AD HOC COMMITTEE ON MEMBER RETENTION

Committee Meeting Minutes

Monday, May 10, 2010
Westbrook Corporate Center Conference Room
11:00 a.m.

PRESENT:	Art Malinowski, Chair Blaine Wing Doug Petroshius Maria Lasday Diane McNulty	Greg Van Dahm Scott Coren Ingrid Velkme Jennifer Milewski Donald Lay
ALSO PRESENT:	Larry Bush Laura Vesecky Susan Garvey Peter Wright	Mary Henzler Dan LeTourneau Jackie Streid
ABSENT:	Mary Hatton Peggy Halik Bruce Morris Tom Durkin	DeSha Kalmar Ron Pfeiffer Curt Barrett Phil DePaolo

I. CALL TO ORDER

Malinowski called the meeting to order. Roll was taken and a quorum declared.

II. APPROVAL OF MEETING MINUTES OF APRIL 19, 2010

A motion was made Velkme and seconded by Lasday to approve the meeting minutes of April 19, 2010. A voice vote was taken and the motion carried.

III. GENERAL

A. IRMA Coverage Study Completed by Wright Benefit Strategies for Lake Forest

Malinowski introduced Peter Wright, President of Wright Benefit Strategies, Inc. Malinowski stated for the record that Wright Benefit Strategies is the benefit consultant for the Village of Buffalo Grove for their health, dental and life insurance needs.

Wright gave a brief background on himself, explaining that after studying insurance, statistics and finance at Illinois, he got involved in the pension and group insurance world with Travelers and then shortly after that started working with Arthur J. Gallagher. Wright explained that throughout that period of time he spent a lot of time working with the pooling group on the property, casualty and benefit side. He created a number of pools and helped consult on a number of national pools. He also worked with the

Federal Reserve Bank to work on risk management and benefit financing programs across the country. Wright explained that he worked with Arthur J. Gallagher for 17 years, eventually started and ran their Chicago office. Wright stated that sometime around 2000, he started his own firm and the focus of his firm is management consulting with the emphasis on benefits and risk financing. Primarily, Buffalo Grove is an example of a client where Wright handles their group health insurance, but he also with other clients has a fairly active management consultant practice that focuses on similar attributes. One area where he gets a lot of questions from clients is the direction that a council, board or finance committee wants to take.

Wright stated that he wanted to introduce to the Ad Hoc Committee a little of the background of the perspective that they took that helped create a report that was relatively objective. Wright explained that the focus of his philosophy is to look at the facts, take statistics in finance and risk finance principles and boil it down to the problem that the client is facing.

Wright stated that the City of Lake Forest explained to him that they have a long standing relationship as a charter member of an organization that provides a financial service to the organization. That financial service has something to do with risk financing. In the process of discussing the concerns that the City had, what developed was both the concept that the City needed to determine if IRMA was a good fit, and what would be the right approach as they move into the future. Wright explained that his focus was not purely on cost. It's very easy to just focus on cost. In the case of municipal financing, you recognize that there is a broader array of factors to consider. Wright stated that in his process he had the City focus on the board needs, the finance department's needs, the human resources department's needs, IRMA's needs, IRMA's financing objectives, as well as the membership objectives. That was then tied back to pooling in general. The reality is that pooling is a long-term focus and obviously what you face today is many times a short-term focus. Wright explained that his report attempted to bring a lot of this together.

Wright stated that he wanted to hit on some of the highlights of the conclusions, take a look at some of the slides, and then talk about what's behind some of the financial numbers you might see comparing Lake Forest to other individual entities.

Wright reviewed several of the points that the study suggests.

- The City of Lake Forest would likely reduce insurance cost through self-insurance in good years; however, the key caveat to that is that they won't beat IRMA's costs over time in bad years.

- The Lake Forest staff is hugely positive of IRMA's work. The claims service is great and the response time is a big factor.

- IRMA provides a broad range of services at low costs that would need to be replaced at higher costs, should the City leave IRMA.

- The City of Lake Forest is not in the position today to assume the tasks and roles required to implement and administer a self-funded program that would meet the City's needs.

