

**MEETING MINUTES
SELF INSURANCE TRUST BOARD OF TRUSTEES
MONDAY, OCTOBER 19,2015**

Members Present: Hector Encinas, Chairman
Frank Frey, Member
Steve Holland, Member
Ron Ewing, Member
Silvia Amparano, Member

Staff Present: Allie Matthews, Risk Manager
Betsy Conroy, Interim Deputy Director of Human Resources
Frances Bracamonte, Human Resource Manager
Estrella (Star) Vasquez, SITB Secretary

Guests Present: Drew Newton, Insurance Broker- The Mahoney Group
Gail Flannery, AMI Risk Consultants (teleconference)

1. **Call to Order** by Hector Encinas, Chairman, at 2:01 p.m. Roll Call by Hector Encinas; a quorum was established.
2. **Introductions** were made of those present.
3. **Approval of the minutes** Ron Ewing moved and Silvia Amparano seconded the motion to approve the minutes of April29, 2015, as submitted. Motion to approve the minutes, carried by a voice vote of 5-0.
4. **Call to the audience.** (No comments).
5. **Financial Statements:**
Allie Matthews reviewed the 3'd quarter ending March 31, 2015 and the 4th quarter ending June 30, 2015 which showed a change to a positive net position. Silvia added there was a positive change to the overall bottom line which has been helped by the involuntary tort levy and charges to departments based on the actuary report. The subrogation report shows that we have collected \$488,000 (it usually averages \$425,000). Silvia explained how the revenue collected is reported and how it compares to previous years.
Allie explained that the letter from the Arizona Property Tax Oversight committee is pending and we should hear from them in November. Mayor and Council approved submission of \$2.5 million for the Arizona Property Tax Oversight Committee.

6. FY 2015 Actuary Report:

Gail Flannery reviewed and discussed results of the 2015 Actuary report (by teleconference). Gail explained the loss reserve, liability claim reserve analysis, the historical trend in ultimate losses for worker's compensation and liability claims, ultimate claims frequency and severity, loss reserve calculations, projected losses for worker's compensation and liability claims, the summary of loss reserves, recommended funding levels for future accidents, projected cash flow, analysis for worker's compensation and liability, the range of discount rates and the actuary study conclusions.

7. FY2017 Cost Allocations recommendations:

Silvia explained at year end, an IBNR increase was recorded of \$2.9 million between Worker's Compensation and liability. Allie discussed how the reserves are established. Frances Bracamonte explained the 5% annual increase cap of the average monthly wage in the calculation used in worker's compensation claims calculations.

Gail clarified the cost allocation process and how departments are impacted.

Action:

Motion by Ron Ewing, seconded by Frank Frey to send a recommendation to Mayor and Council to use the cost allocation prepared by the actuary as presented and to include the involuntary tort liability. Carried by a voice vote of 5-0.

8. Fund Reserve Policy Review:

Allie Matthews discussed developing a fund reserve policy as well as a risk management policy. Silvia Amparano explained several options in which to establish the fund reserve policy.

Action:

Motion by Hector Encinas seconded by Steve Holland to approve the fund reserve policy as amended and include the words, "contingency" and "an affirmative" so the final statement reads: "Any reserves in the **contingency** fund shall not be subject to a transfer out of the fund without **an affirmative** recommendation from the Self Insurance Trust Board and shall be in accordance with the Tucson City Code, Chapter 18 and Title 20 of the Arizona Revised Statues." Carried by a voice vote of 5-0.

9. Risk Management Updates:

Allie gave an overview of the FY2015 Annual Report loss trends, insurance premium updates for FY2015, a review of outside agency assistance with reviewing old environmental litigation claims and first quarter FY2016 departmental loss runs. Worker compensation changes, Central Safety activities and Risk Management staff updates were also discussed.

10. Future Agenda Items:

Risk Management policy and fund reserve recommendations.

11.Adjournment: Motion to adjourn by Hector Encinas, seconded by Silvia Amparano. Meeting adjourned at 3:31p.m.

X *Estrella Vasquez*

Estrella Vasquez
SITB Secretary

X *Hector Encinas*

Hector Encinas
SITB Chairman