

**Minutes**  
**Tennessee School Boards Risk Management Trust**  
Friday, June 4, 2004

The trustees of the Risk Management Trust met at the Frist Center in Nashville on Friday, June 4, 2004. Trust Chairman Patricia Gruenewald called the meeting to order at 4:05 p.m. The trustees present were David Jones, Dr. Darryl Deason, Dawn Robinson, Dr. Gordon Morris, Mark Farley, Robert Stidham and Trust Administrator Dr. Dan Tollett. Also in attendance was Tammy Grissom, Cindy Smith, and Kristi Coleman of the TSBA staff, and John Evans of Next Generation Underwriters and David Brooks of Safety Engineer Consulting. Trustees Gloria Sweet-Love and Tony Tucker were absent.

Ms. Gruenewald welcomed the trustees and reminded them that Tony Tucker had said at the time the meeting was scheduled that he would be on a Spanish Club trip to Switzerland. Gloria pulled a tendon in her leg. Ms. Gruenewald led the invocation.

**Consent Agenda.** The chair requested approval of the consent agenda including the replacement minutes which were handed out at the beginning of the meeting. The only change in the replacement minutes was the addition of the election of David Jones and Dawn Robinson to new three year terms on the Board of Trustees.

**ROBINSON/FARLEY** Motion to adopt the consent agenda. **CARRIED.**

**Overview of Meeting.** Ms. Gruenewald called on Dr. Tollett to give an overview of the meeting. He thanked the trustees for making a special effort to attend the meeting. Dr. Tollett introduced David Brooks with Safety Engineer Consultants (SEC). He explained that David has developed a loss control program that is unique and works well with governmental entities. The program is behavior based loss control and may become a model for the nation. Dr. Tollett mentioned that John Evans with Next Generation Underwriters will give rates for renewal. He called attention to seven agreements that are needed to describe relationships between the Trust and TSBA and the Trust and SEC.

Dr. Tollett welcomed Ms. Coleman back from maternity leave and expressed appreciation for her work in preparing the budget even though she was on leave. He also said that she will be presenting a proposed budget for the trust during the meeting.

Dr. Tollett said that John Evans will talk about two issues: potential sports staph infection claims and the implications of the ADA lawsuit in Tennessee.

**Safety and Loss Control Report.** David Brooks gave a presentation on his Behavior Based Program for Loss Control. He presented statistics to show that losses have been reduced in the school districts where it is being used.

Ms. Gruenewald thanked Mr. Brooks for his presentation and observed that his enthusiasm was very contagious.

**Rates for Renewal.** Mr. Evans asked the trustees to temporarily skip his presentation and come back to him later in the meeting when his computer problems are resolved.

**Proposed Agreements.** Ms. Gruenewald asked Dr. Tollett to review the agreements and told the board that each of the agreements would be discussed individually so that each trustee will have ample opportunity to ask questions or make observations. Dr. Tollett requested to go through all agreements before acting upon them individually due to the fact the content of one may affect another and changes need to be made to some.

**Sponsorship Agreement.** Dr. Tollett asked the trustees to correct #4 to read:  
**COMPENSATION.** The Trust will compensate TSBA an annual sponsorship fee for the board liability program of \$.25 per student and .022% times gross reported payroll for the Worker's Compensation program for all public education members not to exceed \$400,000. For all other members the sponsorship fees will be .02% of collected Board Liability loss fund contributions paid by these entities and .01% times the gross reported payroll for workers compensation program.

**Claims Services Agreement with TSBA.** Dr. Tollett asked the trustees to correct #1d to read: The employees shall be housed in the Trust portion of the TSBA headquarters building and shall be paid according to TSBA salary schedule and receive all benefits provided to other TSBA employees at Trust expense.

**Claims Services Agreement with SEC.** Dr. Tollett asked the trustees to correct #1d to read: The employees shall be housed in the SEC office and shall receive all benefits provided to other SEC employees at SEC expense.

Dr. Tollett asked the trustees to correct #2a to read: The Trust will reimburse, on a monthly basis, the actual documented cost of approved employees in accordance with the annual operating budget and amendments thereto approved by the Trustees of the TSB-RMT not to exceed 3% of manual premium on workers compensation and 3% of gross annual contributions on property/casualty for non-education related members.