- One key attribute of establishing a self-funded program is the degree they would suddenly be the person who is making the decision on the claim.

Wright reviewed several of the slides in the report.

- Lake Forest, similar to other groups, indicated they needed to review financial efficiency of risk financing. Wright explained that Lake Forest tends to take professionals from the community who are not involved with the Board and maybe one or two Board members and have them form a study group for long-term recommendations. This process rolls over from year to year. In the most recent downturn they had decided to focus on core services. What are the core services that we need to provide? Of those services, are we financing it correctly – is it the right cost? The objective was to determine the best cost effective provider or program for property and liability coverage and provide a recommendation to the Mayor in the fall of 2009.

- Goals of the project included: a seamless transition for employees and administration – could they take on the added tasks and responsibilities that currently are being handled by IRMA; improving cost efficiency; maximizing internal/external resource utilization; and improved operational impact – HR, labor relations, and risk transfer.

- Wright reviewed the slide on IRMA Pool Demographics. There were 75 members in 2008 and 77 in 1999. Wright commented that this was a good thing as it shows stability. Wright explained that his experience with pools that grow rapidly is that they also grow rapidly into financial trouble. This has been the case with many pools that expand beyond their initial membership base objectives. In the IRMA pool demographics we had roughly an 8% property value growth and 5% payroll growth over the ten year period between 1999 and 2008. There was an increase of 3.8% in total revenue base. Lake Forest's revenue base grew by 4.63% and their population was 3.8% of the total employee population of IRMA.

  Wright noted that these numbers were very consistent with what Bush had fed back to Lake Forest and him in their meetings – that on a long term basis, IRMA's actuary feels that our member revenue contribution formula is pretty accurate. Wright played back to the City of Lake Forest that he would agree. Over time, it is fairly accurate in that it is a good reflection of the overall payroll growth of the City, the overall payroll growth of the IRMA members, as well as essentially close to the property value growth.

- Wright reviewed the slide on IRMA Revenues and Expenses, pointing out the loss ratio over time. Bush questioned what Wright had in his table as expenses and it was determined that it was the contributions plus investment income earned in the first year.

  Wright noted that it was a good thing to point out that if someone is going to the commercial market they are not going to see investment income or losses. If they are self-funded, they are typically going to be a lot more conservative than what IRMA can invest in. This is good and bad. In a terrible market, you have to go back to your membership and say that we had a lot of losses here. The investment allocation that IRMA's advisor has recommended is totally appropriate for a longer term investment fund. Wright noted that Bush had commented that there was a significant increase in that investment income category in the past, so it worked. It also ties back to the concept that a lot of times you have people who are decision makers creating a funnel – what issues do I need to focus on right now. Wright stated that he has sat in Board meetings where they go around the table and vote yea or nay solely based on initial cost as it will be reflected in the budget today. This creates a potential problem in larger members who may have “stale attitudes.” A lot of times they can be thinking of what happened in the past and not relate it back to the bigger picture in that this is a long-term risk financing program. This is the challenge that IRMA faces with larger members.

Wright noted that another thing that came out of the loss ratio study was that if you ignore what happened in 2008 and the great numbers from 2004, the remaining years’ average close to 100% and that is not a bad thing at all. Overall, IRMA is well financed.

Lasday commented that she was getting confused as she had sat on the Finance Committee and she thought we had a balanced budget, yet the table in this report didn’t depict that. Vesecky noted that one thing that is included in the expenses is when we adjust the loss fund for prior years. If you take 2007, the budget may be balanced and then the actuary may come back and say that we need to increase reserves for prior years, then we might exceed the budget. There is also the question of the credits that might come out. Those are netted out and it looks like a higher loss ratio. Lasday commented that she didn’t think people should be reading this on its face because it isn’t an accurate depiction. Vesecky noted that we could clarify this. Bush noted that for the next meeting, staff would try to clarify this. Lasday also asked to have 2009 added to this table.

