

Minutes
Risk Management Trust Fund
Wednesday, November 12, 2014 - 6:00 PM
City Hall - Council Chambers, Room B2
5850 W. Glendale Avenue
Glendale, AZ 85301

Members Present

Tom Duensing, Trustee
John Stern, Chairman
Julie Stiak, Trustee
Ken Wixon, Trustee

Members Absent

Yvonne Knaack, Vice-Mayor and Trustee

Staff Present

Dianne Shoemake, Risk Manager
Lorena Sanchez, Risk & Safety Analyst
Nick DiPiazza, Deputy City Attorney
Jim Brown, Director, Human Resources & Risk Management

1. Call to Order

John Stern called the meeting to order at 6:06 PM.

2. Approval of September 4, 2014 Risk Management Trust Fund Board Meeting Minutes

The minutes were provided by the Trustees. Tom Duensing moved to approve the minutes as written and it was seconded by Ken Wixon. Motion Passed.

3. Executive Session

Tom Duensing moved to enter executive session and it was seconded by Ken Wixon. Motion passed. Nick DiPiazza updated the Board on the status of claims in litigation and Dianne Shoemake provided information on property damage claims and status of claims involving excess insurance. No action taken. Tom Duensing moved to exit executive session and return to open session, which was seconded by Ken Wixon. Motion passed.

4. Discussion of Risk Management Trust Fund 2014/15 Revenue and Expenses

Risk Management provided a spreadsheet of the Risk Management Trust Fund 2540 for fiscal year 7/1/2014 through 7/1/2015. It was reported for this fiscal year total revenue as of 10/31/14 is \$638,179. The revenue currently received is broken down by \$2,508 for interest income, \$7,018 for stadium security fees, \$3,279 for miscellaneous revenue (subrogation reimbursements) and \$625,375 for self-insurance premiums. Please note that the department

self-insurance premiums for October and November have not yet been deposited into the Fund. This would add an additional \$416,917 of revenue or a total of \$1,055,096.

As of 10/31/14 total expenses paid are \$1,252,175. Of that amount \$215,680 is for payment of professional and contractual fees (brokerage and insurance premiums), \$6,976 for administrative costs and \$1,029,519 insurance claims.

The ending fund balance is \$2,629,663. The actuary's projected ending balance at the 55% confidence level is \$3,166,829. The fund balance has dropped below the confidence level by \$537,166. Once the October and November department insurance premiums are deposited, the difference would be \$120,249. Risk Management believes that as each month's department insurance premiums are deposited, the fund will balance out at the 55% confidence level. Reminder that included in the revenue projection for this fiscal year is an additional \$650,000 for deposit above the premiums charged to departments. This additional money is budgeted for the next three fiscal years to increase the fund's minimum balance. This amount is subject to Council approval during the budget process.

Risk Management has not yet begun charging all administrative costs to the trust fund, which will increase expenses. This is not an expense that was previously included in the costs that were analyzed by the actuary. In conversations, the actuary felt that the administrative expenses would not affect the minimum confidence level significantly. The actuary will be analyzing all additional costs that now can be charged to the fund due to the city code changes. Risk Management is currently working with the actuary on the actuarial analysis. The actuary will provide projections for the current fiscal year and the 2015/16 fiscal year.

The Fund has seen a significant increase in City property damage claims. Previously these types of claims were paid by the departments out of their maintenance budgets. With the change in the City Code, all property damage claims are now for the account of the Trust Fund. The City suffered an approximate \$2M loss from the 9/8/14 storm, a \$250,000 loss from the 9/27/14 storm and \$400,000 loss from the 7/13/14 Fire. Risk Management is working with the departments to obtain all the documentation for submission to insurance for reimbursement. No Action taken.

5. No new business.
6. Adjournment

Tom Duensing moved to adjourn the meeting which was seconded by Julie Stiak. The meeting was adjourned at 6:29 PM.

Submitted by:
Dianne Shoemake