

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

November 29, 2012 – 7:30 p.m.
City Hall Complex – HR Training Room
5850 W. Glendale Ave.
Glendale, AZ

MEMBERS PRESENT: Councilmember Joyce Clark, Trustee and Chair
John Stern, Trustee
Diane Goke, Chief Financial Officer and Trustee

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

MEMBERS ABSENT: Sandra Oates, Trustee
Julie Stiak, Trustee

Call to Order

Councilmember Joyce Clark, Chair, called the Workers' Compensation Trust Fund Board Special meeting to order at 7:26 p.m.

Review and Approval of the May 23, 2012 Worker's Compensation Trust Fund Board Meeting

The minutes of the Worker's Compensation Trust Fund Board Meeting were reviewed. Mr. John Stern moved to accept the minutes as presented. Ms. Diane Goke seconded the motion. The Board voted and passed the motion unanimously.

Review and Approval of the October 4, 2012 Worker's Compensation Trust Fund Board Meeting

The minutes of the Worker's Compensation Trust Fund Board Meeting were reviewed. Ms. Diane Goke requested that a correction be made to the minutes after the Call to Order to review the Worker's Compensation Trust Fund balances. Ms. Goke noted that in the very last sentence, it stated the need for current and future funding of the Trust Fund Board. Ms. Goke advised that it should just read Trust Fund and not the Trust Fund Board.

At that time, Ms. Goke moved to accept the minutes as presented with the correction noted. Mr. Stern seconded the motion. The Board voted and passed the motion unanimously.

Andy Jennings, Risk Manager, Reviewed the Workers' Compensation Trust Fund Balance FY12-13 and Funding Request

Mr. Jennings stated that he and Jim Brown, Interim Human Resources & Risk Management Director, will be going before the City Council on December 11, 2012 to request \$1.1M to \$1.4M additional funding which is needed for the remainder of this calendar year. Another item will also be presented at this Council meeting which is the Industrial Commission of Arizona resolution for exemption of posting a security deposit. This is an annual item which goes before the City Council, and that is typically done every year. Acquiring the approval of the additional funding of \$1.1M to \$1.4M is critical in receiving approval by the Industrial Commission to give us an exemption from posting a security deposit. We underwent a change last year from a fiscal year to a calendar year for the Industrial Commission, making the approval of the funds transfer imperative in order for the City to receive an exemption from the Commission.

Jim Brown then asked Mr. Jennings to explain what would happen if we do not receive an exemption from the Industrial Commission. Mr. Jennings stated that approximately \$3.9M would be needed for a security deposit if an exemption is not obtained from the Commission. If the exemption is not obtained, the other acceptable forms of a security deposit would be a Letter of Credit, a Surety Bond, or U.S. Treasury Notes. These security deposits would need to be in the amount of \$3.9M. Mr. Brown noted that there is one other option, and that would be to discontinue our self-insured status and go out to the market for bids. However, there would not be enough time to get that completed in the next month, which is all the time we have before the end of the calendar year. He advised that the City would pay thirty (30) percent more for premiums than we are paying today, so it would cost the City more money than to remain self-insured.

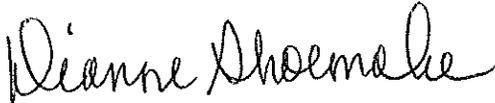
Currently, the Worker's Compensation Trust Fund balance is below the minimum standard of fifty-five (55) percent. If the City Council approves the \$1.4M transfer, the Worker's Compensation Trust Fund would be brought up to a seventy (70) percent confidence level. Mr. Brown stated that, although it's more than what is required, we still have the remainder of the fiscal year ahead. Mr. Brown stated that he is currently working with the Finance Executive Director on this issue and also that he and Mr. Jennings have been working closely with the Industrial Commission. The Commission was advised of the City's status at the beginning of our fiscal year (July 1st) this year. Mr. Jennings noted that we were supposed to be at \$4.2M as of July 1st, but after meeting with the Commission, they had given the City a grace period of six months to bring the funds up to the necessary level. Mr. Brown advised that they are continuing to work closely with the Industrial Commission and when the commissioners meet, he will be present to explain our situation and what has been done to rectify it.

Chairperson Clark and Mr. Stern recognized the work being done by Mr. Brown and the Risk Management staff to bring the Worker's Compensation Trust Fund to the level required by the Industrial Commission, and they will await the City Council's approval of the additional funds.

Adjournment

Chairperson Clark asked for a motion to adjourn the meeting. Mr. Stern moved to adjourn the meeting. Ms. Goke seconded the motion. The meeting was adjourned at 7:40 p.m.

Submitted by:

A handwritten signature in cursive script that reads "Dianne Shoemake".

Dianne Shoemake
Risk Manager