

Minutes
Tennessee School Boards Risk Management Trust
Friday, September 24 2004

The Tennessee School Boards Risk Management Trust met at the Hilton Hotel in Nashville on Friday, September 24, 2004. Trust Chairman Patricia Gruenewald called the meeting to order at 12:55 p.m. Other trustees present were David Jones, Tony Tucker, Dawn Robinson, Darryl Deason, Gordon Morris, Mark Farley, Robert Stidham, Gloria Sweet-Love. Also in attendance were Dan Tollett, Kristi Coleman, John Wilburn, John Evans and Jeff Mathis. Keith Dennen, Trust Attorney, joined the meeting at 3:15.

Remarks by Chair. Patricia Gruenewald welcomed the trustees and discussed the importance of cooperation. She expressed confidence that each member of the Board of Trustees wants to strengthen TSBA as well as the Trust. She reminded members that today is a meeting of the Trust and that Trustees should vote for things that are in the best interest of the Trust. She reminded members that TSBA's Board of Directors will meet next week and what they do at that meeting is a separate issue. She said that we are all in the same family working for the benefit of children.

Invocation. David Jones gave the invocation

TUCKER/JONES. Motion to adopt the consent agenda. **CARRIED UNANIMOUSLY**

Overview of the Meeting and Activities. Dan Tollett provided an overview of the agenda, pointing out the items which require action.

Report on Student Accident Program. John Wilburn discussed the student accident program and the benefits which it provides to local school boards participating in the program. He said that claims and cost per claim have continued to increase this year. He reported that a great benefit of the program is that it provides coverage for all children, many who would otherwise have no coverage. He said that for many children it is a supplement to their parents medical insurance. He said that the cost of the program for this year is approximately equal to the premium. He recommended that the Trust continue to include student accident as part of its basic coverage.

SWEET LOVE/TUCKER. MOTION to continue student accident coverage as a part of the basic coverage of the property/liability program. **MOTION CARRIED UNANIMOUSLY**

Report on Employee Transition and Benefits.

Kristi Coleman reported on the development of an employee benefits program. She explained how every employee's welfare was considered in this process and that because of one employee who had a very serious medical problem in her family, the implementation of the program was delayed for a month. She also reported that two employees were within a few months of vesting so TSBA agreed to keep them on their payroll until the employees vested. After the benefits plan was developed, a TSBA administrator inappropriately approached another Trust employee who had more than a year to vest and offered that employee the opportunity to continue through TSBA to participate in TCRS. This employee would not been offered this option otherwise. Because of her good health and age, her transfer resulted in a premium underwriting

increase of more than \$20 per month for each remaining Trust employee. Kristi reported that the program proposed was approximately equivalent to that offered by TSBA.

STIDHAM/FARLEY. Motion to approve the employee benefits program as presented.
MOTION CARRIED UNANIMOUSLY.

Mr. Stidham asked that a list of Trust employees be sent to each trustee.

Financial/Audit Report

Kristi Coleman presented the annual Audit report and used it as a financial report because the figures were the same. The report showed that the Trust experienced a loss of over \$2 Million for the fiscal year ending June 30, 2004.

JONES/ROBINSON. Motion to approve the Audit/ Financial Report as presented.

Mr. Stidham asked for an explanation of the difference in the "Other Expenses" category. Kristi responded that it was primarily due to an increase in expenses for safety activities.
MOTION CARRIED UNANIMOUSLY.

Actuarial Report

Lisa Dennison presented the actuarial report. She explained how she projected losses and reported that the Workers Compensation program had lost \$2.8 Million in 2004. She reported that the property/liability program had made approximately \$500,000 in 2004. She said it was the first time that the property/liability program had made money without considering investment income. She reminded the trustees that the Trust still has more than \$13 Million in reserve.

ROBINSON/SWEET-LOVE. Motion to accept the actuarial report. **MOTION CARRIED UNANIMOUSLY.**

Discussion of Underwriting/Claims Issues

John Evans used graphs to explain why losses have been developing higher than predicted. He suggested that inconsistency in the claims department has been a problem. He pointed out that the biggest cost is the cost of claims and that that expenditure can be lowered by loss control. He suggested that the Trust should increase its efforts in that regard. John Wilburn reported on two specific claims in the same county with a reserve of \$1.5 Million each. He explained how he has worked for increased consistency in the claims department.

