

**Districts Mutual Insurance - Board of Directors' Meeting
Wisconsin Technical College Foundation Office - Waunakee, Wisconsin**

October 15, 2009 – 10 a.m.

Present: Doug Olson, Jim Blumreich, Barb Kieffer, Gayle Hytrek (left at 12:15 p.m.), Mark Zlevor, Steven Stoeger-Moore

Guests: Doug Ballweg, Erin Dawson – Strohm Ballweg; Jeff Carew – PMA (via teleconference)

Recording Secretary: Geri Justinger (DMI Administrative Consultant)

1. Call to Order

Doug Olson, DMI President, called the meeting to order at 10:00 a.m.

2. Statement of Public Notice

In accordance with the provisions set forth in the Wisconsin Open Meetings Law (Wisconsin State Statutes 19.83 and 19.84); notification of, as well as the agendas for, this meeting - have been sent to the sixteen (16) Wisconsin Technical College Districts; it is therefore considered properly noticed.

3. Approval of Minutes from:

July 16, 2009 – BOD Meeting.

Mr. Blumreich moved, and Mr. Zlevor seconded, to approve the minutes; motion carried.

4. Financial Report – Doug Ballweg, Strohm Ballweg, LLP

Mr. Ballweg reviewed check registers and other financial data with the group. There was discussion about this being a month with larger expenditures (normal and routine). There was some discussion regarding larger claims (especially those incurring legal costs). It was suggested that larger claims be discussed periodically and that language be added to the agendas going forward to enable going into executive session if desired. There was further discussion regarding setting standards and putting reviews in place for these sorts of claims. It was suggested to have Midwest Claims attend a Board Meeting (January) to discuss their safeguards and procedures as well as how other entities handle these sorts of situations. It was suggested that notice be sent to the Board Members by the Executive Vice President if a check over \$100,000 needs to be issued. Mr. Stoeger-Moore will also research options for initiating a “claims review” for property/casualty (Midwest Claims) similar to what is done twice annually for the workers’ comp side (United Heartland).

Ms. Kieffer moved, and Dr. Hytrek seconded to approve the financial report including the budget from Strohm Ballweg. The motion carried.

***Item #8 on the agenda will be taken next.**

5. Investment Report

- a. Mr. Carew reviewed the reports with the group. He stated that he didn’t receive the bank statements until yesterday so they are not included but stated that everything “ties out to the penny” and that he will forward the

- completed report to Steve on Friday for the group. Mr. Olson stated that he will contact him Monday regarding the Investment Advisor suggestion.
- b. The group reviewed the summary of the CDARs program.

Mr. Blumreich moved, and Mr. Zlevor seconded to approve the Investment Report from PMA and CDARS report. The motion carried.

6. Capital Repayment Plan – Year Three (Final Year)

The final payments (3 of 3) will be made to the respective Districts. Mr. Ballweg will notify the OCI of the repayment via a written communication.

Mr. Blumreich moved, and Ms. Kieffer seconded to approve the Capital Repayment Plan. The motion carried.

7. Workers' Comp Audit Results

Mr. Stoeger-Moore reviewed the provided data with the group. He stated that each year these audits are completed for each District. At this time 13 of the 16 have been completed. Mr. Stoeger-Moore will forward the completed data to the Board and the Risk Manager group upon receipt of all results.

Mr. Zlevor moved, and Dr. Hytrek seconded to approve the Workers' Comp Audit Results. The motion carried.

8. Investment Manager Recommendation

Mr. Olson stated that an RFP for an Investment Manager was sent out in August. There were five responses to the request. A committee consisting of Doug Ballweg, Erin Dawson, Doug Olson, Jim Blumreich and Steven Stoeger-Moore reviewed and interviewed several of the responders. According to Mr. Olson the presentation from Madison Scottsdale was tailored specifically to DMI – he felt they had researched DMI's procedures, history, philosophy, etc. better than any of the other applicants.

Mr. Olson introduced Mr. Chris Berberet from Madison Scottsdale Investment Group. Mr. Berberet gave some background on Madison Investment Advisors / Madison Scottsdale. Mr. Berberet manages the insurance practice for the upper Midwest. Madison Investment Advisors are 100% employee owned. He stated that they are active investors that are true to the client's investment philosophy, risk appetite, etc. He stated that their process is to do an in-depth analysis of a prospective client. He stated that the review of DMI was very interesting – they view DMI as financially strong and have the potential to increase investment risk. He further stated that the philosophy of Madison Scottsdale is to bring forth challenging ideas for investment. There will be a team of people working to meet the needs of DMI – but Mr. Berberet would be the portfolio manager. He stated that they have created an investment plan for DMI and that if they are retained, a custodian will need to be chosen, then they can proceed implementing the plan. There was a question regarding how the funds in the Chase account would be invested. Mr. Berberet stated that likely those funds would begin to be invested long-term – he stated that CDRS or a money market would be the most economical way to manage the short-term funds.