Coren commented on the bullet under IRMA Premium on page 9 on Special Assessments up to 150% of “Premium” and questioned whether IRMA has ever asked for a special assessment. Vesecky noted that we haven’t, but in the bylaws there is the provision that if we needed them, we could access depending on our retention up to 150%. Malinowski asked that the words “if necessary” be added to the bullet.

Wright noted that being able to assess is a good thing. If the pool didn’t have the ability to go back to members in the event of terrible losses, they shouldn’t be in the business of pooling. You have to have a way to do what you intend to do. Wright stated that in the member financial statements that he has looked at, he has questioned whether IRMA is correctly captured, and he would say, no. IRMA is not appropriately disclosed both risks and positives. Wright stated that the type of disclosure is all over the board. In general, IRMA is looked at as though it is an insurance company, but it really isn’t. It is a risk financing membership and you have implied liabilities and implied benefits.

Vesecky commented that many pools have unlimited supplemental assessments, where IRMA has capped theirs.

Wright explained that in working with the Lake Forest Study Groups, the format was to educate them on IRMA and then asked them questions. They dealt with the management group and the day-to-day operational groups. During the feedback from the groups, the groups thanked Wright for educating them on

IRMA. They didn't really know all that IRMA did, and realized that the services were very good.

- Wright reviewed slide number 11, stating that all the things outlined are positive. The funding policy is conservative in nature and lags changes in exposure, which could be a problem; however, this is a long-tailed insurance product, so you want to be conservative. The reserve policy is biased to full reserves and they generally reduce over a five year review. You have to expect that they would most likely be reducing over time. Lake Forest's revenue base contribution is 4.5% of the pool and the reserves were roughly 2.7%. Lake Forest's share of surplus is estimated at 3-4% for the past years. Wright noted that this is very close to the 4.5% of the pool, so that is a good thing.

- In regard to Governance Issues, Wright commented that they discussed one member, one vote limiting individual member objectives. If I am the largest member in IRMA and I get one vote and I lose my battle on a particular line of coverage, I am not going to be happy. The survey group also expressed concern over potential exclusion for unique risks. IRMA has overcome a lot of those perceived weaknesses; however, there is generally a perception out there that, if I join IRMA, I cannot deal with my particular risk myself. Another key issue was zoning. They also discussed the loss adjustment formula being much more favorable for the smaller members. The group rating formula actually works against larger members. Another comment made was that IRMA claim practices may conflict with Lake Forest objectives; however, improvement has been made.

Wright touched on some of the key staff questions & feedback he received.

- Wright stated that he had posed the idea to the study group that the commercial market is or may be less expensive, and may result in complete risk transfer; and then asked how this would impact day-to-day operations? The group was absolutely biased against commercial insurance. They felt commercial insurance is just that – it's tacky and adverse to what we are trying to do. They were fearful that commercial insurance would be a big mistake. On commercial insurance pricing, the group thought that it would probably increase the overall retention and result in a lot less consistency in pricing. They also felt that commercial insurance would low ball their initial pricing, leading to recurrent change.

- Another key idea posed was that Lake Forest is large enough to establish its own self-funded program or join an excess coverage pool. Wright commented that Lake Forest would likely see improved cost in some years, and better control of claims and reserves. However, fixed costs would likely increase. How would this impact staff? Lake Forest would require a more robust risk manager role and staff's administrative workload would increase. They would most likely require a new Risk Manager position to assure the successful implementation and management. This would be unique to Lake Forest.

Wright reviewed the general feedback from the survey group:

- IRMA has evolved into a large insurance company.

- IRMA offers integrated risk financing, administration and training that is highly attractive to smaller or less experienced groups.

- Past members report lower claims, although financial statements suggest equal or higher budgets, including reserves, over time (generally two years). Wright commented that, particularly for a larger group, the bias toward creating overly lower reserve number that is not apples-to-apples is definitely there. Lasday noted that she had just gone through the process of looking at other insurance alternatives for Bannockburn and the apples-to-apples coverage wasn't the same, so the level of exposure was definitely higher. Wright noted that in smaller groups, they do have to accept a non apples-to-apples coverage. Wright noted that when someone is going out to the commercial marketplace, they are typically buying from a direct writer or from someone who has a true agency relationship with that insurance company. That is different than a pure broker or a risk management consultant that is not placing the coverage, but recommending coverage.

