



2025-2026 ADOPTED BUDGET

*Building for the Future:
The Next 50 Years*

July 7, 2025

To: TMLIRP Board of Trustees
Subject: 2025-26 Proposed Budget



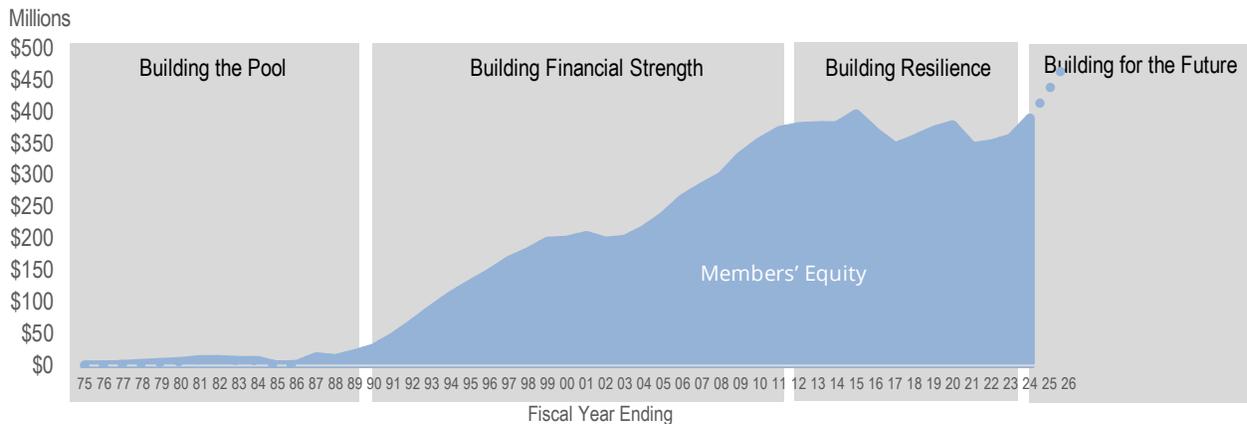
“BUILDING FOR THE FUTURE”

As of September 30, 2024, the Pool's equity balance stood at \$390.2 million, approximately \$4 million less than it was nine years ago. This near-decade of flat equity growth is unprecedented since the Pool's formative years. During that time, the Pool faced extraordinary challenges, including Hurricane Harvey, Winter Storm Uri, and the COVID-19 pandemic, each delivering significant operational and financial impact.

Yet, these years did not signal weakness, they revealed strength. The Pool has proven its resilience, maintaining stability, absorbing volatility on behalf of its members, and staying firmly anchored to its mission. This was made possible through the steady guidance of the Board and the unwavering commitment of the Pool's staff.

Now, looking ahead, the FY 2025/26 operating budget proposal aims to build on that foundation. Based on conservative loss assumptions, equity growth for 2024/25 is projected at \$40 million, with similar growth expected in FY 2025/26. These projections underscore the Pool's strategic discipline, long-term planning (especially around the Property Fund) and readiness to advance confidently into the future.

At the same time, the Pool must remain mindful of its financial capacity. As it moves away from a broad “big tent” model toward a more clearly defined Membership Philosophy, the Pool will increasingly focus on using Members' Equity to serve the public interest—first and foremost, the interests of its Member cities. This refined approach helps preserve the Pool's ability to provide financial stability and ensures that its limited stabilizing resources are directed where they are most appropriate and impactful.



The Pool’s focus is shifting toward intentional growth and innovation—ensuring the Pool is not only resilient, but also adaptive and forward-looking. The theme guiding this next era for the Pool is clear: **“Building for the Future.”** This forward-looking focus will help ensure the Pool continues to strengthen its ability to serve and protect its membership in an increasingly complex risk environment.

Proposed 2025-26 Baseline Budget

The combined FY 2025-26 budget reflects the strategic foresight and resiliency the Pool demonstrated throughout recent challenges. Rather than merely recovering, the Pool has taken deliberate steps to emerge stronger, more capable, and better aligned to member needs.

| Combined Funds (In \$Million) | 2024-25 Budget | 2025-26 Budget | \$ Change | % Change |
|----------------------------------|-------------------|-------------------|---------------|--------------|
| Beginning Members' Equity | \$397.5 | \$428.6 | \$31.1 | 7.8% |
| Earned Contributions | 346.9 | 389.5 | 42.6 | 12.3% |
| Investment & Other Income | 33.2 | 36.3 | 3.1 | 9.3% |
| Total Revenues | 380.1 | 425.8 | 45.7 | 12.0% |
| Losses | 238.1 | 273.3 | 35.2 | 14.8% |
| Reinsurance Expense | 42.4 | 42.2 | (0.2) | -0.5% |
| Operating Expense | 62.0 | 64.4 | 2.4 | 3.9% |
| Total Loss & Expenses | 342.5 | 379.9 | 37.4 | 10.9% |
| Revenues Over Expenses | 37.6 | 45.9 | 8.3 | 22.1% |
| Ending Members' Equity | \$435.1 | \$474.5 | \$39.4 | 9.1% |

The table above highlights the following:

- **Contributions** are projected to increase by 12.3%, primarily due to property and auto rate adjustments. These projections incorporate the principles and impact of the membership philosophy codified by the Board in January 2025.
- **Investment income** continues to grow, supported by a favorable interest rate environment and strong performance of the Lifetime Benefit (LTB) portfolio, which has been a consistent addition to earnings since its inception in 2020.
- **Total revenues** are projected at \$425.8 million, representing a 12% year-over-year increase and an 80% increase over the past five years. During the most volatile years, the Pool intentionally minimized rate adjustments to reduce member disruption, instead choosing to phase adjustments in gradually.
- **Revenue growth** is essential to meeting the demands of ongoing weather volatility and inflationary pressures, particularly in property and auto losses.
- **Reinsurance expense** is projected to be flat following the May 1, 2025 renewal. This negligible change reflects a softening market, despite global loss pressures.
- **Operating expenses** excluding stability reserve adjustments are expected to increase by 3.9%, driven largely by personnel costs following implementation of the compensation and classification study, as well as rising health insurance costs. Stability reserve adjustments and operating expenses are detailed further below.
- **Members' equity** is projected to increase by 9.1% aligning with the property program goals set during the Board’s January 2025 planning session.

Operating Expenses

Staff is pleased to propose a 3.9% increase in the baseline FY 2025-26 budget request. Personnel costs reflect the implementation of the compensation and classification study presented to the Board in January. Adoption of this study, along with the previously approved compensation philosophy, positions the Pool to remain competitive in attracting and retaining talented professionals at market based compensation levels. Personnel costs increase by \$3 million, or 7.1%, compared to prior year's budget.

The recommended increase in other operating costs is 4.6%, driven in part by the addition of electronic claim payment options designed to enhance claim payee experience. Two key initiatives, digitizing records and technical debt resolution that will improve long-term maintenance of core systems, were advanced into the current FY 24-25 budget, taking advantage of available capacity.

Major investments in core systems have significantly improved operational capabilities and are laying the groundwork for enhanced member services and early-stage AI use cases. Depreciation expenses related to these capital investments are projected to decrease by \$1.3 million in 2025-26 and an additional \$1.4 million in 2026-27. This reduction not only lowers ongoing operating costs but also creates flexibility for future initiatives.

| Operating Budget (In \$ Millions) | 2024-25 Budget | 2025-26 Budget | \$ Change | % Change |
|--------------------------------------|-------------------|-------------------|--------------|-------------|
| Personnel Costs | \$42.2 | \$45.2 | \$3.0 | 7.1% |
| Other Operating Costs | 15.2 | 15.9 | 0.7 | 4.6% |
| Capital Outlays | 0.6 | 0.6 | 0.0 | 0.0% |
| Depreciation Expense | 4.0 | 2.7 | (1.3) | -32.5% |
| Total Operating Expenses | \$62.0 | \$64.4 | \$2.4 | 3.9% |
| ECR Drawdown (Proposed) | | -\$0.8 | -\$0.8 | -1.3% |
| Capital Reserve (Proposed) | | 1.2 | 1.2 | 1.9% |
| Total w/Reserve Adjs. | | \$64.8 | \$2.8 | 4.5% |

Stability Initiative

Stability is a central pillar in the Pool's mission and a guiding principle in budget planning. Three years ago, the Board approved the creation of the Employment Cost Reserve (ECR) to capture unspent personnel budget funds and smooth future fluctuations. By the end of FY 24/25, the ECR is projected to reach \$1.4 million. In the budget recommendation, the ECR will help offset increased health insurance costs and the implementation of the compensation and classification study adjustments, with an \$800,000 drawdown proposed.

Looking ahead, as the Pool considers the future of the Texas Municipal Center (TMC) along with TML, we're applying the same principle of stability—particularly in how we manage rates and operating costs. The budget request recommends creating a capital reserve, modeled after the ECR. The concept is to set aside the savings (\$1.2 million in FY 2025-26) from declining depreciation expenses over the next few years. This will help offset the financial impact when a potential new TMC facility comes online, allowing the Pool to absorb those costs without major disruptions.

The interaction between the ECR and Capital Reserve reflects the Pool's commitment to managing long-term costs prudently. Together, these financing strategies support a modest 4.5% overall budget increase, reinforcing the "Building for the Future" efforts in a stable and sustainable way.

Conclusion

The combined FY 2025–26 budget reflects an expense ratio of 19%, reducing the Pool's 10-year average to 22%, well below the commercial industry average of 35%. This demonstrates the Pool's continued **fiscal responsibility** and the value of its member-focused model, particularly in today's challenging market. Said differently, as the Pool's revenues have increased, its operating expenses have increased at a far slower rate, year after year.

While the *"Building for the Future"* theme naturally aligns with capital projects like the TMC, its true meaning runs deeper. The Pool's recent resilience has not been about recovery alone; it has been a purposeful transformation in response to a fundamentally different operating environment. A renewed membership philosophy, strategic partnerships, a high-performing LTB investment portfolio, a competitive compensation strategy, a focus on Excellence in Law Enforcement, strengthening equity in the property program and a focus on member experience: taken together, these past and present initiatives reflect an organization ready to lead, and ready to meet its mission for years to come.

Staff recommends adoption of the proposed budget and looks forward to presenting it for your consideration at the July 2025 Board meeting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey R. Thompson". The signature is fluid and cursive, with a large initial "J" and "T".

Jeffrey R. Thompson
Executive Director

2025-26 PROPOSED BUDGET ANALYSIS

Budget Summary



In January 2025, the Board and Executive Staff held a strategic planning session to refine the Pool's direction. This proposed 2025-26 budget reflects those outcomes, detailing expected revenues, expenditures, and projections for Members' Equity, the foundation of the Pool's financial strength and stability. This budget aligns with the Pool's core values: *Public Service, Fiscal Responsibility, Operational Excellence, and Integrity*. Members' equity is projected to grow intentionally, supported with disciplined spending that remains below standard cost-of-living indicators and well below expense levels of commercial providers. The following programs and initiatives are presented as part of the 2025-26 budget proposal for your review and consideration.

Membership Philosophy - The Pool was established as a partnership, not a service provider, with the foundational belief that Members are "Stronger Together." The original strategy emphasized inclusive growth, and this "Big Tent" approach successfully expanded Membership resulting in a wide range of public entity Members. However, the current environment presents new challenges. Risk diversity, adverse selection, and market pressures require a more intentional and strategic approach. The Pool is evolving from a broad growth strategy to a more focused philosophy centered on sustainability, equity, and resilience. To support this shift, the Pool is operationalizing a Board-adopted Membership Philosophy based on four core principles: *Shared Purpose; Collective Resilience; Equitable Responsibility; and Long-Term Sustainability*. The budget recommendation reflects expected Member attrition as this new philosophy is implemented.

Compensation and Classification Study - Aon completed a Compensation and Classification Study recommending updates to align with market practices. The Pool's adopted Compensation philosophy clearly defines the desired market position and approach to pay structure moving forward. The study found that the Pool's current pay levels are near market medians with some adjustments needed. The proposed budget includes funding to implement adjustments, along with updated salary ranges. These changes are intended to ensure the Pool remains competitive over the long term in reinforcing our ability to attract, retain, and motivate high-performing staff. The Compensation & Classification Report will be presented for Board approval in July.

Support for Excellence in Law Enforcement Initiative - Staff is preparing a progress report on the *Support for Excellence in Law Enforcement* initiative, which stems from a 2022 planning session and has guided resource allocation over the past 20 months. The initiative's primary goal is to support Member law enforcement agencies in addressing the demands of modern policing, with a secondary goal of reducing law enforcement related claims. The initiative has demonstrated that the Pool's loss prevention efforts can positively influence policing outcomes. The progress report, using claim data and other metrics, highlights key developments, including: (1) ongoing evolution of Law Enforcement Outreach Consultant (LEOC) roles; (2) strengthened partnerships and collaborative efforts; (3) development of guidance for police-specific management consultations and training for law enforcement; (4) continued support for police agency accreditation; and (5) productive engagement with the

Texas Commission on Law Enforcement. Through these efforts, the Loss Prevention Department and LEOCs are working under the Board's guidance to promote accountability, reduce risks, and prevent claims. The report will be submitted for formal consideration at the July Board Meeting.