After Mr. Berberet left, Mr. Stoeger-Moore stated that he checked three of the provided references and reported that they were all absolutely glowing. All were long-term relationships 10, 14, and 17 years.

Mr. Blumreich moved, and Ms. Kieffer seconded to accept the recommendation of retaining Madison Scottsdale as the Investment Manager for DMI.

9. By-Law Revision Article 3 Section 3.3

Mr. Stoeger-Moore spoke about the proposed changes (that have been informally discussed prior). There are two issues addressed in these revisions. The first change pertains to the nominating committee and its makeup (limiting the BOD members to two). The second change would be eliminating the option of accepting nominations from the floor at the Annual Meeting.

Dr. Hytrek moved, and Mr. Zlevor seconded to accept the proposed By-Law revisions.

10. Arthur J. Gallagher Stewardship Report – Linda Joski

Ms. Joski spoke with the group about the services that Gallagher offer. Ms. Joski stated that she and Dana Noel are the main team members working with DMI. She stated that Gallagher is the fourth largest broker in the US. She stated that on an annual basis they perform marketability studies on the account to ensure that they are offering the best services to and getting the best rates for DMI. She stated that although property valuations have risen over 50% from inception, through accurate evaluations and good negotiating, premiums have only increased 27%. She stated that Jim Lang has been working with the Districts to provide targeted loss control services. She stated that she has seen a wonderful progression of the Members taking accountability in “their” company. She stated that DMI was the test group the for Property Pro software program. She stated that twice annually they perform claim reviews. She spoke about obtaining statutory limits and streamlining the reinsurance structure. She spoke about the results of going to market with the property policy this year – which resulted in an increase in coverage and reduction of costs. Gallagher also approached United Heartland about being a reinsurance partner on the Workers’ Comp side. AJG processes approx. 2000 Certificates of Insurance annually. She stated that every year Gallagher prepares white papers for reference. And that they provide “expert” speakers e.g. Leta Finch, and John McLaughlin (at no cost to DMI) for Quarterly Meetings. There was some discussion about the International SOS program purchased through the purchasing consortium. Mr. Blumreich commented that the communication regarding this program has been almost nonexistent. Ms. Joski stated that she is preparing a spreadsheet containing limits and procedures for filing a claim for other clients regarding International SOS and ACE Foreign Liability. Ms. Joski will prepare a fee quote for representing this group with International SOS. She stated that they have been charging DMI on a “fee” basis rather than a commission basis – they hope to continue to able to do this.

11. Executive VP Report

a. Claims Review

Mr. Stoeger-Moore stated that these reports will be reviewed in more depth at tomorrow’s Risk Manager Meeting.

b. URMI National Conference – Barb Kieffer

Ms. Kieffer stated that the conference was tremendously valuable. She attended a presentation about a self-funded student insurance program. Another take-away was a program where critical contact numbers for risk

management were printed on the back of the employee name badges. She has shared this information locally and hopes for full implementation.

c. ACCT Presentation Summary – Jim Blumreich

Mr. Blumreich thanked the Board for allowing himself and Steven Stoeger-Moore to attend the ACCT. The attendance was small but the group was very interested and interactive. He stated that a Board member from NWTC was in attendance at the presentation and was very impressed and asked that this presentation be made to the District Boards Association. There was interest in giving this presentation locally (individually?) – the presentation will be posted on the DMI website. It was suggested to try to further the news of DMI by making this presentation to the District Boards Association as well as the Presidents' Group.

12. Weapons on WTCS Campuses – Jim Zylstra

Mr. Greene stated that this discussion began when it was discovered that having weapons on Wisconsin Technical College Campuses are not covered by current Wisconsin State statutes. Mr. Olson stated that in Eau Claire there is a city ordinance that states if it is posted that the police can become involved – they post no weapons signs around their campus. NWTC stated that they have had a few incidents where students have brought weapons on campus and there is nothing that can be done from a legal standpoint – only from a student code/conduct standpoint. Jim Zylstra stated that the chance of the SB260 passing is slim to none as there is no longer support from the Technical Colleges. He stated that he feels that the law is ambiguous enough that at this time the best route may be to develop local policy that best addresses this situation.

**There was some discussion about the date change in July from Thursday to Wednesday to accommodate Districts that are closed on Fridays in the summer.

13. Adjourn

Mr. Zlevor moved, and Mr. Blumreich seconded to adjourn; motion carried unanimously.

Mr. Olson adjourned the meeting at 2:08 p.m.

Approved by the DMI Board of Directors on January 21st, 2010.

Respectfully Submitted,

Barbara M. Kieffer
DMI Board Secretary