- Groups outside of IRMA perceive IRMA costs to be similar to separate programs, in general.

- Past members (and those electing separate programs) prefer ability to control claims process, financing.

Wright went through some of the cost exhibits in his report. On the contribution to loss history exhibit, it goes through 2004-2008 and shows the total losses with $2,500 deductible, surplus, amount due member. Wright noted that it is attempting to show the entity a surplus/deficit number -- what the entity is paying in before we adjust for reserves for past years or really credit the entity for what they may be getting back in future investment earnings. The council member will look at this and think this is a huge surplus and that's all they will think. They aren't going to think that this is in a bank account with IRMA that we get back. They are not going to think that this is an amount of money that is ours. This number doesn't look too good to a financially strapped entity because they don't fully understand it.

Wright explained that in his exhibit on IRMA Contribution Loss Percentages his point was to take a look over the long term of what were the pool contribution and the loss percentage of the revenue base. What jumps out is that in 2006 – those numbers are very, very close. This is a good thing. The problem is that when you get to a group like Lake Forest, you can get the years that really jump out. Somehow IRMA needs to get people to recognize that there are really two aspects of evaluation – the short term; what is it costing me today for what risk transfer do I get and the long term; how much equity do I have in the pool and how does that equity come back to me? Other subjective things – what does the pool do for me? Lasday commented that she felt this should be related to all sized entities.

Wright commented that in his experience in running pools and working with pools, and he has seen this with IRMA – you have to be very paper intense with documentation. But that can be overwhelming. IRMA and the driving members can also create a little bit of a group think because you are so involved in it that you think everyone else will see these benefits in a clear and concise fashion, when the reality is different. They don't tell you because they are embarrassed and then those biases and negative feelings are coming into their decisions after they have left the pool.

Wright touched on the exhibit on the 2008 Budget Costs, commenting that IRMA's pricing for fairly similar groups in terms of revenue base was very good. Wright reviewed the Cost Comparison put together for Lake Forest showing what they would need in order to self-fund their insurance program.

Bush commented that his conclusion after reading the report was that there were a number of issues that Wright identified, and Lake Forest should stay in IRMA for now, but if IRMA doesn't address some of these issues, Lake Forest should really be getting ready to go off on their own. Bush asked Wright to identify what those issues would be.

Wright stated that his basic recommendation to Lake Forest was that they probably could improve pieces of the financial picture by being on their own, assuming you take a great deal more risk. Wright indicated that he didn't quite phrase it that way in the report, because he didn't come right out and say there is no question you can do much better on a self-funded basis, as he doesn't really believe that is true over time. It has to be flavored with the concept of what are you trying to accomplish. Wright noted that if he looks at the cost comparison numbers in his report on the 2008 budgeted cost, Lake Forest is bigger geographically than Village #1, it has less population, it has probably less building exposure and it also has a water plant. If you look at their cost as percentage of revenue and percentage of operating expense, it demonstrates the way the revenue formula works for these larger entities. IRMA could work on getting the revenue formula adjusted for these larger entities.

In the case of Lake Forest, Wright stated that he asked them how they put this number into your budget. Wright noted that to him what should be budgeted is the amount of the initial bill from IRMA. Then there should be an offsetting number – money we are taking out of savings with IRMA – our reserves. Those are assets of the entities, but they don't show those on their financial statements. So the key question would be, why have such a high reserve for these large entities? An idea would be to reduce the reserves and say we will give you half the reserves with the right to call it back with six months notice. You want to get it so that the cost is a percentage of their budget. How much they have to write a check for in that year looks attractive both over the short term basis and the longer term basis. Lasday commented that as a manager she would still budget for the entire amount, if there is a possibility that IRMA would come back within six months for more money. She would budget it now, otherwise her budget is not balanced.

