

**COUNTY ROAD ASSOCIATION SELF-INSURANCE FUND  
THIRTY-FIRST ANNUAL MEETING  
WEDNESDAY, SEPTEMBER 9, 2009  
BOYNE MOUNTAIN RESORT, BOYNE FALLS, MI**

The 31st annual meeting of the County Road Association Self-Insurance Fund was held on Wednesday, September 9, 2009, at the Boyne Mountain Resort, Boyne Falls, Michigan. Chair John Hunt called the meeting to order at 1:30 p.m. with 53 of 74 member counties being represented to constitute a quorum.

**Welcome & Pledge of Allegiance to the Flag**

Chair Hunt welcomed those present and lead the audience in reciting the pledge of allegiance to the flag.

**Moment of Silence for Charles Gibson, Tom Doyle & Dan Rabourn**

Chair Hunt asked for a moment of silence in remembrance of Charles Gibson, Jackson County Road Commission, and Tom Doyle, Ingham County Road Commission, both killed in tragic on-the-job accidents this past year, and for Dan Rabourn, the son of CRASIF Administrator Mack Rabourn, who suddenly passed away this year also.

**MINUTES APPROVED**

Minutes of the 30th annual meeting held September 3, 2008, at Boyne Mountain Resort, Boyne Falls, Michigan, were previously mailed to all members. The chair asked if there were any additions, deletions or corrections. Hearing none, the chair asked for a motion that the minutes be approved. It was moved by Fred Viegel (Washtenaw), seconded by Richard Carsen (Alcona), that the minutes be approved as mailed. Motion carried.

**Department of Labor & Economic Growth, Workers' Compensation Agency**

Chair Hunt introduced and welcomed John Schrock, Deputy Director of the Workers' Compensation Agency of the Department of Labor & Economic Growth. Mr. Schrock reported that the Bureau has no concerns with the CRASIF program as it is well funded and well managed. Members can have confidence in the workers' comp coverage and that CRASIF can meet its obligations.

Mr. Schrock gave an update on what's been going on in the Department. He noted that the Bureau's budget is tight, just like everyone else's. The state budget has not been adopted yet and they're not sure if it will be by October 1<sup>st</sup>. There have been significant staff reductions and office closings and there will be more in the next fiscal year. He doesn't anticipate that it will impact the CRASIF program. However, it may impact the Bureau's reaction time to requests.

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Since Delphi filed for bankruptcy in 2005 and General Motors and Chrysler both filed for bankruptcy in the last year, the Bureau has been working hard to secure the liabilities of Chrysler and General Motors going forward so there is no obligation of the Self-Insurance Security Fund to pay their claims. They believe they have resolved the issues so the new GM and Chrysler companies will pay the liabilities of the old companies. But Delphi has a large outstanding liability and the Bureau is still working with them on that. It's looking like the Security Fund may have to pay for the Delphi liability over time.

Mr. Schrock advised that the investment rules governing self-insured groups are fairly broad. Since the CRASIF board has been very conservative they haven't had any problems. Self-insured groups have been holding their own and there's still 34 in existence. They have had no problems paying their claims.

Mr. Schrock mentioned a Supreme Court decision that might impact CRASIF as soon as next year with regard to seasonal employees and whether workers' comp benefits would have to be paid to an injured seasonal worker for when they would not normally be working. The ruling should come out over the course of the next year.

Mr. Schrock closed his remarks by stating that he looks forward to the continued success of the CRASIF program and thanked the board for the opportunity to speak to the members.

**Chair's Remarks & Introduction of CRASIF Board of Trustees & Staff**

Chair Hunt (Huron) introduced himself and the rest of the CRASIF Board of Trustees and staff:

Trustees:

Don Spray (Cheboygan)	CRASIF Vice-Chair
Janet Aemisegger (Hillsdale)	Also CRASIF recording secretary
John Strauss (Kent)	Joyce Kuipers (Mecosta)
Steve Stocking (Clare)	*Dale Linton (Montcalm)
*Bob Ottenhoff (Luce)	*Mary Herman (Marquette)

\*Newly appointed trustees to fill the vacancies created by the retirements of Dick Miller, Don Holt and Judy Nerat.

Staff:

D. Mack Rabourn	Administrator.
Dale Ruttan	Finance & Services Officer & Treasurer.
Robert Greenwood	CRASIF's Upper Peninsula/Northern Lower Peninsula liaison.