ROBINSON/STIDHAM. Motion to increase efforts on loss control. **MOTION CARRIED UNANIMOUSLY.**

John Wilburn reported on issues with RiskMaster. He said that as a result of a glitch in the program roughly 300 checks had been issued without routing numbers and will not be honored by banks. He discussed other problems with the program including as many

as 100 duplicate checks and checks not being issued which were programmed to be issued.

SWEET-LOVE/MORRIS. Motion to authorize staff to investigate other claims handling system while cleaning up this system.

Tony Tucker suggested that legal action be pursued as necessary.

MOTION CARRIED UNANIMOUSLY

Proposed Administrative Services Agreement

Dan Tollett showed a series of PowerPoint slides which summarized the provisions of the agreement which Keith Dennen had drafted to comply with the agreements of the joint committee. Mr. Dennen responded to questions.

TUCKER/JONES. Motion to approve the agreement as presented.

SWEET-LOVE/STIDHAM Motion to amend the term of the agreement to four years instead of 14 years. **MOTION CARRIED UNANIMOUSLY.**

STIDHAM/SWEET-LOVE Motion to amend to remove Section 3(c) (v)-the provision that cost for copies and copy machine be shared. **MOTION CARRIED UNANIMOUSLY.**

ROBINSON/TUCKER Motion to amend by deleting in section 3(a) the words "at its sole cost and expense" and adding instead the words "subject to the provision for reimbursement contained in section 3c." **MOTION CARRIED UNANIMOUSLY.**

VOTE ON MOTION AS AMENDED

Chairman Gruenewald declared that a roll call vote would be taken.

Deason-Aye	Tucker-Aye
Jones- Aye	Robinson-Aye
Sweet-Love-No	Stidham- Aye
Farley- Aye	Morris - Aye
	Gruenewald- Aye

MOTION CARRIED 6-3

Sponsorship Agreement

Dan Tollett showed without comment a series of PowerPoint slides which summarized the provisions of the agreement which Keith Dennen had drafted to comply with the agreements of the joint committee.

TUCKER/STIDHAM. Motion to approve Sponsorship Agreement as presented.

STIDHAM/FARLEY. Motion to amend the term of the agreement as necessary to cause it to end June 30, 2008 rather than 2017.

MOTION CARRIED UNANIMOUSLY.

Ms. Sweet-Love questioned the meaning of the term "intellectual property."

Mr. Dennen recommended striking the words "copyright and other intellectual property" and adding the words "pictures and promotional materials."

SWEET-LOVE/ROBINSON. Motion to strike the words "copyright and other intellectual property" and add the words "pictures and promotional materials."

MOTION TO AMEND CARRIED 8-1.

STIDHAM/TUCKER. Motion to amend by adding the words:

"After the second anniversary date of this agreement either party may request a meeting to consider either a decrease or increase in the amount of the sponsorship fee."

MOTION TO AMEND CARRIED 6-3.

Chairman Gruenewald called the roll on a vote on the main motion as amended.

Deason-No	Tucker- Yes
Jones-Yes	Robinson- Yes
Sweet-Love-No	Stidham- Yes
Farley- Yes	Morris- No
	Gruenewald- Yes

MOTION CARRIED 6-3

Presentation of Budget

Kristi Coleman presented the proposed budget and answered questions regarding it.

TUCKER/JONES. Motion to approve the budget as presented.

STIDHAM/SWEET-LOVE. Motion to amend to include the cost of a copier/fax if necessary.

MOTION CARRIED UNANIMOUSLY.

Proposals Regarding Future of Trust

Dan Tollett provided an overview of three proposals regarding the future of the Trust.

1. To notify non-educational entities that they will be ineligible for membership at the end of the current policy year.
2. To allow them to continue membership
3. To continue to monitor the data and make a decision at a later date after more definitive data is available.

John Evans presented data on the financial impact of counties and other governmental entities on the Trust. He said that to date there is no conclusive evidence that the non-school entities are either helping or hurting the Trust.

SWEET-LOVE/TUCKER Motion to continue to monitor and review the future of the combined school/non-school participation in the TSB-RMT on an annual basis and to delay the decision until additional experience produces data that is more conclusive.


MOTION CARRIED UNANIMOUSLY

Next Meeting. Trustees agreed by consensus that the next meeting would be held on Monday February 21, 2005.

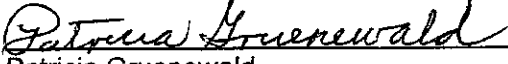
Other Business.

The meeting was adjourned to an executive session at 5:25 p.m.

Respectfully submitted,



Dan Tolett
Trust Administrator



Patricia Gruenewald
Chairman