Lifetime Benefits (LTB) Investments Portfolio - Since its inception, the LTB portfolio has played a valuable role in the diversification of the Pool's overall investment assets. The portfolio has generated substantial unrealized gains, sufficient to fund a significant portion of the extraordinary fatalities incurred during the COVID-19 pandemic. Drawing on that experience, the Pool is now poised to look toward the future. With current funding at \$210 million, the Board will consider raising the portfolio's range to \$195 - \$250 million to better address emerging risks and support long-term sustainability

Property Program Equity Strategy - The Pool's property program is under increasing financial pressure due to weather-related losses, inflation, Member exposure growth, rising reinsurance costs, and the ongoing threat of catastrophic events. As the market of last resort for many Members, the Pool faces heightened risk, making long-term equity planning essential. The goal is to reduce the Contribution-to-Equity ratio from 6:1 to 2:1 over five years. Strategies include rate adjustments, improved valuations, coverage modifications, and a strong reinsurance approach. The budget reflects how this strategy is already influencing revenues and projected equity levels.

Claim Payment Initiative - The Pool issues about 140,000 claim payments annually. With CentralSquare discontinuing check customization support, the Pool selected a new payment system for 2025. The new system will address operational risks, such as the reliance on in-office check processing, a vulnerability highlighted during the COVID-19 pandemic and Winter Storm Uri. Additional benefits include an enhanced payment experience by offering multiple disbursement options beyond physical checks. The estimated annual cost of the new service is \$330,000 and is included in the "Other Operating Costs" line of the Operating Budget.

Policy Center (PC) Efficiency Project - Staff will engage contractor support to enhance the efficiency of Policy Center, advance ongoing development efforts, and support the transition to a cloud-based environment. Key improvements will include reducing re-rate processing times for large Members, significantly enhancing system performance, and user experience. This initiative also addresses technical debt, improving the long-term maintainability and stability of a critical core system. The estimated cost is \$190,000, with funding advanced into the FY 2024-25 budget to leverage available capacity.

Records Digitization Project - Risk Services is launching a comprehensive digital workflow initiative to reduce paper usage, lower operational costs, and advance the Pool's broader sustainability goals. A key outcome will be the transition of all policies and endorsements to a fully paperless format. Ultimately, all Member records will be accessible through the member portal. The initiative will begin with the categorization and digitization of off-site stored paper documents, with the ultimate objective of fully digitizing all on-site records. This project will also serve as a pilot for potential adoption by other departments. The estimated cost is \$275,000, with funding advanced into the FY 2024-25 budget to take advantage of available capacity.

Texas Municipal Center (TMC) - The TMC Relocation Project is currently in "Phase III: Property Search" with efforts focused on identifying and evaluating over 30 potential sites for the future TMC. A shortlist of properties will be identified for further due diligence and test fitting, ensuring alignment with the Pool's strategic goals, operational needs, and long-term vision. The final shortlist and supporting analysis will be presented to the Board of Trustees in July, as the project moves toward Phase IV: Acquisition and Design. To proactively manage the

financial impact of a future TMC facility, staff is recommending the creation of a dedicated reserve, modeled after the Employment Cost Reserve (ECR). The proposed reserve would be funded by redirecting savings, \$1.2 million in FY 2025-26, resulting from the scheduled decline in depreciation expenses over the coming years. This strategy will help the Pool absorb future facility-related costs without significant operational disruption. By applying the Pool's core principle of stability, this reserve ensures a measured approach to long-term capital planning while minimizing potential impacts on future rates and operating costs.

Stability Initiative - Stability remains a core principle of the Pool's mission, and it continues to guide our approach to budgeting and long-term financial planning. A few years ago, the Board approved the creation of the Employment Cost Reserve (ECR), a strategic reserve that allows us to set aside any unspent capacity from our annual personnel cost budget. By the end of FY 2024-25, the ECR is projected to total approximately \$1.4 million. The ECR plays a vital role in helping the Pool manage fluctuations in personnel-related costs, such as rising health benefit costs or adjustments resulting from compensation and classification reviews, both of which have been factors this year. To help address these increased personnel costs in FY 2025-26, the budget includes a recommendation to draw down \$800,000 from the ECR. A similar approach was detailed above in recommending the establishment of a \$1.2 million Capital Reserve for the TMC. These complementary strategies are designed to manage costs prudently while supporting sustainable growth. Together, these financing strategies will add an additional \$400,000 to the baseline budget request, resulting in a modest 4.5% overall budget increase, reinforcing our "Building for the Future" efforts in a stable and sustainable way.

This budget has been developed to support the Board's key goals: maintaining the Pool's financial strength, delivering stable and cost-effective coverage, and ensuring Members continue to receive efficient, high-quality service.

| Combined Funds (In \$Million) | 2024-25 Budget | 2025-26 Budget | \$ Change | % Change |
|----------------------------------|-------------------|-------------------|---------------|--------------|
| Beginning Members' Equity | \$397.5 | \$428.6 | \$31.1 | 7.8% |
| Earned Contributions | 346.9 | 389.5 | 42.6 | 12.3% |
| Investment & Other Income | 33.2 | 36.3 | 3.1 | 9.3% |
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The combined budget offers a comprehensive view of how operating expenditures align with overall revenues and expenses. While the initiatives and programs described above have broad impacts across the organization, their most direct and significant effects are reflected in the Operating Expenses category. The baseline operating budget request for FY 2025-26 is \$64.4 million, as detailed in the table below.

In addition, recommended reserve adjustments, including those related to the Employment Cost Reserve and the proposed Capital Reserve, would add \$400,000 to the baseline operating budget. These financing-related items will be presented as an addendum to the budget request, allowing for separate review and consideration. The following operating budget analysis focuses exclusively on the baseline request, excluding any reserve or financing adjustments.

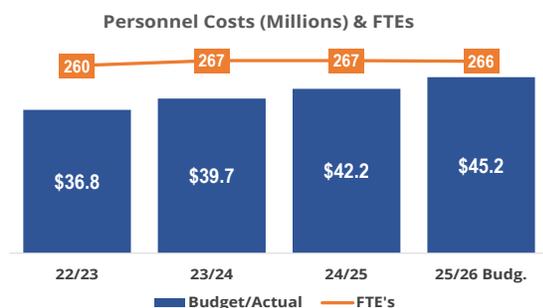
Operating Budget

The Pool's operating expenses are developed from the ground up, with department managers employing a zero-based budgeting approach. Each line-item expense is thoroughly justified, and program proposals are accompanied by detailed explanations for both new and existing programs. The proposed departmental budgets align with the overarching themes for fiscal year 2025–26 and prioritize expenditures that enhance organizational agility and support the effective delivery of services to Pool Members. The recommended baseline operating budget is \$64.4 million, an increase of \$2.4 million or 3.9% compared to the current 2024-25 budget. Personnel costs represent the largest share of the operating budget at 70.2%, while other operating costs comprised 24.7%. Capital outlay and depreciation together account for the remaining 5.1%.

| Operating Budget (In \$ Millions) | 2024-25 Budget | 2025-26 Budget | % of Total | \$ Change | % Change |
|--------------------------------------|-------------------|-------------------|---------------|--------------|-------------|
| Personnel Costs | \$42.2 | \$45.2 | 70.2% | \$3.0 | 7.1% |
| Other Operating Costs | 15.2 | 15.9 | 24.7% | 0.7 | 4.6% |
| Capital Outlays | 0.6 | 0.6 | 0.9% | 0.0 | 0.0% |
| Depreciation Expense | 4.0 | 2.7 | 4.2% | (1.3) | -32.5% |
| Total Operating Expenses | \$62.0 | \$64.4 | | \$2.4 | 3.9% |

PERSONNEL COSTS

Personnel expenses of \$45.2 million are \$3.0 million or 7.1% greater than the 2024-25 budget. The increase this year was greater than recent years due to two primary drivers, implementation of the compensation and classification study and health coverage costs. Personnel costs were also impacted by reclassing car and phone allowances as compensation.



With a strong economy and competitive job market across Texas, maintaining experienced personnel is a crucial factor in providing the highest quality of service to the Pool's Members. The budget request will incorporate only a portion of the compensation and classification study recommendations. Other recommendations involving alternative deferred

compensation plans and other benefits will be presented to the Board in October.

| Personnel Budgeted Costs (Millions) | 24-25 Budget | 25-26 Budget | \$ Chg. | % Chg. |
|---|-----------------|-----------------|--------------|-------------|
| Salaries | \$30.6 | \$32.1 | \$1.5 | 4.9% |
| Merit & COLA | 1.3 | 1.8 | 0.5 | 38.5% |
| Health Insurance | 4.6 | 5.1 | 0.5 | 10.9% |
| TMRS | 3.6 | 4.1 | 0.5 | 13.9% |
| Deferred Comp | 1.9 | 1.9 | 0.0 | 0.0% |
| Disability | 0.2 | 0.2 | 0.0 | 0.0% |
| Personnel Total | \$42.2 | \$45.2 | \$3.0 | 7.1% |

Merit Increases

Budgeted merit costs will increase by \$500,000 due primarily to the adjustments recommended by the compensation and classification study, as well as routine annual merit increases. The proposed performance-based merit pool increase is effective December 1, 2025. The proposed budget will provide an average 4.75% merit increase with a maximum of 5.5% for staff. Potential market adjustments are also incorporated into the Merit Pool, as are proposed longevity adjustments for senior executive staff meant to encourage tenure. The revised salary ranges also increased the annual merit adjustments available for all employees.

Personnel Changes

The Pool currently holds 267 full-time equivalent (FTE) positions, and 260 of those positions are currently filled. This proposed budget decreases the number of FTE positions by one, to 266.

Health and Medical Coverage

The Pool's healthcare provider rates for 2025–26 are projected to increase by 22% for medical coverage and 10% for dental. Despite these significant rate hikes, the proposed Health and Medical budget for 2025–26 is \$5.1 million, a more moderate increase of \$445,400, or 9.7%, compared to the prior year. This smaller increase is primarily due to employee choices of lower-cost healthcare plans (such as high-deductible options over standard plans) and additional cost sharing by staff.

Texas Municipal Retirement System

The contribution rates for the Texas Municipal Retirement System (TMRS) increased system-wide due to factors such as inflation, rising salaries, projected payroll growth, and demographic shifts within the Pool. For fiscal year 2024–25, the Pool budgeted a rate of 11.30%, with a projected increase to 12.23% in the 2025–26 budget. This projected rate change represents a \$510,000 increase in costs compared to the prior year.

Deferred Compensation

The Deferred Compensation payment reflects the amount the Pool would have contributed to Social Security, had it elected to participate in the program. For 2025–26, the proposed budget for Deferred Compensation is \$1.9 million, an increase of \$95,700, or approximately 5.3%, over the 2024–25 budget.

OTHER OPERATING COSTS

Total operating costs of \$15.9 million are 24.7% of the Operating Budget. This is a net increase of \$702,000 or 4.6% over the 2024-25 budget.

Initiatives and savings included in this budget are:

- Funding for training and sponsorship programs for Members.
- Funding for costs associated with the consulting services for implementation of the HRIS.

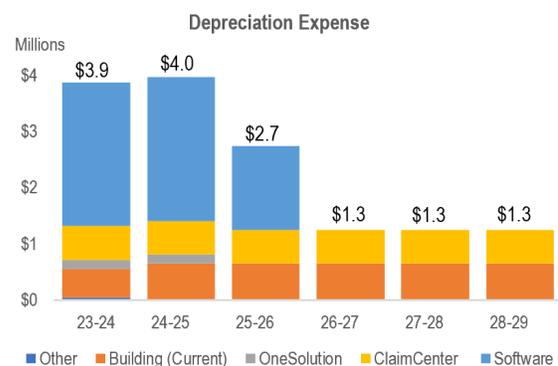
- Funding for professional development and leadership programs.
- Funding for a Target Equity Study to re-evaluate the Pool's equity needs.
- Funding for E-payment service to reduce operational risks and modernize the payment experience by offering multiple disbursement options beyond physical checks.
- Continued inflationary pressures on travel and fleet expenses.
- Funding for Microsoft Copilot and other AI-related initiatives.
- Savings in the overall building management operations due to reduced footprint.
- Reductions in various office related expenses such as postage and office supplies.

CAPITAL OUTLAYS

The Capital Outlays budget for non-depreciable asset purchases is \$613,000, reflecting a negligible change from the 2024–25 budget. The majority of this amount is allocated to the scheduled replacement of six vehicles as part of the ongoing fleet rotation. Additional planned purchases include routine replacements of network servers and employee laptops to ensure continued operational reliability and efficiency.

DEPRECIATION EXPENSE

The budget request for depreciation in 2025–26 is \$2.7 million, a decrease of \$1.3 million from the 2024–25 budget. This reduction is primarily due to two major projects reaching the end of their depreciation schedules.



The Pool’s finance application, *One Solution*, accounts for \$144,000 in reduced depreciation expense. Additionally, only seven months of depreciation remain for the Policy Center upgrade in 2025–26, resulting in a \$1.1 million reduction. Looking ahead, the full removal of depreciation for Policy Center in FY 2026–27 will yield a further \$1.4 million in savings.

Incorporating these reserve strategies raises the overall budget request to \$64.8 million, an increase of 4.5% over the prior year, compared to the 3.9% increase reflected in the baseline operating budget.

STABILITY ADJUSTMENTS

The budget analysis has identified two particularly volatile cost categories: personnel expenses and depreciation.

Employment Cost Reserve (ECR)

In response to this volatility, the budget request includes a recommendation to draw down \$800,000 from the Pool’s Employment Cost Reserve, which is projected to hold approximately \$1.4 million by the end of FY 2024–25. As intended, this drawdown will offset rising health care costs and anticipated salary adjustments resulting from the recent compensation and classification study.

