

MINUTES OF MEETING  
OF THE INDUSTRIAL COMMISSION OF ARIZONA  
Held at 800 West Washington Street  
Conference Room 308  
Phoenix, Arizona 85007  
Wednesday, February 6, 2013 – 1:00 p.m.

Present:	David Parker	Chairman
	Kathleen Oster	Vice Chair
	John A. McCarthy, Jr.	Member
	Michael G. Sanders	Member
	Laura McGrory	Director
	Andrew Wade	Chief Counsel
	Renee Pastor	Manager, Self-Insurance
	Michael Hawthorne	Chief Financial Officer
	Kamen Kovatchev	Self Insurance
	Larry Gast	Acting Director, ADOSH
	Teresa Hilton	Commission Secretary

Chairman Parker convened the Commission meeting at 1:00 p.m. noting a quorum present. Susan Strickler was not able to attend. Also in attendance was Scot Butler, the agency's lobbyist.

Approval of Minutes of January 31, 2013 Meeting

The Commission unanimously approved the Minutes of January 31, 2013 on motion of Mr. McCarthy, second of Ms. Oster.

Consent Agenda:

- a. Approval of Proposed Civil Penalties Against Uninsured Employers.
1. 2C12/13-0306 Copper Canyon Café & Bar, L.L.C.
  2. 2C11/12-0137 Crown Express, L.L.C.
  3. 2C11/12-1707 Mattress 2 Go, L.L.C.
  4. 2C12/13-0175 Tempe Metals, L.L.C.

Chairman Parker asked whether any items needed to be removed from the consent agenda. Secretary Hilton stated that there were not. The Commission unanimously approved the consent agenda on motion of Mr. Sanders, second of Mr. McCarthy.

Discussion & Action regarding Appointment of new Boiler Advisory Board Member pursuant to A.R.S. § 23-474(2)

Laura McGrory stated that there are additional appointments in process and staff requests this agenda item be tabled to allow the Commission to consider all recommendations for appointments at the same time. Chairman Parker stated that the item would be tabled.

### Discussion &/or Action regarding Legislation

Scot Butler provided an updated report of current legislative activity and described new bills of interest to the Commission, SB's 1310, 1349, 1368 and 1380. Mr. Butler and Ms. McGrory identified concerns with potential consequences of the bills and responded to questions from the Commissioners. Mr. Butler also discussed bills that had activity, HB 2485 and SB 1148. With regard to SB 1310, staff had provided certain stakeholders with draft language amending section A. Mr. Butler described concerns with the bill and noted that staff had meetings scheduled with Legislators over the next few days.

### Discussion & Action regarding Establishment of Discount Rate for Calculating Lump Sum Commutations under A.A.C. R20-5-121(B)

Renee Pastor stated that the Commission is required to establish the discount rate each year for use in calculating the present value of an award that is commuted to a lump sum under A.R.S. § 23-1067. She explained the process under A.A.C. R20-5-121(B) and identified the applicable 3-month Treasury bill rates reported on December 31 of 2012 and for the prior four years. Based on the rates and the formula in A.A.C. R20-5-121(B), the Administrative Division is recommending that the discount rate be set at 0.07% for calculating fixed period and permanent lump sum settlements. The 0.07% discount rate, if adopted, will replace the current discount rate of 0.72% as of today and will be in effect until the Commission calculates a new rate. Following discussion, the Commission unanimously approved the discount rate of 0.07% on motion of Mr. Sanders, second of Ms. Oster.

### Discussion & Action regarding Applications for Renewal of Self-Insurance Authority

Carondelet Health Network - Renee Pastor presented staff's renewal report along with current Moody's, Fitch, Standard & Poor's and Experian bond and credit ratings and responded to questions from the Commissioners. Ms. Pastor stated that the deposit amount was increased following an analysis of closed claims. In response to a question from Chairman Parker, Ms. Pastor explained the difference between the information obtained from Experian and Dunn & Bradstreet. Administration is recommending renewal of workers' compensation self-insurance authority based on the parent company's prior history of profitability with total assets of just over \$23.7 billion, a clean audit report and a good credit rating. The Commission unanimously approved renewal of self-insurance authority on motion of Mr. Sanders, second of Ms. Oster.

The Procter & Gamble Company - Ms. Pastor presented staff's renewal report along with current Moody's, Standard & Poor's and Experian bond and credit ratings. Administration is recommending renewal of workers' compensation self-insurance authority based on the company's solid financial condition with worldwide assets of just over \$132.2 billion, continued profitability record, a \$100,000 bond as a statutory deposit; a clean audit report and a good credit rating. The Commission unanimously approved renewal of self-insurance authority on motion of Mr. McCarthy, second of Mr. Sanders.

Regis Corporation - Ms. Pastor presented staff's renewal report along with a current Experian credit rating and responded to questions from the Commissioners. Administration is recommending renewal of workers' compensation self-insurance authority based on the company's financial stability, large size with assets exceeding \$1,571.0 billion, a clean audit report and a good credit rating. The Commission unanimously approved renewal of self-

insurance authority on motion of Ms. Oster, second of Mr. Sanders.

Walgreen Co. – Ms. Pastor presented staff's renewal report along with current Moody's, Standard & Poor's, and Experian bond and credit ratings. Administration is recommending renewal of workers' compensation self-insurance authority based on the company's strong financial position with a consistent record of profitability, growing size with total assets of just over \$33.4 billion, a clean audit report and acceptable credit ratings. The Commission unanimously approved renewal of self-insurance authority on motion of Mr. Sanders, second of Mr. McCarthy.

Discussion & Action regarding Application for Renewal of Self-Insurance Authority. The Commission may move into Executive Session under A.R.S. § 38-431.03(A)(2) to discuss records exempt by law from public inspection. Legal action involving a final vote or decision shall not be taken in Executive Session. If such action is required, then it will be taken in General Session

Chairman Parker asked if any of the Commissioners wanted to discuss confidential information in Executive Session. Hearing no request, he stated Ms. Pastor could present her reports and the Commission could go into Executive Session later if needed.

Young Electric Sign Company - Ms. Pastor presented staff's renewal report along with a current Experian credit rating and responded to questions from the Commissioners. Administration is recommending renewal of workers' compensation self-insurance authority through the next scheduled renewal date, which has been changed from October 1, 2013 to July 1, 2013. The Commission unanimously approved renewal of self-insurance authority on motion of Mr. McCarthy, second of Ms. Oster.

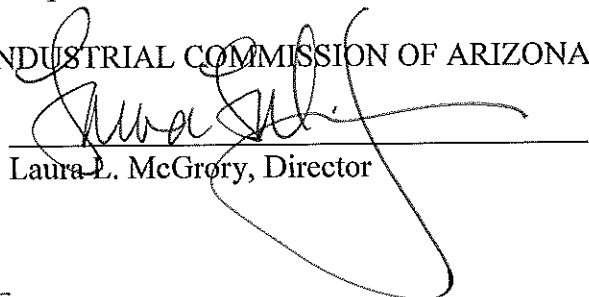
#### Announcements and Scheduling of Future Meetings

The next Commission meeting is scheduled for Wednesday, February 13, 2013. The Commissioners changed the March 28, 2013 meeting to March 27, 2013 and discussed changing the April 11, 2013 meeting to April 10, 2013. The annual Physicians' Fee Schedule hearing was changed from March 28, 2013 to April 17, 2013 at 10:00 a.m.

There being no further business to come before the Commission and no public comment, Chairman Parker adjourned the meeting at 2:20 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

By

  
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Laura L. McGrory, Director

ATTEST:

  
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Teresa Hilton, Commission Secretary