

**MINUTES OF THE RISK MANAGEMENT
TRUST FUND BOARD SPECIAL MEETING**

October 4, 2012 – 6:00 p.m.

City Hall Complex – Council Chambers Room B2
5850 W. Glendale Ave.
Glendale, AZ

MEMBERS PRESENT: John Stern, Trustee
Joyce Clark, Chairperson and Councilmember
Sandra Oates, Trustee
Julie Stiak, Trustee
Diane Goke, Finance Director, Trustee

STAFF PRESENT: Jim Brown, Interim Human Resources & Risk Management Director
Andy Jennings, Risk Manager
Dianne Shoemake, Risk & Safety Analyst
Pat McPherson, Risk & Safety Analyst

Call to Order

Chairperson Clark called the Risk Management Trust Fund Board meeting to order at 6:02 p.m.

Service Award Presentation

Mr. Jennings presented Trustee Stern with a service award plaque and certificate.

Risk Management Trust Fund Audit Key Findings & Responses

Mr. Jennings began a presentation of each of one of the Audit Findings and Responses. Trustee Stern brought up the question if the audit should have been performed by an external auditor not by the City Auditor's department. Trustee Stiak asked if the Trust Board can add comments to the Audit Responses. The Trustees agreed they would like to add a memo from the Trust Board to the City Auditor regarding some of the observations. Trustee Stern asked who authorized the Audit. The Trustees commented that neither the board nor the city council had authorized the audit. The Trustees discussed the 2nd item on the Audit. They discussed the ASRS penalty for early retirements and who would have been notified of the penalty. Next Mr. Jennings discussed the Annual Trust Board Report to City Council. Mr. Jennings stated this report has been completed in the past by the Risk Manager and was then sent to the City Council. The Trustees next discussed item 5 on the Audit. Mr. Jennings stated his certification and license requirements. Mr. Jennings also explained why there was an oversight on his license requirement. The Trustees discussed item 6 of the Audit. Mr. Jennings and Ms. Shoemake discussed the agreement for residential and commercial claims repair services. They stated there is an RFQ in place for these services but there was a need based on the cumulative amount of these services for them to discuss an RFP with Materials Management. The trust board next discussed the payment of administrative expenses from the Risk Management Trust Fund. The payment of administrative expenses from the Risk Management Trust Fund and changes to city ordinance have been looked into by past city staff members, but the city ordinance has not been changed to date to reflect the payment of administrative expenses. Mr. Jennings and Mr. Brown explained that this change to city ordinance will be addressed as with other proposed revisions to the city ordinances that setup the Risk Management Trust Fund and Board. The Trustees discussed item 8 of the Audit. Mr. Jennings and Ms. Shoemake

discussed the insurance policies and how they are contracts of adhesion and not received until several months after the policies are in affect. The Trustees also discussed the RFP for Insurance Broker Services. The Trust Board recommended that staff look into creating a new RFP for Insurance and Insurance Broker Services that is for 3 years instead of 5 years. The Trust Board next stated they would discuss item 9 of the audit later in the meeting when they would be reviewing changes to the city ordinances. Next Mr. Jennings discussed audit item 10 and the bonding requirement for Trustees. He stated that the city's Crime Insurance policy was being reviewed by the City Attorney's Office to see if it provides coverage for the bonding requirement and that in the meanwhile He had gone ahead and completed an application for the bond. The Trustess agreed they would like Mr. Jennings to purchase the bond so he will move forward with that direction. Mr. Jennings presented information about audit item 11. The Trustees then moved on to audit item 12. Mr. Jennings and Ms. Shomake then discussed settlement discussions and claim releases. Next the Trustees discussed item 13. Chairperson Clark made some suggestions about the selection standards for going out to bid for actuarial services. The Trustees discussed item 15, stadium security fees. Mr. Jennings explained what the stadium security fees were and what they were used for. Trustee Stern asked if the current fees were appropriate and how future costs can be negotiated. Chairperson Clark asked staff to look into what other cities are charging for their off-duty agreements and what other options there are for how the insurance fees are handled. The Trustees then discussed item 17 and the use of procurement cards. Councilmember Clark recommended the procurement manual be reviewed to ensure all the procurement steps are followed. After all the audit items were present, Trustee Stern made the recommendation of the creation of a procedure manual for the Trustees. The Trustees agreed this was a good idea and Trustee Stern agreed to help create such a manual. The Trustees discussed the auditing requirements for the Trust Fund. The Trustees recommended the annual requirement for an external audit could be satisfied by the current external annual CAFR audit. They also agreed another external audit done by a Risk Management organization should be completed every five years.

Review the Following Sections of City Ordinances: Trust Funds, Role of Trust Board, and Proposed Revisions to City Ordinances

Mr. Jennings presented the current city ordinances that cover the Trust Funds. Mr. Jennings mentioned changing the wording in section 204 from "employee safety coordinator" to "Risk Manager." Trustee Stern asked if the bonding amount of \$10,000 is enough. Staff will look into the correct amount of bonding for the Trustees. In section 205 Chairperson Clark recommended the Risk Manager or his designee shall have authority to be involved in all settlement negotiations. Chairperson Clark recommended section 206 be changed to include "the eligibility of a claim for outside defense should be determined by the City Attorney and the Risk Manager." She also recommended that Risk Management come up with their own list of acceptable and knowledgeable outside attorneys that fit the need of their department. Mr. Jennings mentioned changing the wording in section 209 from "employee safety coordinator" to "Risk Manager." Ms. Goke recommended removing the phrase "subject to the approval of the city attorney." The Trustees recommended adding another section to the ordinance to cover the revision of administrative expenses being covered by the Trust Funds.

Review Risk Management Trust Fund Balances FY11-12 & FY12-13

After discussing the current Ordinances and possible revisions, Mr. Jennings presented the end fund balance for the Risk Management Trust was just under the 70% confidence level. Mr. Jennings went on to state that the current balance of the Risk Management Trust Fund and that is it currently funded above the 70% level. Mr. Jennings explained currently how the Trust Funds are funded. Ms. Goke made the recommendation that instead of funding the Trust Funds based on past claims they should be funded based on actuarial future projections. Chairperson Clark agreed with this recommendation.

Discuss Transfer of Funds into Workers' Compensation

Mr. Jennings presented suggested transfers into the workers' compensation trust fund. Mr. Jennings said this item would be covered in greater detail in the upcoming Workers' Compensation Trust Board Meeting.

Commencement of Executive Session

Chairperson Clark asked for a motion to recess the Open Session and to convene in Executive Session. Ms. Goke made a motion to recess the Open Session and Convene in Executive Session. Mr. Stern seconded the motion. The Board commenced Executive Session at 8:30 p.m.

Reconvened in Open Session and Adjournment

Chairperson Clark asked for a motion to move out of executive session and adjourn. Mr. Stern made a motion to adjourn the Board meeting. Ms. Stiak seconded the motion. The motion was carried and the meeting was adjourned at 8:30 p.m.

Submitted by:

Andy Jennings
Risk Manager