Capital Reserve (Texas Municipal Center)

In addition, the budget also recommends establishing a new Capital Reserve to prepare for long-term capital needs, specifically in anticipation of a future Texas Municipal Center (TMC) facility. The proposed reserve allocation of \$1.2 million corresponds to the reduction in depreciation expenses in FY 2025–26, allowing the Pool to repurpose those savings for future capital investments.

| 25-26 Operating Budget Request (Millions) | % Chg. | |
|--|---------------|-------------|
| Baseline Budget | \$64.4 | 3.9% |
| ECR Drawdown | (0.8) | -1.3% |
| Capital Reserve | 1.2 | 1.9% |
| Total Budget | \$64.8 | 4.5% |

While these reserve adjustments partially offset one another, each plays a critical role in enhancing the Pool’s financial resilience, enabling it to absorb future cost volatility or major capital expenditures without disrupting operations or necessitating Member rate increases.

Combined Budget

In 2025-26, the Pool has six funds. The four operating funds are the Workers' Compensation, Liability, Property, and Cyber Funds. The Reinsurance and Stability Funds are the Pool's two special purpose funds. The combined budget analysis and table below are based on the baseline budget request and does not reflect the recommended reserve adjustments.

Combining Statement of Operations and Changes in Accumulated Members' Equity by Fund Budget for the twelve months ending September 30, 2026

| | Workers' Compensation | Liability | Property | Reinsurance | Stability | Cyber | Consolidating | Combined |
|---|-----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| Beginning Fund Balance | \$144,328,487 | \$46,230,114 | \$71,401,246 | \$129,900,235 | \$25,969,721 | \$10,730,150 | \$0 | \$428,559,953 |
| Earned Contributions | 86,812,700 | 90,103,800 | 210,384,400 | 27,713,300 | 0 | 2,200,000 | (27,713,300) | 389,500,900 |
| Service Fee & Other Income | 1,061,800 | 81,600 | 81,600 | 32,300 | 4,000 | 2,000 | 0 | 1,263,300 |
| Investment Income | 16,949,400 | 6,355,000 | 4,815,700 | 5,390,600 | 1,207,200 | 282,100 | 0 | 35,000,000 |
| Total Revenues | 104,823,900 | 96,540,400 | 215,281,700 | 33,136,200 | 1,211,200 | 2,484,100 | (27,713,300) | 425,764,200 |
| Current-Year Losses | 65,000,000 | 75,000,000 | 110,000,000 | 18,000,000 | 0 | 1,000,000 | 0 | 269,000,000 |
| Chg in Unalloc. Loss Adj. Expense | 0 | 0 | 0 | 0 | 1,100,000 | 0 | 0 | 1,100,000 |
| Independent Adjusters Expenses | 0 | 525,000 | 2,600,000 | 0 | 0 | 0 | 0 | 3,125,000 |
| Total Losses | 65,000,000 | 75,525,000 | 112,600,000 | 18,000,000 | 1,100,000 | 1,000,000 | 0 | 273,225,000 |
| Reinsurance Expense | 2,600,000 | 1,300,000 | 62,203,000 | 2,300,000 | 0 | 1,500,000 | (27,713,300) | 42,189,700 |
| Operating Expenses | 31,461,650 | 15,363,300 | 13,032,800 | 4,035,500 | 448,400 | 100,000 | 0 | 64,441,650 |
| Total Loss and Expenses | 99,061,650 | 92,188,300 | 187,835,800 | 24,335,500 | 1,548,400 | 2,600,000 | (27,713,300) | 379,856,350 |
| Revenues Over Expenses | 5,762,250 | 4,352,100 | 27,445,900 | 8,800,700 | (337,200) | (115,900) | 0 | 45,907,850 |
| Balance Before Distribution | 150,090,737 | 50,582,214 | 98,847,146 | 138,700,935 | 25,632,521 | 10,614,250 | 0 | 474,467,803 |
| Pension Contributions from/to Stability | (900,000) | (450,000) | (450,000) | (200,000) | 2,000,000 | 0 | 0 | 0 |
| Other Equity Adjustment - ULAE | (500,000) | (500,000) | (100,000) | 0 | 1,100,000 | 0 | 0 | 0 |
| Ending Fund Balance | \$148,690,737 | \$49,632,214 | \$98,297,146 | \$138,500,935 | \$28,732,521 | \$10,614,250 | \$0 | \$474,467,803 |

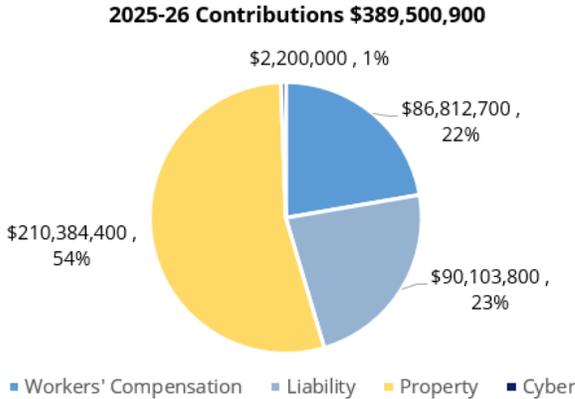
Combined Revenues

Revenues are derived from earned contributions, investment income and service and other fees. Total revenues are projected to be \$425.8 million due to estimated exposure growth increases and cumulative rate changes. This is an increase of \$11.2 million or 3.0% from the amount the Pool projects to receive over the prior fiscal year, and \$45.7 million or 12.0% more than the amount budgeted for the 2024-25 fiscal year.

Contributions

Member contributions are the Pool's major source of revenue. Contributions for 2025-26 are projected to increase by \$33.0 million to \$389.5 million when compared to estimated 2024-25 contributions of \$356.5 million. The increase is driven primarily by property and auto liability coverages. The

percentage of Property contributions pierced 50% in FY 2024/25 and is projected to increase to 54% in FY 2025/26. Contribution revenue growth is aligned with 2025 Board planning session goal to improve the property contribution to equity ratios.



Investment Income

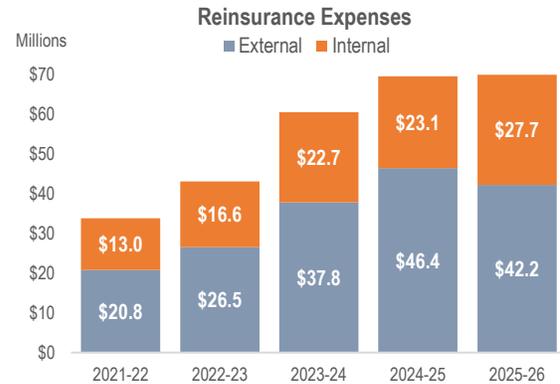
Investment income for 2025-26 is estimated to be \$35.0 million. Investment income for fiscal year 2025-26 does not include any GASB 31 unrealized gains or (losses). The unrealized gains or (losses) is projected to be (\$25.0) million at the end of both FY 2024-25 and FY 2025-26. The Pool is projecting an increase from the 2024-25 estimate of \$1.5 million, or a 4.4% increase due to higher interest rates and a larger expected investment base.

Claim Losses

Losses are projected to be \$273.2 million. This is an increase of \$17.4 million from the estimated 2024-25. The 2023-24 fiscal year had an extraordinary amount of storm and flood-related property losses, a higher-than-average amount of liability losses, plus an upward reserve adjustment of a presumption claim in the workers' compensation fund. Based on actual reported loss trends, losses are not expected to be as high in 2024-25 as they were in 2023-24.

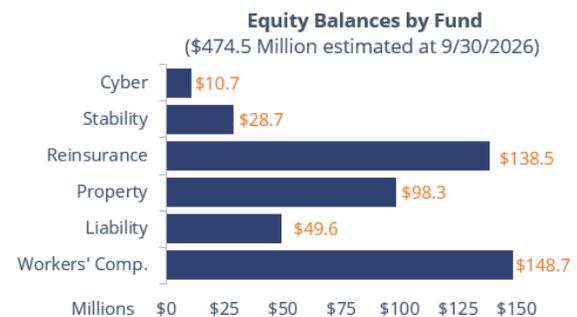
Reinsurance Expenses

The Pool obtains reinsurance from two primary sources: its internal Reinsurance Fund and the external reinsurance market. For the Property Fund, external reinsurance is purchased on a quota-share basis to cover losses ranging from \$25 million to \$400 million. The Reinsurance Fund is a co-participant in the property program from \$10 million to \$400 million. The Pool's purchases 2nd event coverage in the \$25 to \$50 million layer as the Pool's retention below \$50 million continues to increase. The combined 2025-26 budgeted external reinsurance expense is \$42.2 million. This consists of external reinsurance expenses of \$36.8 million for the property reinsurance program, \$2.6 million for the workers' compensation program, and \$2.8 million for the Liability Cyber Coverage. Overall budgeted reinsurance expenses are leveling off after several years of hard market placements. The May 1, 2025 property renewal was a negligible change despite continued world-wide loss pressures.



Members' Equity

The Pool is expected to begin 2025-26 with \$428.6 million in Accumulated Members' Equity and end the year with \$474.5 million. This represents a \$45.9 million increase. The equity balances on a combined basis exceed the updated combined fund target equity minimum target level of \$322.0 million as of September 30, 2024.



After allocating Reinsurance Fund equity balances, the property program equity balances are well below its current contribution base. Much of the equity growth expected in FY 2024-25 and FY 2025-26 is in the property program in both the Property and Reinsurance Funds.

Combined Fund

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|
| Beginning Fund Balance | \$348,685,771 | \$358,287,631 | \$397,536,276 | \$401,003,804 | \$428,559,953 |
| Earned Contributions | 282,155,387 | 331,329,009 | 346,864,500 | 356,470,500 | 389,500,900 |
| Service Fee & Other Income | 1,030,426 | 1,156,659 | 1,194,000 | 1,244,950 | 1,263,300 |
| Investment Income | 27,916,273 | 32,044,663 | 32,000,000 | 33,500,000 | 35,000,000 |
| Total Revenues | 311,102,086 | 364,530,331 | 380,058,500 | 391,215,450 | 425,764,200 |
| Current-Year Losses | 209,141,971 | 218,335,898 | 233,835,000 | 251,500,000 | 269,000,000 |
| Prior-Years' Losses | 5,908,604 | 10,932,021 | 0 | 0 | 0 |
| Chg in Unalloc. Loss Adj. Expense | 3,700,000 | 4,400,000 | 1,500,000 | 1,200,000 | 1,100,000 |
| Independent Adjusters Expenses | 2,112,882 | 2,757,053 | 2,800,000 | 3,100,000 | 3,125,000 |
| Total Losses | 220,863,457 | 236,424,972 | 238,135,000 | 255,800,000 | 273,225,000 |
| Reinsurance Expense | 26,514,384 | 37,793,277 | 42,369,450 | 46,364,650 | 42,189,700 |
| Pension Expense | 3,357,500 | 247,369 | 0 | 0 | 0 |
| Operating Expense | 50,721,063 | 58,123,640 | 61,992,951 | 61,494,650 | 64,441,650 |
| Total Loss and Expenses | 301,456,404 | 332,589,258 | 342,497,401 | 363,659,300 | 379,856,350 |
| Revenues Over (Under) Expenses | 9,645,680 | 31,941,073 | 37,561,100 | 27,556,150 | 45,907,850 |
| Balance Before Distribution | 358,331,451 | 390,228,704 | 435,097,376 | 428,559,954 | 474,467,803 |
| Members' Equity Return | (37,800) | (2,500) | 0 | 0 | 0 |
| Prior Period Adjustment - Lease | (6,022) | 0 | 0 | 0 | 0 |
| Ending Fund Balance | \$358,287,631 | \$390,226,204 | \$435,097,376 | \$428,559,954 | \$474,467,803 |

2025-26 Budget Assumptions:

Contributions - based on member exposures and rates approved at April 2025 Board meeting.

Investment Income - estimated to be \$35.0 million based on 3.45% return and market value of \$961.0 million.

Losses - based on current ultimate loss estimates.

Reinsurance Expense - based on final approved reinsurance contracts plus 5% potential increase in the following reinsurance placement.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2025 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2024.