Wright commented that in the IRMA funding you are funding long term reserves to a large extent. You are trying to create funding for reserve accrual. That's the proper approach to fund an insurance plan. Wright noted that this is one of the reasons he is so positive on IRMA – IRMA does it in general the right way.

Lasday asked whether we would even have to do that step. We have a 150% special assessment. Could we just charge 50% without the option of calling back 50%, because we have the 150% special assessment? Wright noted that he hadn't thought of that. Vesecky noted that the way the reserves are formulated, if we have a call back on the 150% you have reserves to fund that. We have done studies in the past that concluded that we want to have the reserves so members don't have to come up with the cash.

Wright noted that there is a perception out there among the members that left that they felt they were subsidizing the smaller members.

Bush pointed out that there is validity in the fact that larger members are subsidizing the smaller members that was shown in Towers Perrin report, page 19 of the meeting handout. The loss ratios of the larger members are consistently lower and this does still exist today. Wright stated that he did see this and wanted to know whether this handout would be going to the full membership. Bush noted that when the report was issued in 2003, it did go to the membership.

Vesecky pointed out that one recommendation that came out of this report was to go to a five-year smoothing of the revenue base which will help temporarily. The one recommendation that we didn't implement was to give the larger members size credits. Wright asked whether this would be voted on by the entire membership. Vesecky indicated that it would and Wright commented that this is an example of how your vote works against the larger member, and this will never change. Wright commented that Lake Forest Manager Bob Kiely had stated that he felt they couldn't compete when it comes to our issues. Is there a way where IRMA could have two votes for the large member or is there a way that the smaller member would not vote on issues that don't impact them?

Wright noted that in looking at the chart on page 19, he would like to see a little chart at the top that says "Surplus." Bush noted that adding surplus to this chart might be useful.

Wright noted that going back to the simple concept of the detractors from IRMA saying that IRMA is a large insurance company now. IRMA goes back to them and says, no we are not, as a member you are a member of a cooperative that works together and we do the financing together. Wright commented that in his experience, he has spent a lot of time getting the members of a Board educated to make the right decision.

Wright stated that if you were to look at the total reserves that the large members have sitting on the books and compare that to the total reserves that the small members have sitting on the books, he would guess that they would be pretty even. The point is that your contribution formula is biased toward full funding, the larger members will from time to time have spikes in losses, but over time they will be a lot more predictable than the smaller members. Just because a member is larger in terms of revenue base, they may have more sales tax, or they may have bigger buildings that generate a higher revenue base.

Wright noted that a comment he felt was appropriate was that the property values on the North Shore rather right or wrong may be higher. Just because people are willing to move there and bid up the prices and the assessment formula gradually makes the prices higher, doesn't necessarily mean that their risks are higher. That said, for some of these larger entities and the revenue base formula which tends to do everything across the geographic spectrum as well as demographic spectrum here in Chicago, of course you are going to run into these situations, particularly with the bigger members.

Coren commented that reducing a large member's revenue base might make sense for a member like Lake Forest who is very conservative and does a very good job with their risk management program. However, there are some larger members who are not as conservative and might run up a very large claim number. With reducing a large member's reserve, if the worse happens, how ready is the rest of the pool to subsidize the large losses. Bush noted that the question would be do we have to accept the large loss or perhaps we supplemental assess them to the member. They are using the money up front rather than IRMA. If we do that, it wouldn't hurt the other members.

Lasday commented that it's not just a large community's problem. In the Village of Bannockburn, they have a lot of revenues, but hardly any exposure. Lasday noted that they outsource most everything. Wright noted that outsourcing isn't necessary cheaper. It often times can be more expensive; however, the associated benefits in other areas may justify the cost. Wright stated that Lasday raised a very good point in that even smaller entities that are on this revenue base formula that are facing a higher average revenue base per exposure will also have an issue with this. IRMA comes up with the pool rating based on exposures, but can you add another layer in there that has an adjustment based on exposures for groups that have very high revenue bases.

