

**MEETING MINUTES
SELF INSURANCE TRUST BOARD OF TRUSTEES
WEDNESDAY, APRIL 29, 2015**

Members Present: Hector Encinas Member
 Silvia Amparano Member
 Ron Ewing Member
 Steve Holland Member

Staff Present: Allie Matthews Risk Manager
 Dennis McLaughlin City Attorney
 Maria Robinson Central Safety Manager
 Frances Bracamonte HR Manager - Medical Leaves & Workers' Comp
 Karen Tenace Deputy Finance Director
 Charlene Savoca Administrative Assistant
 Estrella Vasquez Administrative Assistant

Guests Present: Drew Newton Insurance Broker/Consultant - The Mahoney Group
 Shawn Moore Transportation, Fleet Manager

1. Call to Order by Hector Encinas, Chairman, at 2:03 p.m. Roll Call by Charlene Savoca, a quorum was established. Board Member Fred Frey absent.
2. **Introductions** were made of those present.
3. **Approval of Minutes**
12/8/2014 minutes approved by motion from Ron Ewing, duly seconded by Steven Holland (Frank Frey absent).
4. **Call to the Audience** - (no comments)
5. **Financial Statements**
Allie Matthews announced the current combined quarters represent a positive net position of a little over 2.6 million as compared with this year's start of a negative net position of a little over 2.3 million. Silvia Amparano reviewed Quarter statement of revenues, expenses and changes in net position of internal service funds for six months ending December 31, 2014, and for nine months ending March 31, 2015; reporting the City is within budget and noting the statements don't reflect the bigger transactions like the actuary reports and liability which come at fiscal year-end. Allie Matthews reviewed a new city property damages reporting statement which will be provided quarterly from Risk Management starting with the Subrogation Report from July 1, 2014 through April 21, 2015; total invoicing thru 4/21/2015 was \$606,483.32 and total subrogation dollars received was \$388,272.77, noting direct pay from insurance companies are a separate line item as discussed at the July 13th meeting. Also noted, the monthly Financial Reports can be found on the city Intranet at <http://www.tucsonaz.gov/finance/financial-reports>. The Tort liability payment of \$2,535,466 was approved on January 14, 2015, by the Attorney General and will be added to the tax levy. Allie Matthews announced as a result of our positive net position, a fund reserve study will be conducted and results/recommendations will be presented at the October meeting with possible determination of appropriate reserve levels, funding objectives and policies; background information was provided by Drew Newton on contingency fund reserves plus

industry standards with recommendation to utilize the actuary to determine trend lines, possible surplus, and striving for a target of 75%-90% reserve were discussed.

6. Annual Report Input

Second Annual Report will include service enhancements as well as short and long term goals. Board Members have until June 1st to submit report ideas on what they want to see and not see.

7. Claim Recovery Review

Mr. John Malanchuck and his law firm are offering their expertise (contingency basis) for landfill recoveries prior to 1985. The City has been self-insured since 1977 but may not have been set up to handle these types of claims. There may be a 2014 communications which can shed some light on this matter. Our Records Division will research other older minutes and communications that could provide information on revenue for remediation. A report will be given at a later date.

8. Risk Management Updates

Allie Matthews submitted April 3rd letter sent to Mayor and Council regarding recommendations for the FY 2016 Fund, including two recommendations: (1) Assess the recommended actuarial city-wide percentage allocations provided via the Cost Allocation Method (the department's claim experience for the previous year with payroll used as the exposure base); and (2) Continue inclusion of involuntary tort payments in property tax levy. Drew Newton, insurance broker/consultant-The Mahoney Group, reviewed our insurance rate premiums and is working on renewals. Excess Worker's Compensation policy renews on May 10th and has negotiated with Safety National a 2-year rate commitment with a 1½% rate increase if we continue TRIA (insurance coverage as per Terrorism Risk Insurance Act), have no adverse losses, stability of claims, and removal of some older losses off the table. The City property policy renews on July 1st and an excellent rate is expected because of excellent City recordkeeping; looking to enhance cyber liability (Beazley Insurance) and hope to pay same as last year but absorb costs of including this enhancement. Workers' Comp renewal will be awarded in May. General Liability renews on May 23rd. In summation, an external audit of Risk Management, establishment of the Trust Fund, the fact City is loss free, competitive property rates and consistent recordkeeping, have helped keep rates down and negotiating power up. Allie Matthews presented the Departmental Quarterly Loss run from July 1, 2014 - March 31, 2015; The FY 2015 Quarter Comparison chart of Liability claims showed a 3rd quarter increase of 298 claims over second quarter's 212 claims. Pothole claims have increased with 49% payouts and an average \$511.62 payment. Maria Robinson presented Central Safety Services charts which reported 84 motor vehicle incidents from October 2014 - March 2015, a department comparison of 2nd and 3rd Quarter CSS activities; as well as providing information regarding specialized training for ES drivers as being very helpful. Francis Bracamonte provided a 2nd and 3rd Quarter comparison of Workers' Compensation statistics for department claims, body parts injured and mechanism of injury; payments are down, reserves are under control. Pinnacle has merged with TriStar and a new contract will be awarded in May. Allie Matthews offered samples of the three new city documents: (1) A new form-fillable and user-friendly Form 103. Employee training will begin the second week in May with the new Form 103 being used city-wide starting July 1, 2015; (2) A laminated *Insurance Verification and What To Do In An Accident* tip card to be put in all city vehicles; and (3) An *Accident Information Sheet* to aid in writing accident descriptions. Risk Management is looking to add these documents and training to the City intranet in July. Allie Matthews also announced that starting July 1st (FY 2015), Central Safety Services Division would leave their position under Human Resources and join Risk Management

under the Finance Department umbrella; both divisions will work closely with Worker's Comp. Central Safety Services will remain on the 5th floor with Risk Management.

9. Establishing Fund Policies

Allie Matthews will be working with the actuary in reviewing the types of questions the policy should specify such as: the confidence level of both reserves and additional funding for the upcoming year; whether or not discounting or non-charges will occur; what approach (if any) will be used for contingency reserves; and what will happen if a deficit occurs. These work outcomes will be presented at a future Board meeting. Allie Matthews also indicated auditors like the idea of a set policy reserve that aids in preventing changes in approach from one year to the next.

10. Transportation Safety Standards – Program Overview (Requested at last Board Meeting)

Utilizing a PowerPoint presentation, Shawn Moore discussed the Transportation Department's desire to prevent accidents through ongoing training. Mr. Moore reviewed department policies regarding accident reporting and review processes, as well as incident types related to employees working in traffic, hazardous areas and confined spaces.

11. Future Agenda Items

Discussion of contents of second Annual Report

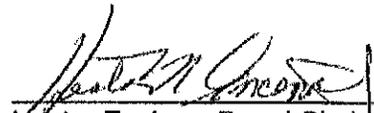
12. Adjournment – Motioned by Silvia Amparano, seconded by Ron Ewing, meeting adjourned at 3:55 p.m.



Charlene Savoca, Board Secretary Backup

10/19/15

Date



Hector Encinas, Board Chairman

10/19/15

Date