Combining Statement of Operations and Changes in Accumulated Members' Equity by Fund
Budget for the twelve months ending September 30, 2026

| | Workers' Compensation | Liability | Property | Reinsurance | Stability | Cyber | Consolidating | Combined |
|---|-----------------------|---------------------|---------------------|----------------------|---------------------|---------------------|---------------------|----------------------|
| Beginning Fund Balance | \$144,328,487 | \$46,230,114 | \$71,401,246 | \$129,900,235 | \$25,969,721 | \$10,730,150 | \$0 | \$428,559,953 |
| Earned Contributions | 86,812,700 | 90,103,800 | 210,384,400 | 27,713,300 | 0 | 2,200,000 | (27,713,300) | 389,500,900 |
| Service Fee & Other Income | 1,061,800 | 81,600 | 81,600 | 32,300 | 4,000 | 2,000 | 0 | 1,263,300 |
| Investment Income | 16,949,400 | 6,355,000 | 4,815,700 | 5,390,600 | 1,207,200 | 282,100 | 0 | 35,000,000 |
| Total Revenues | 104,823,900 | 96,540,400 | 215,281,700 | 33,136,200 | 1,211,200 | 2,484,100 | (27,713,300) | 425,764,200 |
| Current-Year Losses | 65,000,000 | 75,000,000 | 110,000,000 | 18,000,000 | 0 | 1,000,000 | 0 | 269,000,000 |
| Chg in Unalloc. Loss Adj. Expense | 0 | 0 | 0 | 0 | 1,100,000 | 0 | 0 | 1,100,000 |
| Independent Adjusters Expenses | 0 | 525,000 | 2,600,000 | 0 | 0 | 0 | 0 | 3,125,000 |
| Total Losses | 65,000,000 | 75,525,000 | 112,600,000 | 18,000,000 | 1,100,000 | 1,000,000 | 0 | 273,225,000 |
| Reinsurance Expense | 2,600,000 | 1,300,000 | 62,203,000 | 2,300,000 | 0 | 1,500,000 | (27,713,300) | 42,189,700 |
| Operating Expenses | 31,461,650 | 15,363,300 | 13,032,800 | 4,035,500 | 448,400 | 100,000 | 0 | 64,441,650 |
| Total Loss and Expenses | 99,061,650 | 92,188,300 | 187,835,800 | 24,335,500 | 1,548,400 | 2,600,000 | (27,713,300) | 379,856,350 |
| Revenues Over Expenses | 5,762,250 | 4,352,100 | 27,445,900 | 8,800,700 | (337,200) | (115,900) | 0 | 45,907,850 |
| Balance Before Distribution | 150,090,737 | 50,582,214 | 98,847,146 | 138,700,935 | 25,632,521 | 10,614,250 | 0 | 474,467,803 |
| Pension Contributions from/to Stability | (900,000) | (450,000) | (450,000) | (200,000) | 2,000,000 | | 0 | 0 |
| Other Equity Adjustment - ULAE | (500,000) | (500,000) | (100,000) | 0 | 1,100,000 | 0 | 0 | 0 |
| Ending Fund Balance | \$148,690,737 | \$49,632,214 | \$98,297,146 | \$138,500,935 | \$28,732,521 | \$10,614,250 | \$0 | \$474,467,803 |

2025-26 Proposed Budget Assumptions:

Contributions - based on member exposures and rates approved at April 2025 Board meeting.

Investment Income - estimated to be \$35.0 million based on 3.45% return and market value of \$961.0 million.

Losses - based on current ultimate loss estimates.

Reinsurance Expense - based on final approved reinsurance contracts plus 5% potential increase in the following reinsurance placement.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2025 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2024.

Workers' Compensation Fund

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|---|-------------------|-------------------|-------------------|----------------------|-------------------------------|
| Beginning Fund Balance | \$73,484,108 | \$97,238,524 | \$126,768,408 | \$131,947,337 | \$144,328,487 |
| Earned Contributions | 94,228,516 | 104,013,888 | 89,454,600 | 92,625,300 | 86,812,700 |
| Service Fee & Other Income | 946,524 | 1,010,719 | 1,012,000 | 1,051,800 | 1,061,800 |
| Investment Income | 14,226,292 | 15,533,086 | 14,848,300 | 16,223,000 | 16,949,400 |
| Total Revenues | 109,401,332 | 120,557,693 | 105,314,900 | 109,900,100 | 104,823,900 |
| Current-Year Losses | 48,525,833 | 51,027,675 | 58,800,000 | 63,500,000 | 65,000,000 |
| Prior-Years' Losses | 4,500,000 | 800,000 | 0 | 0 | 0 |
| Total Losses | 53,025,833 | 51,827,675 | 58,800,000 | 63,500,000 | 65,000,000 |
| Reinsurance Expense | 2,688,694 | 2,856,272 | 2,760,000 | 2,737,500 | 2,600,000 |
| Operating Expense | 25,658,778 | 28,611,696 | 30,663,968 | 30,146,450 | 31,461,650 |
| Total Loss and Expenses | 81,373,305 | 83,295,643 | 92,223,968 | 96,383,950 | 99,061,650 |
| Revenues Over (Under) Expenses | 28,028,027 | 37,262,050 | 13,090,933 | 13,516,150 | 5,762,250 |
| Balance Before Distribution | 101,512,135 | 134,500,574 | 139,859,341 | 145,463,487 | 150,090,737 |
| Pension Contributions from/to Stability | (1,704,235) | (86,569) | 0 | (135,000) | (900,000) |
| Other Equity Adjustment - ULAE | (2,566,665) | (2,466,668) | (800,000) | (1,000,000) | (500,000) |
| Prior Period Adjustment - Lease | (2,710) | 0 | 0 | 0 | 0 |
| Ending Fund Balance | \$97,238,524 | \$131,947,337 | \$139,059,341 | \$144,328,487 | \$148,690,737 |

Liability Fund

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|---|-------------------|-------------------|-------------------|----------------------|-------------------------------|
| Beginning Fund Balance | \$67,092,004 | \$56,578,913 | \$57,228,246 | \$46,642,014 | \$46,230,114 |
| Earned Contributions | 65,504,328 | 76,609,355 | 80,236,100 | 82,225,800 | 90,103,800 |
| Service Fee & Other Income | 27,667 | 60,789 | 72,100 | 78,600 | 81,600 |
| Investment Income | 4,976,346 | 6,155,606 | 6,366,300 | 6,082,600 | 6,355,000 |
| Total Revenues | 70,508,341 | 82,825,750 | 86,674,500 | 88,387,000 | 96,540,400 |
| Current-Year Losses | 57,422,756 | 64,956,113 | 67,200,000 | 72,000,000 | 75,000,000 |
| Prior-Years' Losses | 7,600,000 | 9,600,001 | 0 | 0 | 0 |
| Independent Adjuster Expenses | 195,475 | 216,587 | 400,000 | 500,000 | 525,000 |
| Total Losses | 65,218,231 | 74,772,701 | 67,600,000 | 72,500,000 | 75,525,000 |
| Reinsurance Expense | 2,747,011 | 2,900,373 | 1,158,000 | 1,271,000 | 1,300,000 |
| Operating Expense | 11,410,110 | 13,250,983 | 14,380,874 | 14,560,400 | 15,363,300 |
| Total Loss and Expenses | 79,375,352 | 90,924,057 | 83,138,874 | 88,331,400 | 92,188,300 |
| Revenues Over (Under) Expenses | (8,867,011) | (8,098,307) | 3,535,626 | 55,600 | 4,352,100 |
| Balance Before Distribution | 58,224,993 | 48,480,606 | 60,763,872 | 46,697,614 | 50,582,214 |
| Equity Transfer to Cyber Fund | 0 | 0 | (10,000,000) | 0 | 0 |
| Pension Contributions from/to Stability | (778,058) | (71,926) | 0 | (67,500) | (450,000) |
| Other Equity Adjustment - ULAE | (866,667) | (1,766,666) | (700,000) | (400,000) | (500,000) |
| Prior Period Adjustment - Lease | (1,355) | 0 | 0 | 0 | 0 |
| Ending Fund Balance | \$56,578,913 | \$46,642,014 | \$50,063,872 | \$46,230,114 | \$49,632,214 |

Property Fund

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|---|-------------------|-------------------|-------------------|----------------------|-------------------------------|
| Beginning Fund Balance | \$82,231,249 | \$70,528,129 | \$64,567,663 | \$63,843,746 | \$71,401,246 |
| Earned Contributions | 122,422,543 | 150,705,766 | 175,090,200 | 179,498,000 | 210,384,400 |
| Service Fee & Other Income | 56,235 | 59,073 | 72,100 | 78,600 | 81,600 |
| Investment Income | 3,482,500 | 4,304,288 | 4,634,600 | 4,609,300 | 4,815,700 |
| Total Revenues | 125,961,278 | 155,069,127 | 179,796,900 | 184,185,900 | 215,281,700 |
| Current-Year Losses | 92,290,864 | 92,587,402 | 99,750,000 | 100,000,000 | 110,000,000 |
| Prior-Years' Losses | (4,567,844) | 1,800,000 | 0 | 0 | 0 |
| Independent Adjuster Expenses | 1,917,407 | 2,540,466 | 2,400,000 | 2,600,000 | 2,600,000 |
| Total Losses | 89,640,427 | 96,927,868 | 102,150,000 | 102,600,000 | 112,600,000 |
| Reinsurance Expense | 37,313,602 | 53,171,355 | 61,546,500 | 61,762,500 | 62,203,000 |
| Operating Expense | 9,800,265 | 11,433,450 | 12,432,694 | 12,398,400 | 13,032,800 |
| Total Loss and Expenses | 136,754,294 | 161,532,673 | 176,129,194 | 176,760,900 | 187,835,800 |
| Revenues Over (Under) Expenses | (10,793,015) | (6,463,545) | 3,667,706 | 7,425,000 | 27,445,900 |
| Balance Before Distribution | 71,438,234 | 64,064,584 | 68,235,369 | 71,268,746 | 98,847,146 |
| Pension Contributions from/to Stability | (642,084) | (54,172) | 0 | (67,500) | (450,000) |
| Other Equity Adjustment - ULAE | (266,668) | (166,666) | 0 | 200,000 | (100,000) |
| Prior Period Adjustment - Lease | (1,355) | 0 | 0 | 0 | 0 |
| Ending Fund Balance | \$70,528,129 | \$63,843,746 | \$68,235,369 | \$71,401,246 | \$98,297,146 |

Cyber Fund

| | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|---------------------------------------|-------------------|----------------------|-------------------------------|
| Beginning Fund Balance | \$0 | \$10,777,600 | \$10,730,150 |
| Earned Contributions | 2,083,600 | 2,121,400 | 2,200,000 |
| Service Fee & Other Income | 4,000 | 1,150 | 2,000 |
| Investment Income | 300,000 | 270,000 | 282,100 |
| Total Revenues | 2,387,600 | 2,392,550 | 2,484,100 |
| Current-Year Losses | 210,000 | 1,000,000 | 1,000,000 |
| Prior-Years' Losses | 0 | 0 | 0 |
| Total Losses | 210,000 | 1,000,000 | 1,000,000 |
| Reinsurance Expense | 1,300,000 | 1,340,000 | 1,500,000 |
| Operating Expense | 100,000 | 100,000 | 100,000 |
| Total Loss and Expenses | 1,610,000 | 2,440,000 | 2,600,000 |
| Revenues Over (Under) Expenses | 777,600 | (47,450) | (115,900) |
| Balance Before Distribution | 777,600 | 10,730,150 | 10,614,250 |
| Equity Transfer from Liability Fund | 10,000,000 | 0 | 0 |
| Ending Fund Balance | \$10,777,600 | \$10,730,150 | \$10,614,250 |

Reinsurance Fund

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|---|----------------------|----------------------|----------------------|----------------------|-------------------------------|
| Beginning Fund Balance | \$101,049,225 | \$109,013,632 | \$123,440,027 | \$122,853,485 | \$129,900,235 |
| Reinsurance Revenues | 16,609,923 | 22,738,805 | 27,713,300 | 23,097,600 | 27,713,300 |
| Service Fee & Other Income | 0 | 23,469 | 29,800 | 31,300 | 32,300 |
| Investment Income | 4,451,191 | 4,960,057 | 4,770,000 | 5,159,600 | 5,390,600 |
| Total Revenues | 21,061,114 | 27,722,331 | 32,513,100 | 28,288,500 | 33,136,200 |
| Current-Year Losses | 10,902,518 | 9,764,708 | 7,875,000 | 15,000,000 | 18,000,000 |
| Prior-Years' Losses | (1,623,552) | (1,267,980) | 0 | 0 | 0 |
| Total Losses | 9,278,966 | 8,496,728 | 7,875,000 | 15,000,000 | 18,000,000 |
| Reinsurance Expense | 375,000 | 1,604,082 | 3,318,250 | 2,351,250 | 2,300,000 |
| Operating Expense | 3,211,020 | 3,765,785 | 3,973,874 | 3,860,500 | 4,035,500 |
| Total Loss and Expenses | 12,864,986 | 13,866,595 | 15,167,124 | 21,211,750 | 24,335,500 |
| Revenues Over (Under) Expenses | 8,196,128 | 13,855,736 | 17,345,977 | 7,076,750 | 8,800,700 |
| Balance Before Distribution | 109,245,353 | 122,869,368 | 140,786,004 | 129,930,235 | 138,700,935 |
| Pension Contributions from/to Stability | (193,379) | (13,383) | 0 | (30,000) | (200,000) |
| Members' Equity Return | (37,800) | (2,500) | 0 | 0 | 0 |
| Prior Period Adjustment - Lease | (542) | 0 | 0 | 0 | 0 |
| Ending Fund Balance | \$109,013,632 | \$122,853,485 | \$140,786,004 | \$129,900,235 | \$138,500,935 |