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**Nominating Committee Report & Election Process**

Chair Hunt introduced Dorothy Pohl, CRASIF Nominating Committee Chair and the Ionia County Road Commission Managing Director. Mrs. Pohl introduced the other Nominating Committee members, Alfred Skulli (Alcona) representing the northern lower peninsula and Bernard Lund (Schoolcraft) representing the upper peninsula. She serves as the southern lower peninsula representative on the committee.

Mrs. Pohl proceeded to explain the election process by stating that a total of four board of trustee positions are to be filled this year. Three of the positions are for three year terms and one is for a two year term. The geographical requirements of the by-laws require that two nominees fill upper peninsula positions—one for a 3 year term and one for a 2 year term. The U.P. nominee receiving the most votes will get the 3 year upper peninsula seat and the next highest upper peninsula nominee will get the 2 year upper peninsula seat. The next two nominees with the most votes will fill the two “at large” positions for three year terms.

Mrs. Pohl proceeded with introductions of the slate of five candidates as follows:

1. Steven Stocking (Engineer-Manager), Clare County (incumbent)
2. Dale Linton (Commissioner), Montcalm County (incumbent)
3. Robert Ottenhoff (Commissioner), Luce County (incumbent)
4. Mary Herman, (Finance & Office Manager) Marquette County (incumbent)
5. Shirley Rodgers (Commissioner), Ingham County

Nominating Committee Chair Pohl proceeded to invite nominations from the floor. There being no further nominations, the committee chair declared that the nominations be closed.

Mrs. Pohl noted that ballots were distributed to the voting delegates in their annual meeting packets. The voting delegates were then asked to cast their ballots for four trustees. The Nominating Committee collected the ballots for tabulating, with the results to be announced later in the meeting.

**CRASIF Investment Report by Fifth Third Bank-Trust & Financial Management Division**

Chair Hunt introduced Derek Rummel, CFA, Fifth Third Bank, Vice President/Wealth Portfolio Manager, and Mr. Rummel in turn, introduced Kathleen Warren, Fifth Third Bank, Assistant Vice President/Senior Relationship Manager. Together they manage CRASIF’s investment portfolio.

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Mr. Rummel reported that the last fiscal year ending 6/30/09 was a very difficult and challenging market. It was a year when it was better to “play defense than offense”. Mr. Rummel reviewed the ups and downs of the year with a whole convergence of activity—not too positive. By the end of March, 2009, the economy began to turn a little for the better. 90% of CRASIF’s portfolio is in treasuries and fixed income securities and these investments held up the portfolio for the year. The value added for the fixed income portfolio was about \$1.6 million with managed investment returns of 5.43%, 5.74% and 6.31% for the core, intermediate and long term portfolios respectively.

The last 6 months of the fiscal year ending 6/30/09, the value added for the equity portfolio was \$116,965 with a managed investment return of 5.16%. For the fiscal year overall (7/01/08-6/30/09) there was a \$870,177 loss—down 27%. This was pretty consistent with what the total market has done, thus there’s a lot of ground to make up. Mr. Rummel said as of June 30<sup>th</sup>, the market value of the equity portfolio was \$2,385,339. Since then, the market has done so well that the equity portfolio is up to \$2.7 million and continues to climb in September.

In closing, Mr Rummel was cautiously optimistic that the market will continue to grind higher. He recommends that the CRASIF portfolio continue to be very diversified to meet the challenges of the market as times goes on.

**CRASIF Audit Report & Recommendations by Plante & Moran**

Mr. Kevin Krause, CPA & Partner of Plante & Moran, Certified Public Accountants, was introduced next to give the CRASIF audit report for fiscal year ending 6/30/09. As Mr. Krause has been on the account for many, many years, he is now the partner in charge of the CRASIF account.

Mr. Krause said the key aspect in being self-insured is having financial stability and consistency in the financial numbers so members don’t meet with any surprises. CRASIF’s financial numbers meet this criteria.

Mr. Krause told the members that, as is required, he met with the board prior to the annual meeting to go over the formal audit and the board did approve the audit report. The audit was performed in accordance with the generally accepted audit standards and they have rendered a clean audit opinion—an unqualified opinion, the highest level of opinion.