**Safety and Loss Control Services Agreement with TSBA.** Dr. Tollett asked the trustees to correct #1 to read: **DUTIES.** TSBA will provide employees as required by the Trust for carrying out the Safety and Loss Control program operated by the Trust for the Workers Compensation, Property/Casualty and Student Accident programs. The employees shall be housed in the TSB-RMT portion of the TSBA headquarters building and shall be paid according to TSBA salary schedule and receive all benefits provided to other TSBA employees at Trust expense. Salaries for employees working for the Trust will be approved by the Trust as part of the budget process.

**Loss Control Agreement with SEC** Dr. Tollett asked the trustees to correct #1c to read: SEC will provide at least two staff persons to achieve the objective of reducing both the non-educational entities and the top twenty school board account's loss ratios to a point at or below the prevailing loss ratio of the pool.

**Program Manager Agreement.** Dr. Tollett asked the trustees to correct #2c to read: Be the exclusive agent/broker for procurement of excess coverage and reinsurance deemed necessary by the Trust."

**Financial Services Agreement** Dr. Tollett asked the trustees to correct #1 to read: **DUTIES.** TSBA will provide an employee selected by the Trust Administrator to provide financial services for the Trust. The employee shall be housed in the Trust portion of the TSBA headquarters building and shall be paid according to TSBA salary schedule and receive all benefits provided to other TSBA employees at Trust expense. The employee

subject to this agreement will be supervised by the Trust Administrator and serve at the pleasure of the Trust. The salary for this position will be approved by the trustees of the TSB-RMT as part of the budget process.

Dr. Tollett explained that a title and job description still needs to be created for this position.

Mr. Stidham asked if Tammy or anyone else had any problem with the proposed agreements. There was no objection.

**STIDHAM/ROBINSON**

Motion to adopt all seven agreements with the noted changes. **CARRIED UNANIMOUSLY.**

Dr. Morris asked if the agreements have to be approved through the Board of Directors. Ms. Gruenewald said that only the ones which directly affect TSBA must be approved by the TSBA Board of Directors. After discussion, it was decided that the Dr. Morris would present the agreements to the TSBA Board of Directors at the upcoming retreat on June 12, 2004.

**Rates for Renewal.** Mr. Evans presented the proposed renewal rates for each Trust member. He stated that the overall rate increase of 7% is phenomenal. Mr. Evans said he will continue to work hard to hold the trust renewal rates stable from year to year.

**JONES/FARLEY**

Motion to adopt renewal rates for property casualty/workers comp. **CARRIED UNANIMOUSLY.**

**Proposed RM Trust Annual Budget.** Kristi Coleman presented the Proposed Trust Budget for 2004-2005. She reported that the changes due to the approved agreements are included. The total annual revenue budgeted was \$36,735,204.. The projected net income is \$2,189,021.50.

**MORRIS/STIDHAM**

Motion to approve proposed RM Trust budget. **CARRIED UNANIMOUSLY.**

**Report on Current Issues.** John Evans reported on the staph infection possibility of being the next AIDS scare in schools. He stated that there is a company in Brentwood that picks up athletic pads at the end of the season and sanitizes them. Mr. Evans asked the trustees if this is something the trust should get involved in now or wait and see what happens. Discussion ensued. The trustees decided to wait until more information is available before getting involved because no one has heard anything about this in any of their systems.

Next, Mr. Evans reported on the implications of the ADA lawsuit and how it affects counties in the trust. There was discussion on how the counties may be more of a problem by keeping them a part of the trust.

**JONES/ROBINSON**

Motion to ask Dr. Tollett and Mr. Evans to develop a plan for separating the county governments and the school boards perhaps in separate trusts and

present the plan at the October trust meeting.  
**CARRIED UNANIMOUSLY.**

**ROBINSON/STIDHAM**

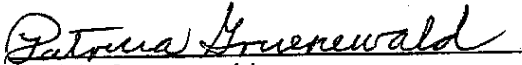
Motion to request that John Evans research coverage options for next year due to the ADA ruling and report back at the October trust meeting.  
**CARRIED UNANIMOUSLY.**

Ms. Gruenewald announced that the next Risk Management Trust Meeting has been scheduled for October 8, 2004.

There being no further business meeting was adjourned at 5:55 p.m.

Respectfully submitted,

  
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Dan Tollett  
Trust Administrator

  
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Patricia Gruenewald  
Chairman