Stability Fund

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|---|-------------------|-------------------|-------------------|----------------------|-------------------------------|
| Beginning Fund Balance | \$24,829,184 | \$24,928,432 | \$25,531,932 | \$24,939,621 | \$25,969,721 |
| Service Fee & Other Income | 0 | 2,609 | 4,000 | 3,500 | 4,000 |
| Investment Income | 779,944 | 1,091,626 | 1,080,800 | 1,155,500 | 1,207,200 |
| Total Revenues | 779,944 | 1,094,235 | 1,084,800 | 1,159,000 | 1,211,200 |
| Change in ULAE | 3,700,000 | 4,400,000 | 1,500,000 | 1,200,000 | 1,100,000 |
| Total Losses | 3,700,000 | 4,400,000 | 1,500,000 | 1,200,000 | 1,100,000 |
| Pension Expenses | 3,357,500 | 247,369 | 0 | 0 | 0 |
| Operating Expense | 640,890 | 1,061,726 | 441,542 | 428,900 | 448,400 |
| Total Loss and Expenses | 7,698,390 | 5,709,095 | 1,941,542 | 1,628,900 | 1,548,400 |
| Revenues Over (Under) Expenses | (6,918,446) | (4,614,860) | (856,742) | (469,900) | (337,200) |
| Balance Before Distribution | 25,738,369 | 20,313,572 | 24,675,190 | 24,469,721 | 25,632,521 |
| Pension Contributions from/to Stability | 3,317,755 | 226,050 | 0 | 300,000 | 2,000,000 |
| Other Equity Adjustment - ULAE | 3,700,000 | 4,400,000 | 1,500,000 | 1,200,000 | 1,100,000 |
| Prior Period Adjustment - Lease | (60) | 0 | 0 | 0 | 0 |
| Ending Fund Balance | \$24,928,432 | \$24,939,621 | \$26,175,190 | \$25,969,721 | \$28,732,521 |

Revenue Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Estimated | 2025-26 Proposed Budget |
|--|-------------------|-------------------|-------------------|----------------------|-------------------------------|
| Contributions (net of prepay discount): | | | | | |
| Workers' Compensation | \$94,228,516 | \$104,013,888 | \$89,454,600 | \$92,625,300 | \$86,812,700 |
| Liability | | | | | |
| General Liability (incl. Sewage) | 9,382,878 | 11,269,376 | 9,827,800 | 10,530,600 | 11,018,800 |
| Law Enforcement Liability | 13,670,047 | 16,185,838 | 16,871,500 | 16,670,700 | 16,425,500 |
| Public Officials Liability | 14,663,726 | 16,158,443 | 16,838,600 | 17,740,700 | 17,479,800 |
| Automobile Liability | 27,355,218 | 32,544,341 | 36,235,100 | 36,818,700 | 44,628,200 |
| Aviation Liability | 432,459 | 451,357 | 463,100 | 465,100 | 551,500 |
| Total Liability | \$65,504,328 | 76,609,355 | 80,236,100 | \$82,225,800 | \$90,103,800 |
| Property | | | | | |
| Auto Physical Damage | 26,316,256 | 29,909,650 | 33,971,200 | 35,785,900 | 42,071,000 |
| Real & Personal Property (Incl. other coverages) | 88,940,634 | 113,008,898 | 133,067,600 | 135,380,900 | 158,999,500 |
| Mobile Equipment | 6,229,280 | 6,797,898 | 7,027,900 | 7,320,000 | 8,270,500 |
| Crime | 936,373 | 989,320 | 1,023,500 | 1,011,200 | 1,043,400 |
| Total Property | \$122,422,543 | \$150,705,766 | \$175,090,200 | \$179,498,000 | \$210,384,400 |
| Cyber | - | - | \$2,083,600 | 2,121,400 | \$2,200,000 |
| Total Contributions | \$282,155,387 | \$331,329,009 | \$346,864,500 | \$356,470,500 | \$389,500,900 |
| Other Income: | | | | | |
| Service Fee and Other Income* | 1,030,426 | 1,156,657 | 1,194,000 | 1,244,950 | 1,263,300 |
| Total Other Income | 1,030,426 | 1,156,657 | 1,194,000 | 1,244,950 | 1,263,300 |
| Investment Income: | | | | | |
| Money Market & TexPool | 1,808,711 | 5,177,202 | 5,170,000 | 5,000,000 | 5,200,000 |
| TMLIRP | 7,709,679 | 8,687,721 | 8,675,600 | 9,367,600 | 9,794,900 |
| MFC Global | 4,238,316 | 4,636,109 | 4,629,600 | 4,842,800 | 5,063,700 |
| Lifetime Benefits Portfolio | 9,500,467 | 8,367,932 | 8,356,300 | 8,769,200 | 9,169,200 |
| Conning | 4,981,880 | 5,175,699 | 5,168,500 | 5,520,400 | 5,772,200 |
| Total Investment Income | \$28,239,053 | \$32,044,663 | \$32,000,000 | \$33,500,000 | \$35,000,000 |
| Total Revenues | \$311,424,866 | \$364,530,329 | \$380,058,500 | \$391,215,450 | \$425,764,200 |

*Service Fee and Other Income consists of Administrative Fees for ASO members; Claim Handling Fees; income received from disposal of fixed assets; Management Fee from the Alliance; and sub-lease income.

Combined Budget Summary by Expense Classification

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|----------------------------------|-------------------|-------------------|-------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 266 | | | | | |
| Salary - Regular | \$27,684,755 | \$29,783,445 | \$30,078,700 | \$30,830,700 | \$31,632,200 |
| Medicare Tax | 417,371 | 446,637 | 452,200 | 477,700 | 485,100 |
| TMRS | 3,173,300 | 3,612,326 | 3,550,900 | 3,781,500 | 4,061,000 |
| Deferred Compensation | 1,679,784 | 1,813,348 | 1,850,500 | 1,804,400 | 1,946,200 |
| Disability Insurance | 114,565 | 187,084 | 230,700 | 221,900 | 236,600 |
| Health Insurance | 3,657,996 | 3,864,045 | 4,615,300 | 4,356,200 | 5,060,700 |
| Workers Compensation | 32,904 | 0 | 0 | 0 | 0 |
| Performance Based Merit Pool | 0 | 0 | 1,413,700 | 450,000 | 1,763,600 |
| Personnel Total | 36,760,675 | 39,706,884 | 42,192,000 | 41,922,400 | 45,185,400 |
| Operating | | | | | |
| Temporary Services | 0 | 0 | 500 | 0 | 500 |
| Rents | 144,141 | 92,658 | 93,200 | 99,000 | 96,200 |
| Telephone | 103,308 | 99,821 | 117,800 | 106,550 | 49,950 |
| Office Supplies | 144,395 | 108,444 | 144,200 | 122,200 | 131,500 |
| Postage and Freight | 166,008 | 205,050 | 187,900 | 197,100 | 130,300 |
| Copies and Printing | 76,954 | 77,952 | 73,700 | 80,500 | 73,100 |
| Records Retention | 97,173 | 137,726 | 128,400 | 453,500 | 178,500 |
| Publications & Subscription | 93,227 | 76,726 | 113,400 | 106,100 | 159,600 |
| Liability/Property Insurance | 76,873 | 208,640 | 231,000 | 280,000 | 286,400 |
| Reimb. Deductibles | 39,248 | 20,000 | 20,000 | 0 | 0 |
| Equipment Maintenance | 111,143 | 80,873 | 196,700 | 192,900 | 205,300 |
| Software Maintenance | 464,365 | 1,019,668 | 1,970,500 | 2,091,350 | 2,287,600 |
| Small Equipment Purchases | 15,254 | 13,669 | 43,500 | 28,000 | 42,500 |
| Equipment Rental | 50,972 | 54,265 | 65,000 | 59,000 | 62,000 |
| Conference Expenses | 302,306 | 58,808 | 221,800 | 221,800 | 221,100 |
| Workshops | 159,603 | 203,071 | 216,000 | 203,000 | 217,000 |
| Electronic Media | 138,998 | 131,998 | 203,000 | 185,000 | 203,000 |
| Unemployment Reimb. | 3,608 | 10,386 | 10,000 | 10,000 | 10,000 |
| Subrogation | 8,883 | 10,662 | 17,000 | 5,000 | 0 |
| Communications | 208,058 | 238,226 | 287,000 | 287,000 | 302,000 |
| Contracts | 226,709 | 323,821 | 496,400 | 498,600 | 1,008,700 |
| Work Comp Fees/Penalties | (726) | 0 | 0 | 0 | 0 |
| Programming Services | 277,621 | 1,256,209 | 1,600,000 | 1,600,000 | 1,600,000 |
| Building Repairs & Maint | 82,548 | 52,648 | 395,000 | 247,500 | 272,500 |
| Elevator Repairs & Maint | 22,173 | 5,270 | 6,600 | 6,600 | 6,600 |
| Window Cleaning | 7,246 | 14,073 | 16,200 | 16,200 | 16,300 |
| Landscaping | 75,093 | 36,564 | 44,600 | 44,600 | 44,100 |
| Utilities-Electric | 159,773 | 273,040 | 343,700 | 343,700 | 343,700 |
| Utilities-Water | 10,036 | 19,411 | 33,000 | 0 | 0 |
| Property Insurance | 55,087 | 30,199 | 0 | 0 | 0 |
| Janitorial Service | 114,618 | 195,533 | 288,000 | 264,100 | 272,500 |
| Cleaning Supplies | 239 | 0 | 10,000 | 10,000 | 10,000 |
| Pest Control Service | 1,414 | 2,421 | 3,400 | 3,400 | 3,400 |
| Security Service | 108,592 | 209,572 | 244,100 | 255,300 | 267,000 |
| Trash Removal | 2,718 | 4,948 | 10,200 | 6,000 | 6,000 |
| Inspections | 2,881 | 1,512 | 6,000 | 6,000 | 6,000 |
| Membership Dues | 57,911 | 74,369 | 74,700 | 72,600 | 90,400 |

Combined Budget Summary by Expense Classification

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|--|---------------------|---------------------|---------------------|--------------------------------------|-------------------------------|
| Professional Development | 115,993 | 105,899 | 218,400 | 181,000 | 271,700 |
| Prof Dev - College | 26,953 | 6,051 | 50,500 | 26,100 | 75,000 |
| Leadership & Developments | 65,923 | 211,948 | 249,600 | 209,600 | 209,600 |
| Travel | 663,891 | 755,739 | 923,600 | 838,300 | 785,200 |
| Moving Expenses | 7,607 | 30,000 | 0 | 0 | 0 |
| Advertising Expenses | 700 | 2,751 | 10,000 | 10,000 | 10,000 |
| Bank Charges | 2,181 | 1,922 | 40,000 | 2,500 | 40,000 |
| Board Member Expenses | 291,814 | 390,911 | 377,300 | 377,300 | 401,000 |
| Auto Maintenance | 61,910 | 50,702 | 62,100 | 55,800 | 65,600 |
| Auto Insurance | 16,499 | 0 | 0 | 0 | 0 |
| Auto Fuels | 78,824 | 73,416 | 123,900 | 105,600 | 126,900 |
| Operating Total | 4,940,743 | 6,977,572 | 9,967,900 | 9,908,800 | 10,588,750 |
| Professional Services | | | | | |
| Auditor | 120,000 | 122,000 | 137,000 | 125,000 | 132,000 |
| Actuarial Studies | 67,552 | 66,980 | 92,000 | 77,000 | 82,000 |
| TML | 939,264 | 1,001,682 | 1,030,000 | 1,030,000 | 1,030,000 |
| Claims On-Line Search ISO | 140,864 | 179,690 | 214,800 | 181,800 | 238,600 |
| Legislative Consultants | 201,956 | 175,000 | 230,000 | 200,000 | 230,000 |
| General Counsel | 212,854 | 219,664 | 221,000 | 221,000 | 221,000 |
| R. Dylong & Assoc-Audits | 312,791 | 343,442 | 355,000 | 355,000 | 355,000 |
| Gas Utility Surveys | 126,089 | 148,002 | 150,000 | 145,000 | 150,000 |
| Boiler/Machinery Inspection | 13,655 | 13,605 | 30,000 | 22,000 | 30,000 |
| Other Professional Fees | 433,092 | 533,072 | 994,300 | 968,300 | 1,187,900 |
| Texas Housing Assoc. Fees | 69,495 | 76,322 | 84,000 | 90,450 | 0 |
| Medical Bill Review | 273,778 | 285,640 | 311,300 | 300,000 | 322,000 |
| Political Subdivision WCA | 423,857 | 420,103 | 440,000 | 480,000 | 456,000 |
| Personnel Consultants | 137,783 | 470,963 | 89,000 | 65,000 | 50,000 |
| Investment Consultant | 53,444 | 55,337 | 58,500 | 58,000 | 62,000 |
| Investment Custodian | 105,264 | 109,146 | 115,000 | 112,000 | 120,000 |
| Conning | 189,935 | 198,927 | 233,000 | 210,000 | 220,000 |
| Manulife | 185,751 | 194,048 | 233,000 | 210,000 | 220,000 |
| Electrical Util Surveys | 800 | 1,071 | 1,000 | 1,000 | 1,000 |
| Internal Controls & Claims Audits | 0 | 74,984 | 0 | 0 | 0 |
| Personnel Matters | 0 | 0 | 5,000 | 0 | 5,000 |
| Reserve | 119,335 | 0 | 200,000 | 200,000 | 200,000 |
| Windstorm Engineering | 0 | 0 | 5,000 | 0 | 5,000 |
| Professional Services Total | 4,127,557 | 4,689,676 | 5,228,900 | 5,051,550 | 5,317,500 |
| Total | \$45,828,976 | \$51,374,133 | \$57,388,800 | \$56,882,750 | \$61,091,650 |
| Depreciation & Capital Outlay | | | | | |
| Capital Outlay (Purchases) | 276,622 | 648,478 | 635,950 | 635,950 | 613,000 |
| Depreciation Expense | 2,709,008 | 3,836,997 | 3,968,200 | 3,975,950 | 2,737,000 |
| Subtotal | 2,985,630 | 4,485,475 | 4,604,150 | 4,611,900 | 3,350,000 |
| Total Budget | \$48,814,606 | \$55,859,608 | \$61,992,950 | \$61,494,650 | \$64,441,650 |