Mr. Krause briefly reviewed and explained the audit report as summarized in his hand-out. He said CRASIF’s equity base remained strong and consistent. In 2009, the total asset base is up

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about \$300,000 or about 1%. Members' equity ended up about \$24.3 million, up about \$700,000 or 3%. Mr. Krause commented that about five years ago, CRASIF started giving premium reductions, which are also cash distributions, just handled in a different manner. Total cash distributions to date now total a little over \$50 million and premium reductions total about \$15.7 million, therefore, about \$65 million have been returned to members since the inception of the fund.

Mr. Krause looked at CRASIF's loss ratios next. Loss ratios are determined by dividing the total paid claims and reserves by total member contributions. A downward trend is good in this area and he noted a significant downward trend since 2005 thru 2009. The loss ratio for the past year was 49%. Since inception of the program, the average claims pay-out has been around 52.0%

This concluded Mr. Krause's presentation and he thanked the board for their business and for the opportunity to speak to the members.

**2009 AUDIT REPORT APPROVED**

Chair Hunt called for approval of the 2009 financial audit report and that it be placed on file. It was moved by Hillsdale County and seconded by Marquette County that the audit report be approved. Carried.

**CRASIF Excess Carrier/Broker Report – Safety National/Alternative Risk Services Ltd.**

The next presenters were Fred Holland with Alternative Risk Services, who serves as CRASIF's insurance broker, and Phyllis Benoist, Safety National's Vice President of Business Development in St. Louis, Missouri. Mr. Holland started out by saying that CRASIF was formed to fund, manage and control their predictable workers' comp losses. They have accomplished this purpose with great success. To protect the funds' assets from the unpredictable losses excess insurance coverage is secured. When the CRASIF board selects an excess insurance carrier, they consider several key factors– the financial strength of the insurance company, the experience and expertise of the underwriting of the insurance company, the added value services that the company offers and their competitive pricing. As of July 1, 2009, Safety National has once again been selected as CRASIF's excess insurance carrier for 2009-2010. On that note, Mr. Holland turned the program over to Phyllis Benoist.

Mrs. Benoist thanked the board for inviting her to attend the annual meeting. She updated those present on the history of Safety National and noted that they are the longest provider of excess

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workers' compensation in the nation and they write more excess workers' comp insurance than any other excess carrier. 70% of their business are public entity groups, including schools.

CRASIF is a wonderful group—top of the line. They have a long term focus and that's what's needed. They also focus on safety and that's absolutely critical. Today 26 counties will be recognized for having "no lost time" accidents during the past year and that's incredible.

Safety National values long term relationships and they have been with CRASIF for 13 years and they're very pleased to be a part of the program.

**Treasurer's Report for Year Ending June 30, 2009**

Treasurer Dale Ruttan spoke briefly to the members. Mr. Ruttan said he's been with CRASIF for 9 years, going on 10 now. Both Fifth Third Bank and Plante & Moran have reported that CRASIF's financial records are in good shape so Mr. Ruttan proceeded to update the members on some other items of interest. The ACH payment method is still being encouraged, but there are only three counties using the ACH to make their CRASIF payments. Thus, Mr. Ruttan said he has established a lock box in Chicago where check payments are to be sent so the funds go directly to the bank. These two payment options are being utilized at the recommendation of our auditors to deter the possibility of any fraudulent handling of the funds received.

Mr. Ruttan said paperless invoices have also been implemented. The invoices are stored on CRASIF's website in advance of the beginning of each quarter. An email alert is sent to each member, via CRASIF's new listserv, to advise that the invoices are ready for pick-up thru ASU's portal.

Mr. Ruttan said he plans to continue to make other enhancements as needed. This concluded Mr. Ruttan's report.

**The ASU Group Report**

Chair Hunt next introduced Tara LaRose, Chief Executive Officer of The ASU Group in Okemos, Michigan. ASU has been CRASIF's third party administrator handling their claims administration for the last 13 years.

Mrs. LaRose reiterated the good job CRASIF has done and she thanked the board for having confidence in them to handle their account. She proceeded to introduce Brad Rutgers, ASU

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Director of Risk Management, to update the members on some of the details of the outcome of the CRASIF program.

Mr. Rutgers presented a brief power point presentation on some historical statistics of interest to those present and pointed out how a lot of things have changed. He said one thing that hasn't changed is CRASIF's mission to provide good, affordable coverage for county road commissions saving them money and improving safety in the work place.

