

**MINUTES OF THE WORKERS' COMPENSATION
TRUST FUND BOARD SPECIAL MEETING**

October 4, 2012 – 8:30 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 Workers' Compensation Trust Fund Board meeting to order at 8:30 p.m.

Review Workers' Compensation Trust Fund Balances FY11-12 & FY12-13

Mr. Jennings presented the Workers' Compensation Trust Fund end fund balance for FY11-12. He explained and compared how the Workers' Compensation Trust Fund balance had two different minimum funding levels. One funding level was the standard actuarial level the other level was for the Industrial Commission of Arizona. Chairperson Clark made the suggestion of changing the timing of the actuarial study from financial year to calendar year. Next Mr. Jennings presented the current FY12-13 balance of the Workers' Compensation Trust Fund. He showed the need for current and future funding of the Trust Fund.

Presentation of Annuity Purchase Proposal for a Workers' Compensation Claim

Mr. Jennings next presented a proposal to the board for an annuity purchase of a very large Workers' Compensation claim. Mr. Jennings explained he had discussed this annuity purchase with the Industrial Commission of Arizona. He also discussed that another actuary study would be needed if the annuity is purchased. The board discussed the annuity. Mr. Jennings explained the option of not getting the annuity would be a large transfer into the trust fund to bring it to the current actuarial level minimum. Chairperson Clark asked if the General Fund could loan the Trust Fund the needed money. Ms. Goke responded it was possible. Ms. Goke recommended that both trust funds should be standing on their own with adequate funding. Mr. Stern and Chairperson Clark agreed with Ms. Goke. The trustees next discussed the merits of the annuity purchase. The trustboard voted against the annuity purchase instead they would like to get a loan from other city departments to get the trust fund above the required actuary level for the rest of the financial year.

Discuss Workers' Compensation Self-Insurance vs. Purchasing Regular Workers' Compensation Insurance

Mr. Jennings next present a short presentation about the advantages versus disadvantages of purchasing regular workers'

compensation insurance versus the current workers' compensation self-insurance. The board then briefly discussed the advantages and disadvantages of regular insurance against the current self-insurance.

Adjournment

Chairperson Clark asked for a motion to adjourn. Ms. Oates made a motion to adjourn the Board meeting. Ms. Goke seconded the motion. The motion was carried and the meeting was adjourned at 9:27 p.m.

Submitted by:

Andy Jennings
Risk Manager