Combined Budget Summary by Department

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|--|---------------------|---------------------|---------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 266 | | | | | |
| Executive | \$2,807,608 | \$2,856,037 | \$2,813,500 | \$2,900,800 | \$3,029,400 |
| Risk Services | 2,060,269 | 2,284,621 | 8,008,400 | 8,234,900 | 8,845,200 |
| Office of Project Mgmt | 650,467 | 889,512 | 947,400 | 978,500 | 1,009,800 |
| Legal | 2,361,427 | 2,626,952 | 2,645,900 | 2,023,300 | 2,109,400 |
| Underwriting | 4,991,515 | 5,230,928 | 0 | 0 | 0 |
| Loss Prevention | 3,264,501 | 3,463,775 | 3,699,600 | 3,693,500 | 3,824,500 |
| Finance | 2,865,131 | 3,007,603 | 2,958,600 | 3,067,500 | 3,064,000 |
| People Resources | 669,007 | 889,530 | 858,400 | 809,600 | 868,300 |
| Information Technology | 3,432,925 | 3,815,551 | 3,876,000 | 3,822,200 | 4,126,300 |
| Workers' Compensation | 8,458,505 | 8,576,492 | 8,807,900 | 8,940,800 | 9,157,400 |
| Liability & Property | 5,065,975 | 5,846,379 | 6,162,600 | 7,001,300 | 7,387,500 |
| Building | 133,349 | 219,505 | 0 | 0 | 0 |
| Performance Based Merit Pool | 0 | 0 | 1,413,700 | 450,000 | 1,763,600 |
| Personnel Total | 36,760,679 | 39,706,884 | 42,192,000 | 41,922,400 | 45,185,400 |
| Operating | | | | | |
| Executive | 1,118,717 | 1,123,483 | 1,205,600 | 1,203,700 | 1,423,500 |
| Risk Services | 147,036 | 229,981 | 506,800 | 1,006,800 | 623,250 |
| Office of Project Mgmt | 11,866 | 11,672 | 43,300 | 14,250 | 40,000 |
| Legal | 136,087 | 128,413 | 152,700 | 139,400 | 143,600 |
| Underwriting | 163,135 | 147,478 | 0 | 0 | 0 |
| Loss Prevention | 555,703 | 593,454 | 758,100 | 665,500 | 741,500 |
| Finance | 673,029 | 702,703 | 825,400 | 785,600 | 819,450 |
| People Resources | 139,671 | 320,518 | 498,600 | 521,550 | 638,200 |
| Information Technology | 763,163 | 2,274,209 | 3,678,200 | 3,673,200 | 3,873,450 |
| Workers' Compensation | 417,178 | 454,551 | 580,900 | 495,600 | 673,800 |
| Liability & Property | 170,648 | 144,097 | 311,300 | 193,400 | 357,700 |
| Building | 644,510 | 847,015 | 1,407,000 | 1,209,600 | 1,254,300 |
| Operating Total | 4,940,742 | 6,977,573 | 9,967,900 | 9,908,600 | 10,588,750 |
| Professional Services | | | | | |
| Executive | 1,542,904 | 1,547,654 | 1,765,000 | 1,741,450 | 1,681,000 |
| Member Services | 0 | 0 | 402,000 | 397,000 | 402,000 |
| Legal | 61,284 | 66,370 | 130,000 | 110,000 | 130,000 |
| Underwriting | 351,566 | 379,602 | 0 | 0 | 0 |
| Loss Prevention | 278,584 | 325,637 | 379,500 | 358,000 | 429,500 |
| Finance | 683,170 | 710,277 | 826,500 | 750,000 | 794,000 |
| People Resources | 137,783 | 470,963 | 89,000 | 65,000 | 50,000 |
| Information Technology | 233,768 | 296,405 | 660,800 | 660,800 | 804,400 |
| Workers' Compensation | 822,320 | 871,427 | 955,800 | 957,500 | 1,003,200 |
| Liability & Property | 16,179 | 21,343 | 20,300 | 11,800 | 23,400 |
| Professional Services Total | 4,127,557 | 4,689,678 | 5,228,900 | 5,051,550 | 5,317,500 |
| Subtotal BEFORE Capital Outlay and Depreciation | \$45,828,979 | \$51,374,135 | \$57,388,800 | \$56,882,550 | \$61,091,650 |
| Capital Outlay & Depreciation | | | | | |
| Capital Outlay (Purchases) | 276,622 | 648,478 | 635,950 | 635,950 | 613,000 |
| Depreciation Expense | 2,709,008 | 3,836,997 | 3,968,200 | 3,975,950 | 2,737,000 |
| Subtotal | 2,985,630 | 4,485,475 | 4,604,150 | 4,611,900 | 3,350,000 |
| Total Budget | \$48,814,609 | \$55,859,610 | \$61,992,950 | \$61,494,450 | \$64,441,650 |

Combined Budget Summary by Department

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|----------------------------------|---------------------|---------------------|---------------------|--------------------------------------|-------------------------------|
| Total Department Expenses | | | | | |
| Full-Time Equivalent: 266 | | | | | |
| Executive | 5,469,229 | 5,527,173 | 5,784,100 | 5,845,950 | 6,133,900 |
| Risk Services | 2,207,305 | 2,514,602 | 8,917,200 | 9,638,700 | 9,870,450 |
| Office of Project Mgmt | 662,333 | 901,185 | 990,700 | 992,750 | 1,049,800 |
| Legal | 2,558,798 | 2,821,734 | 2,928,600 | 2,272,700 | 2,383,000 |
| Underwriting | 5,506,216 | 5,758,008 | 0 | 0 | 0 |
| Loss Prevention | 4,098,788 | 4,382,866 | 4,837,200 | 4,717,000 | 4,995,500 |
| Finance | 4,221,329 | 4,420,582 | 4,610,500 | 4,603,100 | 4,677,450 |
| People Resources | 946,460 | 1,681,011 | 1,446,000 | 1,396,150 | 1,556,500 |
| Information Technology | 4,429,856 | 6,386,165 | 8,215,000 | 8,156,200 | 8,804,150 |
| Workers' Compensation | 9,698,003 | 9,902,470 | 10,344,600 | 10,393,900 | 10,834,400 |
| Liability & Property | 5,252,803 | 6,011,819 | 6,494,200 | 7,206,500 | 7,768,600 |
| Building | 777,859 | 1,066,520 | 1,407,000 | 1,209,600 | 1,254,300 |
| Performance Based Merit Pool | 0 | 0 | 1,413,700 | 450,000 | 1,763,600 |
| Capital Outlay (Purchases) | 276,622 | 648,478 | 635,950 | 635,950 | 613,000 |
| Depreciation Expense | 2,709,008 | 3,836,997 | 3,968,200 | 3,975,950 | 2,737,000 |
| Total Budget | \$48,814,609 | \$55,859,610 | \$61,992,950 | \$61,494,450 | \$64,441,650 |

STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|---|------------------|------------------------------|----------------------|
| EXECUTIVE | | | | |
| Executive Director | Executive Director | Z | 1 | 1 |
| Deputy Director & COO | Executive Deputy Director | V | 1 | 1 |
| Assoc. Dir. & Employment Counsel | Assoc. Dir. & Employment Counsel | U | 1 | 0 |
| Director of Claims | Chief Claims Officer | U | 1 | 1 |
| Assistant Director | Chief Strategy Officer | T | 1 | 1 |
| Intergovernmental Relations Manager | Intergovernmental Relations Director | T | 1 | 1 |
| Communications Officer | Communications Manager | S | 1 | 1 |
| Program Manager - Governance & Leadership | Program Manager - Governance & Leadership | M | 0 | 1 |
| Member Svcs Coordinator/SME | Member Relations Specialist | J | 1 | 1 |
| Communications Coordinator | Communications Coordinator | I | 1 | 1 |
| Executive Assistant | Executive Assistant | H | 1 | 1 |
| Administrative Assistant | Administrative Specialist | F | 1 | 1 |
| | TOTAL | | 11 | 11 |
| OFFICE OF PROJECT MANAGEMENT | | | | |
| Manager of Technical & Process Implementations | Director of PMO & Business Analysis | S | 1 | 1 |
| Business Analyst Project Manager | Project Manager | N | 2 | 2 |
| Business Analyst | Systems & Process Business Analyst | M | 2 | 2 |
| User Experience Designer | User Experience Designer | L | 1 | 1 |
| | TOTAL | | 6 | 6 |
| LEGAL | | | | |
| Chief Legal Officer | Chief Legal & Privacy Officer | U | 1 | 1 |
| Coverage & Contracts Counsel | Coverage & Contracts Counsel | R | 1 | 1 |
| Employment Counsel | Employment Counsel | R | 1 | 1 |
| Litigation Counsel | Litigation Counsel | R | 1 | 1 |
| Subrogation Supervisor | Subrogation Litigation Manager | P | 1 | 1 |
| Subrogation Staff Attorney | Staff Attorney | O | 1 | 1 |
| Litigation Specialist | Litigation Specialist | L | 2 | 2 |
| Legal Operations Coordinator | Legal Operations Coordinator | H | 1 | 1 |
| Legal Assistant | Legal Assistant | F | 2 | 2 |
| | TOTAL | | 11 | 11 |
| RISK SERVICES | | | | |
| Director of Risk Services | Chief Risk Officer | T | 1 | 1 |
| Cyber Risk Services Manager | Director of Cyber Risk Services | S | 1 | 1 |
| Assistant Manager of Risk Services | Director of Risk Services | S | 1 | 2 |
| Risk Services Manager | Risk Services Manager | P | 2 | 2 |
| Senior Cybersecurity Advisor | Senior Cybersecurity Advisor | P | 1 | 1 |
| Underwriting Lead | Underwriting Manager | P | 2 | 2 |
| Systems & Process Analyst | Business Systems Manager | O | 1 | 1 |
| Senior Risk Management Advisor | Senior Risk Management Advisor | O | 1 | 3 |
| Senior Underwriter | Senior Underwriter | O | 2 | 2 |
| Underwriter Supervisor | Underwriting Supervisor | O | 2 | 2 |
| Risk Management Advisor | Risk Management Advisor | N | 8 | 5 |
| Risk Management Underwriter | Risk Management Underwriter | N | 1 | 1 |
| Senior Quality Assurance Specialist | Systems & Process Analyst | N | 0 | 1 |
| Underwriter II | Underwriter II | N | 6 | 7 |
| Admin Supervisor/Document Analyst | Assistant Operations Manager | L | 1 | 1 |
| Member Services Coordinator | Member Services Coordinator | L | 3 | 0 |
| Underwriter I | Underwriter I | L | 1 | 4 |
| Operations Specialist | Business Reporting Analyst | K | 0 | 1 |
| Senior Underwriting Specialist | Senior Underwriting Specialist | K | 2 | 2 |
| Quality Assurance Specialist | Systems & Process Associate | K | 3 | 2 |
| Operations Specialist | Report Developer | J | 1 | 1 |
| Underwriting Specialist | Underwriting Specialist | J | 9 | 9 |
| Senior Administrative Clerk | Senior Administrative Clerk | D | 1 | 0 |
| Administrative Technician | Administrative Technician | D | 2 | 4 |
| Administrative Clerk | Administrative Clerk | D | 1 | 0 |
| File Clerk | File Clerk | B | 1 | 1 |
| | TOTAL | | 54 | 56 |

