. Tollett presented the proposed Intergovernmental Agreement paragraph by paragraph. As requested by Chairman Gruenewald, trustees raised questions and made comments regarding each section prior to moving on to the next section. Considerable discussion was held on the issue of appointing trustees to fill vacancies. At issue was whether to have a general membership meeting each year at which time trustees would be elected by the membership or to have trustees appoint successor trustees.

**ROBINSON/TUCKER**

Motion to amend Intergovernmental Agreement to have trustees appoint successor trustees. **CARRIED.**

Discussion of the proposed Intergovernmental Agreement continued until each item in the document was considered.

**DEASON/TUCKER**

Motion to adopt the intergovernmental agreement as proposed and modified by the previous motion.  
**CARRIED.**

**Property Coverage Renewal.** Chairman Gruenewald called on John Evans to report on the property coverage renewal. Mr. Evans reported that he had secured an agreement with Traveler's for the Trust to purchase reinsurance instead of excess insurance. He explained that the primary difference is that TSB-RMT adjusters rather than Traveler's adjusters will be handling the very large claims such as the Jackson tornado or the Macon County fire. He predicted that this will save both the Trust and Traveler's money because TSB-RMT adjusters are more cost conscious than Traveler's on claims such as are common to the Trust.

We have held the line on reinsurance and are still negotiating on Workers' Compensation. We have quotes from Employers Reinsurance, Republican Western and Genesis.

**Policy Revisions.** Dr. Tollett discussed proposed policy revisions by explaining each proposed revision separately and providing time for questions or other comments. Most proposed policy changes were necessary to implement the revisions approved in the intergovernmental agreement.

**TUCKER/ROBINSON**

Motion to approve policy revisions as presented.  
**CARRIED.**

**Budget.** By consent the budget was postponed until the next meeting so that contracts related to the budget could be developed for implementation of the budget. The contracts will be considered at the next meeting and acted upon prior to the adoption of the budget.

**Coverage Document.** John Evans distributed copies of the Coverage Document which was discussed in concept at the previous meeting. He answered related questions.

**How the Trust is Doing.** John Evans presented charts and graphs to explain how the Trust is doing. He showed the experience of school boards and then presented the experience of Counties and other entities. Claims from each group are within the bounds of acceptability.

**Recess.** Chairman Gruenewald declared a 15 minute recess.

Chairman Gruenewald called the meeting back to order and opened the floor for discussion about the future of the trust. Dr. Tollett discussed a memo which presented the pros and cons of dividing the trust versus keeping it consolidated. Much discussion ensued. By consensus the trustees indicated a willingness to add trustees from governmental entities but declined to make changes in the makeup of the Board of Trustees at this time. However, they asked Dr. Tollett to continue to work with John Evans to develop relevant information about the performance of the different entities which might help trustees to make a more informed decision as to whether other governmental entities should be allowed to remain in the trust with school boards.

**Election of Officers.** Chairman Gruenewald opened the floor for nominations of officers for 2004-2005.

**ROBINSON/DEASON**

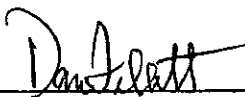
Motion to reelect current officers: Patricia Gruenewald, Chairman and Tony Tucker, Vice Chairman. **CARRIED**

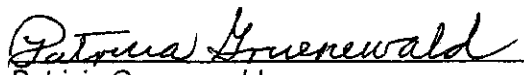
**TUCKER/ STIDHAM**

Motion to reelect Dawn Robinson and David Jones to new three year terms (expiring June 30, 2007) on the Board of Trustees. **CARRIED**

**Next Meeting.** The next meeting of the Trustees was set for June 4 at 4 PM.

**Adjournment.** There being no further business, the meeting was adjourned at 3:45 pm.

  
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Dan Tollett  
Trust Administrator

  
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Patricia Gruenewald  
Chairman