



January  
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# InTrust

## RISK MANAGEMENT TRUSTEES

**Tony Tucker**, Chairman  
*Huntingdon SSD*

**Robert Stidham**, V-Chairman  
*Hawkins County*

**Billy Joe Evans**  
*Fayetteville*

**Mark Farley**  
*White County*

**Larry Griffin**  
*Crockett County*

**Patricia Gruenewald**,  
*Haywood County*

**David Jones**,  
*Hancock County*

**Dawn Robinson**  
*Cleveland*

**Joe Treece**  
*Wayne County*

## UNEMPLOYMENT COMPENSATION TRUSTEES

**Roger Greene**, Chairman  
*Hamblen County*

**David Jones**, V-Chairman.  
*Hancock County*

**Tammy Baird**  
*Hawkins County*

**Ron Britt**  
*Wilson County*

**Patricia Gruenewald**  
*Haywood County*

**Camille Lashlee**  
*Houston County*

**Jasper Taylor**  
*Crockett County*

**Dan Tollett**  
Trust Administrator

## ***Newsletter for Risk Management & Unemployment Compensation Trust Members***

### **UCT Board Acts to Correct All Audit Issues**

The Tennessee School Boards Unemployment Compensation Trustees took prompt action Friday, January 6, 2006 to address concerns outlined in a State Comptroller's audit released January 5, 2006.

Keith C. Dennen, attorney for the Trust, said, "When I heard of the audit, I said we have nothing to hide." He said the audit contained some procedural issues for the board to consider, but that is what an audit is supposed to do.

Dennen noted that the audit report "didn't say that UCT has \$16 million in resources. That's a heck of a lot of money, and a lot is investment income from the stock market."

Board Vice Chairman David Jones said there was certainly no need for the UCT board to apologize to the 53 school boards across the state of Tennessee for the way it has governed the trust including making \$16 million in investments or for returning all or part of boards' premiums several years after paying all their claims including returning \$472,000 in premiums the UCT rebated to local school boards this year. "And Hancock County appreciated every penny of it," he added.

Dennen said, "I don't see a thing in this audit report that criticizes the board of trustees. You can pat yourselves on the back and say to members of the Trust, you've done a good job. They did a tough audit."

Trust Administrator Dan Tollett said, "The UCT is simply the best trust of its kind in the nation. We had some criticism but nothing major. I believe you make good decisions and have always tried to do what is right."

1. Responding to criticism that UCT funds were improperly invested in the stock market instead of government securities, the board voted to plan how to begin divesting investments in the stock market and entering into investments that are more appropriate under state law for this type of organization, and also to seek the Comptroller's support of possible legislative action to change state law so that the UCT could continue its highly successful program of investing in the stock market. The board agreed that it would be necessary to modify its investment policy.
2. In response to an Attorney General's ruling that only governmental entities could participate in pooling agreements, and that the Tennessee School Boards Association is a nonprofit group, not a governmental entity, the UCT board voted to amend its bylaws so that the president of TSBA is no longer an ex officio member of the UCT board.
3. Regarding funds the UCT board paid to TSBA in the early 1990s for a lease and expansion of TSBA's former office building, the UCT board voted to authorize attorney Dennen to inquire of TSBA what it proposes to do regarding these monies.
4. The board decided that attorney Dennen and a person designated by board chairman Roger Greene would meet with the Comptroller to report that all issues have been resolved and to seek support of legislation to enable the UCT to invest a portion of its reserve in equities. Greene designated Ron Britt to accompany Dennen.

The UCT board voted to meet again at 3:30 p.m. Friday, March 10, 2006, after representatives have had a chance to meet with the Comptroller's office, to discuss ways we can improve our procedures and enact the best practices possible to serve our members.

The Tennessee School Boards Unemployment Compensation Trust is dedicated to helping local school boards in Tennessee maintain stability in unemployment compensation costs by paying a low annual rate to the Trust. The Trust not only has a stellar record of paying all claims, but also, through wise investment and sound management practices, the Trust has rebated premiums to the member systems four out of the last six years, resulting in significant savings to each participating school board.

"There is certainly no need for the UCT board to apologize to the 53 school boards across the state of Tennessee for the way it has governed the trust including making \$16 million in investments or for returning all or part of boards' premiums after paying all claims or for returning \$472,000 in premiums the UCT rebated to local school boards this year."

David Jones  
Hancock County  
UCT Vice Chairman

"The TSB-RMT is committed to providing the best possible insurance coverage for its members and is always striving to do things the best way possible."

Dawn Robinson  
Board Member  
Cleveland City  
Board of Education

"The UCT is simply the best trust of its kind in the nation."

Dan Tollett  
Trust Administrator

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Nashville, TN 37228

## Risk Management Trust Improves Processes

The Tennessee School Boards Risk Management Trust board of trustees moved swiftly last week to respond to problems outlined in a State Comptroller's audit.

The board met Friday, January 6, 2006, just one day after the audit report was released.

Trust attorney Keith C. Dennen congratulated the board of trustees for being proactive and diligent in all their work and for the steps it took to separate itself from the Tennessee School Boards Association.

He explained that the purpose of any audit is to point out issues to be addressed. He said in his career as an attorney he has seen many different audits. "Every audit report I see has issues; they are addressed, and you move on," he said.

The board of trustees took action on several issues raised by the Comptroller's audit, including:

1. Voted to adopt a policy that all premiums would be collected in-house.
2. Voted to keep physical custody of all records to ensure that they are audited.
3. Voted to cease offering free liability insurance to teachers of school boards which are not members of the trust as of July 1, 2006.
4. Formalized procedure to have an independent actuary participate in setting premiums for approval by the board of trustees.
5. Ratified a February 26, 2001 vote that allowed county governments to become members of Risk Management Trust.
6. Authorized attorney Keith C. Dennen to negotiate with the Tennessee School Boards Association regarding administrative fees paid by non-school members.
7. Amended the bylaws to remove the President of the Tennessee School Boards Association as an ex officio member of the RMT Board of Trustees.
8. Voted to send a representative of the board of trustees with attorney Dennen to the State Comptroller's office to present the RMT board's response to the audit. Dawn Robinson was appointed.

The board voted to meet again at 1 p.m., Friday, February 10, 2006.

Trustee David Jones of Hancock County reminded the trustees that the Tennessee School Boards Risk Management Trust was started by 13 school boards which were having a hard time getting insurance on their buildings. He said that the trust had enabled Hancock County to have its buildings insured for the first time in history. The trust has grown to the point that it has \$47 million in assets and \$10 million in unobligated reserves.

Trustee Dawn Robinson said that boards and people from all over the United States have come to Tennessee to study what makes the Trust successful. She pointed out that all RMT board members are volunteers.

"We're here for the children," she said. "When Cleveland plays Bradley and a football player is injured, I know they're covered because both systems are members. That's what it's all about, the children. I'm very proud of that. When I was a teacher we had to sell individual student accident policies to children. Now, if their board is in the RMT, all students have accident insurance at no cost to them." Robinson added the RMT welcomes suggestions for improvement and that the TSB-RMT is committed to providing the best possible insurance coverage for its member and is always striving to do things the best way possible.