Vesecky reported that there have been a couple of studies done over the years looking at revenue base. One looked at going to payroll instead of revenue base, but the actuary said that it would only be marginally better. Then we looked at true exposures, i.e. payrolls for comp and property values, and once again they couldn't make a convincing argument that it would be that much better. That gets back to the voting issue – it takes 2/3 of the membership to change the formula. We give the membership a listing of where they are now and where they will be if we change the formula and the losers vote against it. Bush noted that even if we stick with the revenue base but had an adjustment for claims to contribution in the loss ratio as well as the adjustment for the experience modifier, it would bring that long range favorable experience into the formula as well. Vesecky noted that perhaps our experience modifier needs to be tweaked.

Wright was asked, in his experience with pools, whether most other pools use revenue base. Wright answered, no, that IRMA was unique in that. It's usually more exposure based. Vesecky commented that Towers Perrin has told us that most of the older pools use revenue base, but the newer pools are more exposure based. Wright noted that if he looked back over time into the eighties it was a no brainer to use revenue base, because it is consistent across the board and it's readily measurable. If you fast forward twenty – thirty years with the advent of computers, it is much easier to gather exposure information. This might support why there has been a shift more to exposure. Wright commented that if he were pricing out risk, he could care less what an entity's revenue is – he is concerned about the exposures.

Petroshius commented that those members with a lot of revenue and outsource a lot are also concerned about the exposures. Petroshius noted that Lincolnwood is an entity of 12,000 people and are hardly ever considered a mid to large community in any group we join. When the economy is really good and revenue is up and we are selling a lot of cars, all the excess to our budget we are putting into our reserve. So, how does that translate into our exposure? Wright stated that it didn't. Petroshius stated that the group not only needs to look at the very large members, but the smaller members as well.

McNulty stated that she is a special district and has only a couple office people and a couple cleaning people, and has had no losses for the years they have been with IRMA. So they have had no losses all this time, but continually pay in. So the exposure issue affects them, also. Coren commented then that it's not an issue of the large versus small members, but those members who have a lot of claims. McNulty stated that she felt IRMA has addressed that over the years with putting those members on the Watchlist. McNulty noted that this is one of the good things about being in the pool because you have somebody trying to help them lower their losses and if they don't, they are out.

McNulty stated that there is a big plus for some of the special districts to be part of IRMA, but then you get to the voting issue. McNulty noted that there are some issues that don't affect the district, but she voted based on discussion and she doesn't always vote with the Village that caused the district to come into IRMA.

Wright commented that a pool exists to provide risk financing for a certain segment of our population. That segment could be described in many ways. It could be groups that want to enjoy the benefits of self-funding through a cooperative risk transfer mechanism that is designed over time to improve services, deliver training and expertise at a reasonable cost. Wright stated that this is what he has learned in listening to the committee and his own interpretation of this. That doesn't mean that we at all costs have to keep every large member or every small member. Wright noted that what he said to Lake Forest was that they are part of a mutual insurance company that is conservative by nature and does a nice job addressing some things and an excellent job of addressing a whole number of things and it is what it is. Wright told the committee as they struggle with this concept of how to improve "x" for subgroup A, B or C, you will always be faced with those tradeoffs. That's the nature of a pool. It may be impossible to address all of these things and be fair to the overall membership.

Wright noted that in terms of what these finance people played back to him in Lake Forest was that they would like to see a rate break and a three year plan in which IRMA will address some of the issues unique to larger revenue based members with lower losses.

Wright stated that if there was a way to discount reserves, it would be good. Can IRMA talk to their actuary and see if we really have to reserve as high number for these large entities. Wright noted that conceptually this makes sense. If we have been talking about the fact that the revenue base formula may be detrimental to the larger members, why not reverse that affect, even though it happens after five years, and just use a lower reserving figure for claims of those larger members. That way you are not really changing the actuarial assumptions for the group as a whole, you are just merely crediting the fact of what you see right here – it is likely that these people are funding the reserves. Why not recognize that and not be building up reserves as quickly?