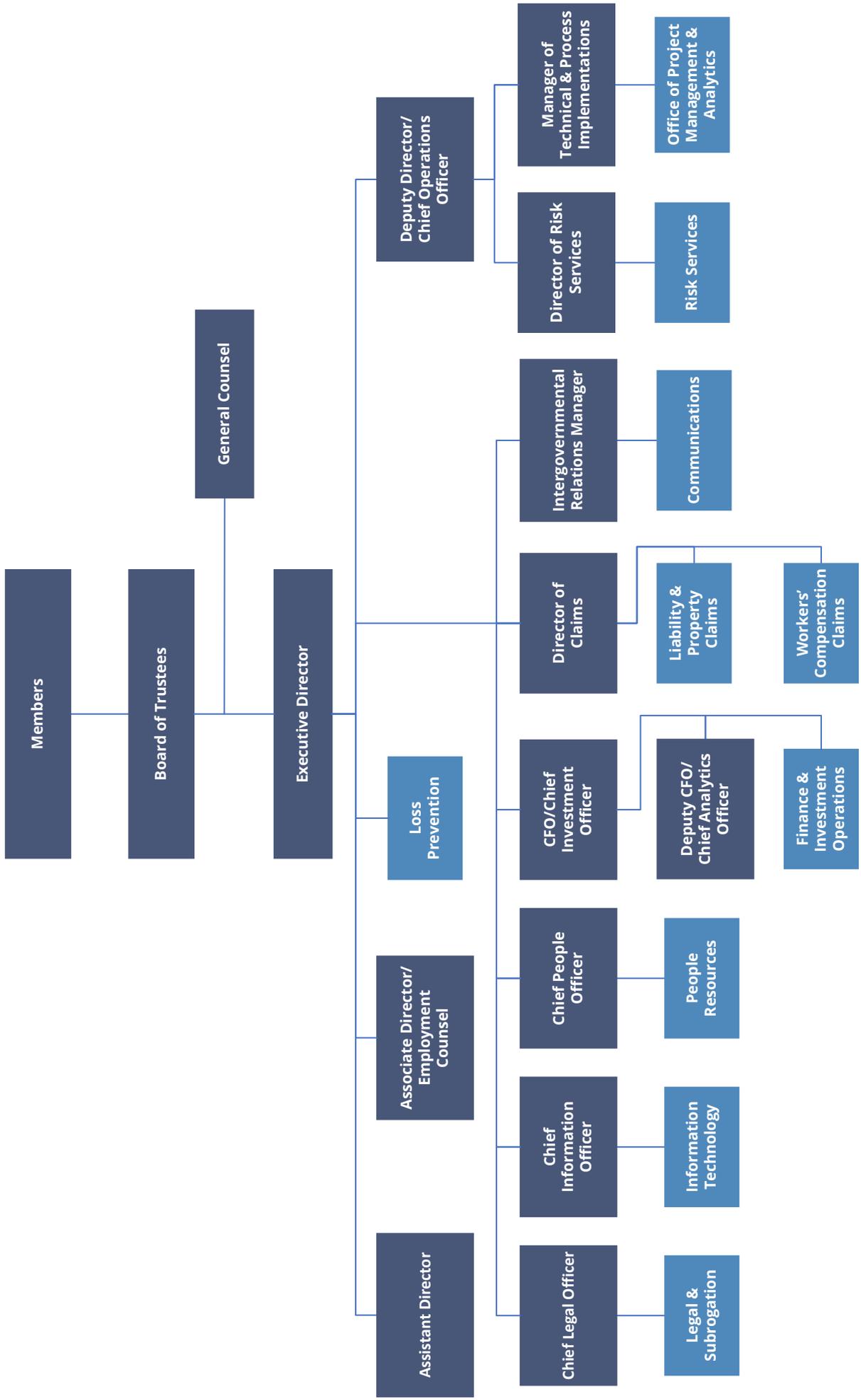
STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|--|------------------|------------------------------|----------------------|
| LOSS PREVENTION | | | | |
| Loss Prevention Manager | Director of Loss Prevention | S | 1 | 1 |
| Loss Prevention Assistant Manager | Assistant Director of Loss Prevention | Q | 1 | 1 |
| Safety & Loss Control Supervisor | Safety & Loss Control Manager | P | 3 | 3 |
| Senior Law Enforcement Outreach Consultant | Senior Law Enforcement Outreach Consultant | P | 1 | 1 |
| Human Resources Outreach Consultant | Human Resources Outreach Consultant | O | 1 | 1 |
| Law Enforcement Outreach Consultant | Law Enforcement Outreach Consultant | O | 1 | 1 |
| Public Works Outreach Consultant | Public Works Outreach Consultant | O | 1 | 1 |
| Senior Safety & Loss Control Consultant | Senior Safety & Loss Control Consultant | O | 0 | 2 |
| Safety & Loss Control Consultant | Safety & Loss Control Consultant | N | 9 | 7 |
| Senior Special Projects Assistant | Senior Special Projects Assistant | K | 1 | 1 |
| Special Projects Assistant | Special Projects Assistant | H | 1 | 1 |
| Administrative Technician | Administrative Technician | D | 2 | 2 |
| | TOTAL | | 22 | 22 |
| FINANCE | | | | |
| Chief Financial Officer & Chief Investment Officer | Chief Financial Officer & Chief Investment Officer | U | 1 | 1 |
| Deputy CFO & Chief Analytics Officer | Deputy Chief Financial Officer & Chief Analytics Officer | T | 1 | 1 |
| Controller | Controller | S | 1 | 1 |
| Assistant Controller | Assistant Controller | R | 1 | 1 |
| Staff Actuary/Asst Investment Officer | Senior Actuary & Assistant Investment Director | R | 1 | 1 |
| Accts Receivable & Reinsurance Supervisor | Accountant III | P | 2 | 1 |
| Lead BI Analyst | Analytics & Reporting Manager | O | 1 | 1 |
| Purchasing Agent | Purchasing Agent | N | 1 | 1 |
| Senior Accountant | Accountant II | M | 1 | 1 |
| Lead Payroll Administrator | Sr. Payroll Administrator | M | 1 | 1 |
| BI Report Developer | BI Report Developer | L | 2 | 2 |
| Accountant | Accountant I | K | 1 | 2 |
| Senior Accounting Technician | Senior Accounting Technician | H | 2 | 3 |
| | TOTAL | | 16 | 17 |
| PEOPLE RESOURCES | | | | |
| Chief People Officer | Chief People Officer | T | 1 | 1 |
| Assistant Manager of People | Assistant Director of People | Q | 1 | 1 |
| Senior People Operations Analyst | Senior Talent & Leave Management Analyst | M | 1 | 1 |
| People Operations Analyst | Benefits Analyst | K | 1 | 1 |
| People Operations Specialist | People Specialist | H | 1 | 1 |
| | TOTAL | | 5 | 5 |
| INFORMATION TECHNOLOGY | | | | |
| Chief Information Officer | Chief Information & Security Officer | U | 1 | 1 |
| DevOps Manager | Director of Dev Ops | R | 1 | 1 |
| Infrastructure Manager | Director of Infrastructure | R | 1 | 1 |
| Data Warehouse Architect | Data Warehouse Architect | Q | 1 | 1 |
| Infrastructure Architect | Infrastructure Architect | Q | 1 | 1 |
| IT Architect | IT Architect | Q | 2 | 2 |
| Senior Programmer Analyst | Senior Programmer Analyst | P | 1 | 2 |
| Senior Endpoint Administrator | Senior Endpoint Administrator | O | 0 | 1 |
| Network Administrator - Helpdesk Lead | Sr. Technical Support Specialist | O | 1 | 1 |
| Programmer Analyst | Administrator - Microsoft 365 | M | 0 | 1 |
| Programmer Analyst | Programmer Analyst - Dev Ops | M | 4 | 3 |
| Database Administrator | Database Administrator | M | 1 | 1 |
| Quality Assurance Analyst | Quality Assurance Analyst | M | 3 | 3 |
| Programmer Analyst Trainee | Associate Programmer Analyst | L | 0 | 1 |
| Assistant Network Administrator | IT Administrator - Infrastructure | K | 1 | 1 |
| Technical Support Specialist | Technical Support Specialist | I | 1 | 1 |
| IT Administrative Coordinator | IT Administrative Coordinator | H | 1 | 1 |
| | TOTAL | | 20 | 23 |

STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|---|------------------|------------------------------|----------------------|
| WORKERS' COMPENSATION | | | | |
| Workers' Comp Claims Manager | Director of Workers' Compensation | S | 1 | 1 |
| Executive Director/Dir of Network | Alliance Executive Director/Director of Networks | R | 1 | 1 |
| Assistant Workers' Comp Claims Manager | Assistant Director of Workers' Compensation | Q | 2 | 2 |
| Assistant Director & Network Administrator | Alliance Assistant Director & Network Administrator | P | 1 | 1 |
| Workers' Comp Claims Mgmt. Specialist | Claims Manager | P | 4 | 4 |
| Provider Relations Manager | Alliance Provider Analytics & Relations Manager | N | 1 | 1 |
| Medical Bill Review Supervisor | Medical Bill Review Manager | N | 1 | 1 |
| Senior Workers' Comp Claims Specialist | Senior Claims Specialist | N | 5 | 5 |
| System & Process Analyst | Systems & Process Analyst | N | 2 | 2 |
| Training & Compliance Specialist | Training & Compliance Specialist | N | 1 | 1 |
| Workers' Comp Claims Specialist | Claims Specialist | L | 13 | 13 |
| Administrative Supervisor | Claims Support Supervisor | K | 1 | 1 |
| Quality Assurance Specialist | Systems & Process Associate | K | 1 | 1 |
| Medical Claims Specialist | Medical Claims Specialist | J | 3 | 3 |
| Credentialing Specialist | Alliance Credentialing Specialist | G | 2 | 2 |
| Workers' Comp Asst. Claims Specialist | Medical Only Adjuster | F | 4 | 4 |
| Medical Bill Review Assistant | Medical Bill Review Analyst | E | 6 | 6 |
| Senior Workers' Comp Claims Assistant | Senior Claims Assistant | E | 2 | 2 |
| Workers' Comp Claims Assistant | Claims Assistant | D | 14 | 14 |
| | TOTAL | | 65 | 65 |
| LIABILITY & PROPERTY CLAIMS | | | | |
| Liability Claims Manager | Director of Liability | S | 1 | 1 |
| Property Claims Manager | Director of Property | S | 1 | 1 |
| Claims Supervisor - Subrogation & Projects | Claims Manager - Subrogation & Projects | P | 1 | 1 |
| Claims Specialist Supervisor | Liability Claims Manager | P | 4 | 4 |
| Claims Support Supervisor | Claims Support Manager | N | 1 | 1 |
| Senior Claims Specialist | Senior Claims Specialist | N | 10 | 9 |
| Analyst-Claims & System Development | System & Process Analyst | N | 1 | 1 |
| Claims Specialist | Claims Specialist | L | 11 | 12 |
| Senior Subrogation Specialist | Claims Specialist - Subrogation | L | 2 | 2 |
| Quality Assurance Specialist | Systems & Process Associate | K | 1 | 1 |
| Auto Adjuster | Auto Adjuster | J | 5 | 5 |
| Subrogation Specialist | Subrogation Adjuster | J | 3 | 3 |
| Claims Processor | Claims Processor | F | 2 | 2 |
| Senior Claims Assistant | Senior Claims Assistant | E | 1 | 1 |
| Claims Assistant | Claims Assistant | D | 5 | 5 |
| Subrogation Claims Intake Specialist | Subrogation Claims Intake Specialist | D | 1 | 1 |
| | TOTAL | | 50 | 50 |
| Total Staff for All Departments | | TOTAL | 260 | 266 |

TML Intergovernmental Risk Pool



EXECUTIVE PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Executive Office is responsible for overall management and coordination of the Pool. This department makes recommendations and implements Board policies. The Executive Director is charged with developing long-term goals for the organization and making sure that the objectives of the Board are accomplished. Goals for the current year are to continue to improve the quality of service to Pool members at the most stable and economic cost possible, ensure the Pool remains financially sound, provide loss prevention training and seminars to members so that the number and size of claims can be reduced, promptly and fairly pay claims, provide legal and subrogation assistance to members as the need arises on specific claims, continue the development of a plan for improving the Pool's core systems (underwriting, finance, human resources, data warehouse, medical bill review, document imaging, etc.), and develop and retain qualified staff.

As part of Executive, the Communications Office is tasked with providing consistent and cohesive messaging of the Pool's "Why," core values, and mission internally and externally. The Communications Office conveys the Pool's messaging through a variety of channels, including email, social media, podcasts, video productions, marketing materials, publications, and graphical design.

DEPARTMENTAL GOALS AND MEASURES

- Develop, initiate, and maintain Pool-wide strategic goals and initiatives.
- Develop and execute Board approved initiatives, such as implementing the Business Applications and IT Roadmap, controlling losses and personnel costs, and continually improving interaction with members.
- Continually enhance member service, support, and relationships.
- Continually develop and implement process improvements.
- Develop communication initiatives, in conjunction with TML and other public entity partners.
- Operationalize the newly-adopted Membership Philosophy to provide consistent guidance when dealing with new members, membership issues, coverages and rates.
- Operationalize the newly-adopted Compensation Philosophy, including recommendations made by the Consultant in the final report, to ensure continued retention and hiring of highly qualified staff.
- Work with TML to determine the long-term facility needs for the Texas Municipal Center

COMMUNICATIONS SPECIFIC GOALS AND MEASURES

- Increase Members' understanding and engagement with the Pool. Creatively connect with Members to emphasize the Pool is a partnership and that the Pool serves as the fiduciary of their partnership. Track and report Member online activity to better target messaging.
- Continue to collaborate with other Pools within the state as well as throughout the United States and Canada to foster shared communication and member service initiatives and strategies.
- Continue to collaborate with departmental managers to develop targeted efforts that reinforce the Pool's why and core values such that they provide the "North Star" that guides each employee to make decisions

that positively affect both the Pool and its members, i.e. employees embrace the idea that the Pool is a partnership supported by the core values and these ideals are the prism by which employees think and act.

- Continue collaborative efforts with the core values, employee engagement, and creative design teams to drive various engagement initiatives with current staff and potential employees.
- Continue progress towards communications review of most external communications, with a process for implementation. This initiative is called *One Voice* and is designed to streamline messaging and appearance of outgoing communications.
- Implement the “Building for the Future” publicity campaign.
- Continue to refresh the website to better serve the Pool’s Members.

INTERGOVERNMENTAL RELATIONS MANAGER SPECIFIC GOALS AND MEASURES

- Serve as the Executive Department manager of the communications office.
- Work with the communications officer and staff, to include authorship of articles, position papers, and other policy analysis-related items.
 - Provide written articles for TML, TML affiliate, and Pool publications, such as for the external and internal newsletters, *Texas Town & City Magazine*, and other publications, and comprehensive policy/legal analysis papers in conjunction with podcast episodes (as well as executive summary “cheat sheets” to go along with them).
- Serve as a liaison to the Pool’s operational departments, to include advising departments on municipal structure, governance, and procedure.
- Represent the Pool at state and national conferences.
- Serve as an emergency management resource to the Pool’s staff and Members.
 - Review and update the Pool’s resources in conjunction with TML’s and ensure that Members are aware.
 - Prepare podcast episodes and written materials on various storm and other disaster legal issues and Pool programs.
- Provide public speaking, training, and other consultative services with Members.
 - Prepare regular episodes of the *Stronger, Together* Podcast Series
 - Attend main TML conferences, small cities clinics, regional meetings, and affiliate conferences to educate elected officials and managers (i.e., beyond the fund contact) on the Pool’s benefits and resources.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Continued website refresh.
- Additional funding for all-staff events and employee engagement committee events.
- Increase in budget for new conference exhibit display.
- Increase in personnel budget to implement the newly-adopted Compensation Philosophy and consultant recommendations.

