

Tennessee Risk Management Trust
May 16, 2008

Trustees of the Tennessee Risk Management Trust met May 16, 2008 at the Trust offices on 404 BNA Drive in Nashville. Attending the meeting was: Chairman Mark Farley, Trustees Billy Joe Evans, Dawn Robinson, David Jones, Tony Tucker, Frank Lacey and Joe Treece; program manager John Evans of Next Generation Underwriters; Buck Wiley of Merrill Lynch Investments; Wayne Qualls Executive Director of Tennessee School Systems for Equity; staff members: John Wilburn Trust Administrator; Tom Meares and Alice Carnahan Finance. Vice-Chairman Robert Stidham and Trustee Larry Griffin were unavailable to attend.

Chairman Mark Farley called the meeting to order at 10:00 a.m.

Billy Joe Evans gave the invocation.

Chairman Farley asked for any revisions in the consent agenda.

ROBINSON/JONES: Motion to approve the consent agenda, which included the February 28, 2008 minutes. **Motion Carried Unanimously.**

Trust Administrator's Preliminary Remarks. Mr. Wilburn welcomed everyone to the new office facility and invited the trustees to visit with the staff after the meeting. He continued by introducing Mr. Wayne Qualls, Executive Director of Tennessee School Systems for Equity and requested he speak concerning his involvement with the Trust at this time.

Mr. Qualls related that he had been fortunate to make visits throughout the state to speak with numerous school boards concerning the trust. He has been privileged to speak on behalf of the trust and has found the members to be very receptive to the Trust.

Mr. Wilburn informed the board of two trustees leaving their positions, Mr. Tony Tucker and Mr. Robert Stidham. Each has decided not to run for re-election to their school boards. They have been real assets to the board and have stood by the trust during very tumultuous period of time and will be solely missed. Mr. Tucker stated he enjoyed his time with the trust and he felt the Trust is heading in the right direction. Mr. Stidham was unavailable to attend the meeting.

Investment Report. Mr. Wiley, of Merrill Lynch, reported to the trustees there were 3 major points of uncertainty at this time: (1) economic growth (slowdown, recession), (2) elections (changes in tax structure and health care), (3) assets prices (oil, food, and housing). The economic slow down would not necessarily be a negative thing for the Trust, since the Trust is a bond investor. When the economy slows down the interest rates go down and the bonds go up which is why the Trust bond investments have done so well in the last year and a half.

Wiley indicated that the Trust is not taking a huge risk in the portfolio as it is diversified with 25% invested in TIPS, 25% in short-term investments (which they keep their value if interest rates go up) and 50% with Lord Abbott which a very traditional investment manager. He believes we are very well positioned at this time and reminded the Trustees that the investment policy statements require investments in government bonds and agency bonds protected by the government. Thru April 2008, the Trust is up a million dollars which indicates a yield of roughly 2%. Looking ahead we expect volatility until the three previous mentioned concerns are addressed. The Trust is well positioned right now and our recommendation is to just stay the course.

EVANS/ROBINSON: Motion to accept investment report. **Motion Carried Unanimously**

Financial Report. Mr. Meares, TNRMT Finance, reviewed the financial statement as of March '08. He stated April '08 was a mirror image of March except for the drop in investment earnings. The Trust's total revenues are approximately \$1.4 million dollars ahead of the projected budget for the nine months ending in March. Long-term investment earnings have slowed considerably, but we remain ahead of projections. Meares indicated employee related expenses are below the projected budget and other operating expenses are as anticipated. Comparing actual profit and loss vs. budget, we are doing quite well with revenue being driven by our long term investments.

JONES/EVANS: Motion to approve financials as reported for 3/31/2008
Motion Carried Unanimously

Proposed 08/09 budget. Mr. Meares reviewed the proposed budget the materials provided reflected a 3 month estimate and 9 month actual for the 07-08 year along side the 08/09 proposed budget. According to discussions with John Evans we can anticipate the contribution level should stay the same. Even though there have been reductions in the cost of the insurance, we felt we should stay static with our approval along with the contractual agreements with the people in Hendersonville. There has been a 20% increase overall with anything that involves travel due to the increase in energy cost.

Investment fees are being projected to be very close to the fees we have spent this year, around \$187,000 which in turn reflects the surplus income for the year to be \$615,750.00.

Mr. Wilburn stated the projected losses were carried forward from the previous year since everything else is really flat.

Mr. Wilburn discussed the projected cost of salaries and benefits for employees. Mr. Billy Joe Evans stated we need to be competitive, but we need to keep a watch on it. Mr. Qualls stated that during his visits with the membership, he has heard numerous comments concerning the staff and the outstanding job that they do in serving the membership.

Mr. Meares stated there has been a request along side the budget proposal a separate capital expenditure budget request of \$35,000. This amount includes replacement of a loss control vehicle and technology upgrades.

Mr. Wilburn reviewed the increase of the claims computer program annual renewal.

ROBINSON/EVANS: Motion to approve budget including capital expenditures.
Motion Carried Unanimously

Marketing Report. John Evans, Next Generation Underwriters, spoke concerning a memo that was sent to members in March indicating the board's passage of the \$2 million dollar dividend and the agreement to hold the premiums flat, with the exception of the exposure increases. Evans indicated that members seemed satisfied with the program and that we have only six members who are going out for bid. It was explained that this is normal number for various reasons. Mr. Evans reviewed the six members who have indicated they were going to bid along with the reasons they had given that they were going to bid.

Elections. Mr. Wilburn informed the board it was time to elect a new Chairman and Vice-Chairman.

EVANS/ROBINSON: Motion to re-election Mark Farley as Chairman.
Motion Carried Unanimously

JONES/TUCKER: Motion to election Dawn Robinson as Vice-Chairman.
Motion Carried Unanimously

Mr. Farley spoke of replacements for Mr. Tucker and Mr. Stidham, nominees resumes were presented to board. Ms. Denise Brown, Director of Schools in Unicoi County to fill

Mr. Stidham's vacancy and Mr. Paul Ward Jr., Board Member from Huntingdon Special School District to fill Mr. Tucker's vacancy. After review it was understood that these individuals would be on the board until each of the leaving trustee's terms would normally expire.

EVANS/JONES: Motion to approve these nominees to fill the vacancies.
Motion Carried Unanimously

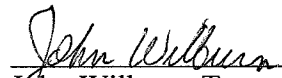
Next meeting date set Thursday, October 23, 2008.

Meeting adjourned 11:00 p.m.

ROBINSON/EVANS: Motion to adjourn.
Motion Carried Unanimously



Mark Farley, Trust Chairman



John Wilburn, Trust Administrator