Vesecky asked the committee whether they had reviewed the actuary's proposal. Lasday asked what the purpose of the proposal was. Vesecky noted that it was to review the conclusions of the 2003 Towers Perrin Study to see if they still exist. Are the larger groups still having a smaller loss ratio and if so, then we need to adjust the experience modifier. Lasday stated that if that was the only purpose, she would disagree with it. She would like to see it expanded for groups like hers that have large revenues but low exposure. Bush noted that one of the things that Lasday asked about at the last meeting was an aggregate cap and the actuary would look at that also.

Malinowski commented that what the committee looked at today was the report on a large member. However, the committee was initially charged with looking at member retention not large member or small member retention. Malinowski stated that he supported the idea of the actuary coming in and doing their work, but it does need to address the concerns of all members of all sizes.

Lasday stated that she felt the committee hadn't had enough discussion on the small member and middle size member, so how could we possibly hire somebody without giving them the proper focus. Petroshius asked why we were thinking of hiring the

Milliman firm when Wright seems to be entrenched in this topic. Perhaps Wright would have some clients or colleagues that could do the analysis. Lasday noted that we should get three quotes.

Lay asked whether the IRMA membership is aware of everything that IRMA provides for them. Could there be some side by side comparison. Lasday stated that a simple letter once a year to the members' Board of Trustees would help and this is not being done.

Bush noted that the two hours allotted for the meeting was up and asked whether going forward the committee felt we needed to do more to determine what scope of work we needed assistance on. Lay stated that, being new to IRMA, he wanted to see something that really explains what IRMA provides. Bush commented that the last two pages of the meeting packet contained a document that was recently developed for that purpose that was sent out to the delegates and alternates at the end of last year. LeTourneau stated that it doesn't include all the coverage and coverage limits and perhaps staff could put something together on those or some kind of a side-by-side comparison.

Petroshius stated that he wouldn't object to staff putting together a list of items that we want to have Wright's company do and come back to another meeting and talk about it. There are also items on this meeting's agenda that haven't been addressed. Bush suggested that we add an hour to the length of the next meeting. It was determined that 10:00 a.m. to 1:00 p.m. would work best. The date suggested was May 24th. Bush indicated that staff would poll the committee on a few dates.

Vesecky asked if it might be helpful to have Doug from Milliman at the next meeting. Lasday stated that she thought it would be good to get three quotes from actuaries rather than just go with Milliman. Vesecky explained that Doug is our current actuary and we have been happy with him. Bush commented that we don't have to use an actuary at all; however, if we are going to use an actuary for someone else to just get all the numbers Milliman has to get to the same point in time as our current actuary, would probably cost as much as the proposed cost. Bush noted that even if we use Peter Wright instead, Peter may want an actuary to work on something. Petroshius agreed with Lasday and thought that the Board would want to see three quotes. Malinowski stated that he didn't think it was necessary to get three quotes for the proposed $16,000. Bush stated that staff would think about this.

Malinowski commented that Peter Wright was brought up and there are other people who do the same thing as he does. It might be interesting to think about in the next two weeks whether we are more interested in pursuing a consultant such as Wright or an actuary or both.

Bush stated that if there is the consensus to contract with Peter Wright, he does have the experience already and to go out and get two other quotes, may be like spinning our wheels.

Vesecky commented that it depends on what the committee wants to do. If you are going to be looking at contributions and the experience modifier, then we probably want an actuary. If the committee just wants to look at the bigger picture, Vesecky stated that she would want to feel comfortable that Wright wasn't going to be member-biased due to the study he completed for Lake Forest.

Lay commented that he thought the committee needed to determine what the focus is. Lasday agreed with this. Malinowski stated that we should make this agenda item A for the next meeting. Bush agreed that there was no rush and maybe the committee needs to review what the goals of the committee are and whether they can be accomplished. Bush commented that the committee has more background after listening to Peter Wright to make a more educated determination that we did at our first meeting.

IV. ADJOURNMENT

A motion was made by Van Dahm and seconded by Coren to adjourn the meeting. A voice vote was taken and the motion carried.

Submitted by:

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Larry Bush, Executive Director

Approved by:

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Art Malinowski, Chair
Ad Hoc Committee on Member Retention