Using a variety of graphs, Mr. Rutgers highlighted some of CRASIF's statistics for the past year. Mr. Rutgers pointed out that they look at various trends with the board on a quarterly basis for claim counts, the frequency of claims, the dollars being spent on claims, etc.

CRASIF's claim counts have continued to take a nice, steady down turn from 672 to 608 as of 6/30/09, about a 10% decrease. Mr. Rutgers said there's a general rule of thumb used in workers' comp, wherein they estimate that 80% of the claims will be medical only and 20% will be indemnity claims. CRASIF's claims averaged 79% medical only and 21% indemnity so the claims type are quite predictable. Total incurred losses by policy year have been very predictable also. The 5 year average is about \$2.49 million. The total incurred cost by claim type for medical only claims took a jump last year from about \$486 to \$700. Mr. Rutgers attributes this to the increase in the cost of health care. The medical component has increased over the last 5 years from 48% to 63%.

Mr. Rutgers thanked the members for their attention and concluded his report.

**Administrator's Report & Award Presentations**

Chair Hunt introduced CRASIF's administrator, Mack Rabourn, to give his presentation. He noted for the record that a quorum is present with 53 of 74 members being represented. Mr. Rabourn thanked everyone for their support during the past year, which he said was a trying one for him.

At this time, Administrator Rabourn called for the chairman of the Huron County Road Commission to step forward. He proceeded to award him with a special certificate of recognition for the Huron County Road Commission as follows:

**Lowest Experience Modification Factor in CRASIF Year Ending 6/30/2009**

Huron County Road Commission	0.???
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Mr. Rabourn thanked all of the vendors present and he expressed his special appreciation to Treasurer Dale Ruttan, his “right hand man”.

Administrator Rabourn and Education Committee Chair Joyce Kuipers presented certificates of recognition on behalf of any road commission employee with 25 years or more of service, who have been employed by a member county with CRASIF for 25 years or more and who has never had any lost time claims during said years of service.

**Employee Recipients  
“25 Years of Service & No Lost Time” Awards**

Alcona	(1)	Harold Truman		
Alger	(3)	Anthony Knaus	David Maki	Thomas Dolaskie
Allegan	(4)	Kelly Beckers	Larry Brown	Reg Bruner
		Steven Mancuso		
Alpena	(6)	Arnold Boyk	Susan Crowell	Rolen Gilbertson
		Daniel Minton	Alan Mills	Kenneth Krentz
Antrim	(3)	Charles Johnson	Verl Wolgamott	Dale Farrier
Arenac	(2)	Ken Nelson	Angela Knoll	
Baraga	(1)	Dennis Jokipit		
Barry	(3)	No names.		
Benzie	(1)	Craig Dixon		
Charlevoix	(2)	Randall Thompson	Thomas Webb	
Chippewa	(7)	Alan Cahill	Robert Eagle	Kent Kott
		Roger Newland	Jerome Mayer	Donald Stefanski
		Thomas Lehman		
Clare	(1)	Kathy Duynslager		
Clinton	(6)	Brian Betz	Darrell Lange	Thomas Roof
		Mike Stoddard	Gary Thelen	Duane Williams
Crawford	(1)	Jed Blauuw		
Delta	(4)	Randy Kwarcianny	Gary Larson	Richard Frisk
		Gary Leadman		
Eaton	(4)	Blair Ballou	Sharon Hice	Steven Shaver
		Steven Whitaker		
Grand Traverse	(1)	Edward Fasel		
Gratiot	(3)	Bonnie Bowen	Steve Niznak	Daniel Macha

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Hillsdale	(5)	Russell Gauger Janet Aemisegger	James Price Roger Lauchlen	Stanley Clingerman
Houghton	(3)	Richard Remali	John Kovachich	Paul Bianucci
Huron	(4)	Robert Winkel Mark Piotter	Steven Romzek	Paul MacDonald
Iron	(2)	Jack Chervo	Duane Lombardini	
Jackson	(8)	Edward Barrett Ted Kinch Charles Walz	Dale Beebe William Simmons Jeffrey Whitney	Thomas Brown David Smith
Kalamazoo	(4)	No names.		
Luce	(3)	David Uhlbeck	Robert Hetrick	Ray Holbrook
Manistee	(3)	Scott Skiera	Dennis Hoeh	William Diesing
Marquette	(2)	William Burns	Robert Laurich	
Mason	(4)	Gary Dittmer Larry Tyndall	James Durfee	Wilford McCormick
Mecosta	(7)	Michael Maneke Kevin Bone Gene Peterson	James Johnson Joanne Davis	William Bechaz Stephen Wernette
Midland	(1)	Terry Smith		
Missaukee	(5)	Kelly Bekken Emery Jenema	Dan Gallop Dennis Nebo	Jaems Hejnal
Montmorency	(2)	Joel Kim Bleech	Sue Weaver	
Oceana	(4)	Duane Bickel Robert Seibert	Steven Swihart	Terry Seaver
Ontonagon	(5)	John Wagner John Patterson	Clinton Sikkila Thomas Legault	Leonard Johnson Jr.
Otsego	(3)	David Robinson	Michael Roper	Larry Schaedig
Schoolcraft	(1)	Robert Tufnell		
St. Joseph	(8)	Bruce Jones Mark Smith	Cheryl Arver Sanfor Mullins	Martha Cotter Richard Ernsberger
Wexford	(1)	Ronald Wohlford		
	128	Total Recipients		

Congratulations to you all!

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Vice-Chair Don Spray and Administrator Rabourn presented plaques in recognition of 26 counties with “No Lost Time” claims for the past fiscal year. The following counties received plaques:

**No “Lost Time” Claims**

- |               |                  |
|---------------|------------------|
| 1. Alcona     | 14. Houghton     |
| 2. Antrim     | 15. Huron        |
| 3. Barry      | 16. Iron         |
| 4. Bay        | 17. Kalkaska     |
| 5. Benzie     | 18. Keweenaw     |
| 6. Charlevoix | 19. Leelanau     |
| 7. Cheboygan  | 20. Luce         |
| 8. Chippewa   | 21. Montmorency  |
| 9. Delta      | 22. Newaygo      |
| 10. Emmet     | 23. Oscoda       |
| 11. Gladwin   | 24. Otsego       |
| 12. Gogebic   | 25. Presque Isle |
| 13. Hillsdale | 26. Shiawassee   |

The CRASIF Board of Trustees congratulated each and every recipient of the awards and for their accomplishments.

**Trustee Election Results Announced**

Having tabulated the 53 ballots cast, Nominating Committee Chair Dorothy Pohl announced the following results of the election for the CRASIF Board of Trustees.

<u>Name</u>	<u>County</u>	<u>Association</u>	<u>Term</u>
1. Mary Herman	Marquette	Upper Peninsula	3 year term
2. Robert Ottenhoff	Luce	Upper Peninsula	2 year term
3. Steve Stocking	Clare	At Large	3 year term
4. Dale Linton	Montcalm	At Large	3 year term

**Nominating Committee Report Accepted/Ballots Destroyed**

It was moved and seconded that the Nominating Committee report be accepted and placed on file and that the ballots be destroyed. Carried.

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Chair Hunt thanked the Nominating Committee for their assistance with the election. He also thanked all of the candidates who offered their names for consideration as trustees this year.

**Old Business**

There was no old business.

**New Business**

Chair Hunt asked the audience if they had any questions they'd like to ask at this time. There were none mentioned.

The chairman informed those present that some "joint venture" committees have been set-up to explore what services might feasibly be combined between CRASIF and MCRCSIP. Some joint ventures were even taken this year. The CRASIF safety workshops that were held around the state this year, had a combination of both CRASIF and MCRCSIP presenters. Some combined workers' comp/liability facility inspections were also held on a strictly trial basis at various road commissions. Chair Hunt noted that the Combined Services Exploration committee will be meeting soon to get some feedback to see what went right, what went wrong, if we should continue on with this path, etc. The members' feedback is also vital and important to the board so they'd like to hear your comments on the theory.

**Sites of 2010-2012 CRASIF Annual Meetings Announced**

Chair Hunt announced the 2010, 2011 and 2012 annual meeting sites as follows:

2010 Shanty Creek                      2011 Boyne Mountain                      2012 Crystal Mountain.

**Meeting Adjourned – 3:00 p.m.**

There being no further business, Randy Stearns (Montcalm) moved, Bob Powers (Cass) seconded, that the meeting be adjourned at 3:00 p.m. Motion carried.

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John Hunt, Chair

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Janet Aemisegger, Secretary