Activities/Performance Goals & Measures Executive Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|---|-------------------|-------------------|-------------------|----------------------|-------------------|
| ■ Revenues Over Expenses Before Equity Return | \$9.6M | \$31.9M | \$27.2M | \$27.6M | \$45.9M |
| ■ Members' Equity at end of year | \$358.3M | \$390.2M | \$396.2M | \$428.6M | \$474.5M |
| ■ Administrative Expenses to Total Expenses (%) | 17.9% | 17.6% | 18.1% | 16.9% | 17.0% |
| ■ Administrative Expenses to Total Revenues (%) | 17.4% | 16.0% | 16.3% | 15.7% | 15.1% |

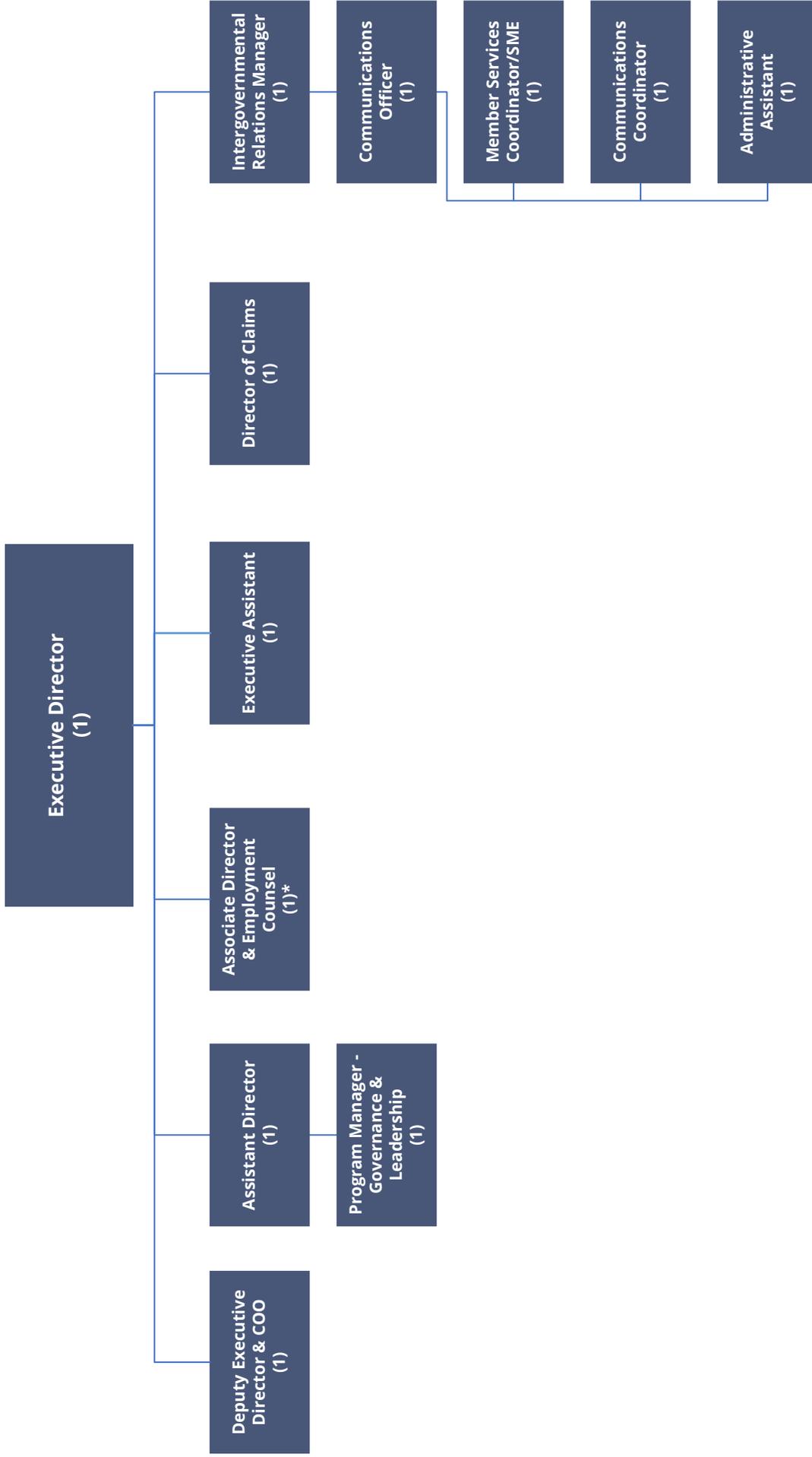
Executive Department

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 11 | | | | | |
| Regular | \$2,216,145 | \$2,243,845 | \$2,176,300 | \$2,275,300 | \$2,321,700 |
| Medicare Tax | 33,049 | 33,377 | 32,700 | 36,600 | 35,700 |
| TMRS | 250,602 | 261,910 | 257,100 | 265,700 | 298,700 |
| Deferred Compensation | 107,122 | 103,727 | 99,500 | 95,600 | 103,000 |
| Disability Insurance | 9,005 | 10,778 | 13,300 | 11,100 | 13,200 |
| Health Insurance | 191,684 | 202,400 | 234,600 | 216,500 | 257,100 |
| Personnel Total | 2,807,608 | 2,856,037 | 2,813,500 | 2,900,800 | 3,029,400 |
| Operating | | | | | |
| Telephone | 9,269 | 8,400 | 9,000 | 9,000 | 300 |
| Office Supplies | 5,890 | 11,025 | 5,000 | 5,000 | 5,000 |
| Postage and Freight | 915 | 6,082 | 1,200 | 1,200 | 1,200 |
| Copies and Printing | 29,435 | 36,022 | 32,000 | 32,000 | 35,000 |
| Publications & Subscription | 7,126 | 7,935 | 9,900 | 13,000 | 38,400 |
| Small Equipment Purchases | 0 | 2,015 | 5,000 | 5,000 | 5,000 |
| Conference Expenses | 296,303 | 42,986 | 178,500 | 178,500 | 177,800 |
| Communications | 208,058 | 238,226 | 287,000 | 287,000 | 302,000 |
| Contracts | 107,780 | 180,225 | 114,000 | 114,000 | 240,200 |
| Membership Dues | 29,633 | 42,790 | 40,600 | 40,600 | 54,700 |
| Professional Development | 5,116 | 3,245 | 15,500 | 15,000 | 22,700 |
| Travel | 109,832 | 118,188 | 121,600 | 121,600 | 131,200 |
| Moving Expenses | 0 | 30,000 | 0 | 0 | 0 |
| Board Member Expenses | 291,814 | 390,911 | 377,300 | 377,300 | 401,000 |
| Auto Maintenance | 14,508 | 2,318 | 4,000 | 2,000 | 4,000 |
| Auto Fuels | 3,038 | 3,114 | 5,000 | 2,500 | 5,000 |
| Operating Total | 1,118,717 | 1,123,483 | 1,205,600 | 1,203,700 | 1,423,500 |
| Professional Services | | | | | |
| TML | 939,264 | 1,001,682 | 1,030,000 | 1,030,000 | 1,030,000 |
| Legislative Consultants | 201,956 | 175,000 | 230,000 | 200,000 | 230,000 |
| General Counsel | 212,854 | 219,666 | 221,000 | 221,000 | 221,000 |
| Texas Housing Assoc. Fees | 69,495 | 76,322 | 84,000 | 90,450 | 0 |
| Internal Controls & Claims Audits | 0 | 74,984 | 0 | 0 | 0 |
| Reserve | 119,335 | 0 | 200,000 | 200,000 | 200,000 |
| Professional Services Total | 1,542,904 | 1,547,654 | 1,765,000 | 1,741,450 | 1,681,000 |
| Grand Total | \$5,469,229 | \$5,527,173 | \$5,784,100 | \$5,845,950 | \$6,133,900 |

Organizational Chart

Executive Department



STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|---|---|------------------|------------------------------|----------------------|
| EXECUTIVE | | | | |
| Executive Director | Executive Director | Z | 1 | 1 |
| Deputy Director & COO | Executive Deputy Director | V | 1 | 1 |
| Assoc. Dir. & Employment Counsel | Assoc. Dir. & Employment Counsel | U | 1 | 0 |
| Director of Claims | Chief Claims Officer | U | 1 | 1 |
| Assistant Director | Chief Strategy Officer | T | 1 | 1 |
| Intergovernmental Relations Manager | Intergovernmental Relations Director | T | 1 | 1 |
| Communications Officer | Communications Manager | S | 1 | 1 |
| Program Manager - Governance & Leadership | Program Manager - Governance & Leadership | M | 0 | 1 |
| Member Svcs Coordinator/SME | Member Relations Specialist | J | 1 | 1 |
| Communications Coordinator | Communications Coordinator | I | 1 | 1 |
| Executive Assistant | Executive Assistant | H | 1 | 1 |
| Administrative Assistant | Administrative Specialist | F | 1 | 1 |
| | | TOTAL | 11 | 11 |

RISK SERVICES PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Risk Services Department provides high-value advisory, underwriting, and operational support to the Pool's Membership. This includes ensuring accurate risk assessment, delivering expert guidance on coverage options, and fostering strong Member relationships. The department plays a crucial role in educating members on risk management principles, financial decision-making, and emerging exposures while also ensuring coverage remains responsive to Members' evolving needs.

Risk Services staff are daily resources for coverage questions, risk assessment, and coverage administration, working closely with Members and internal departments to deliver the highest level of member service to the Pools Membership. The department collaborates with Loss Prevention to assess and determine appropriate building values, as well as with the Claims Department to review and train on new or changing coverage endorsements.

Key operational functions include:

- **Underwriting & Coverage Services:** Accurate exposure and loss review for rating proposals, renewals, and coverage changes. Efficient processing of Member requests and rating documents to enhance member service and retention.
- **Business Systems & Technology Enhancements:** Continued refinement of the Policy center and HubSpot to improve consistency, efficiency, and data accessibility.
- **Cyber Risk & Policy Management:** Oversight of cyber-specific coverage, rating, and policy issuance, along with providing training and services to the Pool's Membership to help develop cyber hygiene.
- **Member Engagement & Expansion:** Regular outreach to prospective members, proposal responses, and identifying opportunities for growth within local governments not currently in the Pool.
- **Education & Communication:** Providing updates related to coverage, board decisions, and emerging risks, as well as delivering cyber training and regional meetings to strengthen partnerships.
- **Data & Analytics:** Benchmarking reports and analysis to help Members make informed risk management decisions, including self-insured retention reviews.
- **Member Portal & Technology Utilization:** Enhancing the Pool's Member Portal to streamline access to policy changes, coverage documentation, and risk management tools.

DEPARTMENTAL GOALS AND MEASURES

- **Member Engagement & Retention:**
 - Retain 99% of members by count.
 - Continue to develop relationships with the membership through in-person meetings, virtual meetings, training opportunities, and conferences, positioning Risk Services staff as a trusted extension of their team.
 - Conduct training for the Membership in order to educate them on risk management topics.
- **Operational Efficiency & Service Excellence:**
 - Complete **90%** of Liability/Property Rerate Declarations of Coverage (including non-concurrent members) by the end of the fiscal year.

- Complete **100%** of Workers' Compensation audits received as of **1/31/2026** by **2/15/2026**.
- Process **98%** of proposals at least **two days in advance** of the due date when requests allow at least seven business days.
- **Education & Risk Management:**
 - Provide members with benchmarking data and actionable recommendations.
 - Deliver cyber risk training and self-insured retention analysis for members who may benefit from retaining risk.
 - Administer the Cyber Grant Program for phishing assessments.
 - Educate members on legislative changes impacting risk management.
 - Work in coordination with Loss Prevention to deliver annual reports to the membership.
- **Technology & System Enhancements:**
 - Expand the Member Portal to facilitate policy changes and improve integration with the Pool's Policy Administration System.
 - Continue developing the HubSpot platform to improve accessibility of documents and internal communication.
 - Implement policy change enhancements to the Property Package to improve system functionality and Member experience.
- **Industry Presence & Thought Leadership:**
 - Attend **17 industry conferences annually**.
 - Ensure consistent messaging of Board-approved decisions, including rate changes, coverage updates, and other key Pool initiatives.
 - Conduct complete analyses of any members that withdraw from the Pool.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Reorganize merged positions to realign duties and optimize support for departmental functions.
- Engage additional contractor support to refine policy system workflows in preparation for transitioning to a cloud environment.
- Allocate funding for a paperless transition to streamline workflows and support the department's relocation.
- Provide funding for cyber mitigation programs to enhance protection and benefits for Membership.

Activities/Performance Goals & Measures

Risk Services Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|-------------------------------|-------------------|-------------------|-------------------|----------------------|-------------------|
| ■ New Members | 31 | 36 | 18 | 25 | 31 |
| ■ Net Member Growth | 0 | -26 | -13 | -20 | -25 |
| ■ Members at Year-End | 2,817 | 2,791 | 2,798 | 2,778 | 2,753 |
| ■ Member Visits | 3,901 | 3,956 | 4,000 | 4,000 | 4,000 |
| ■ Retention (of core members) | 99% | 99% | 99% | 99% | 99% |

Risk Services Department

Budget Summary

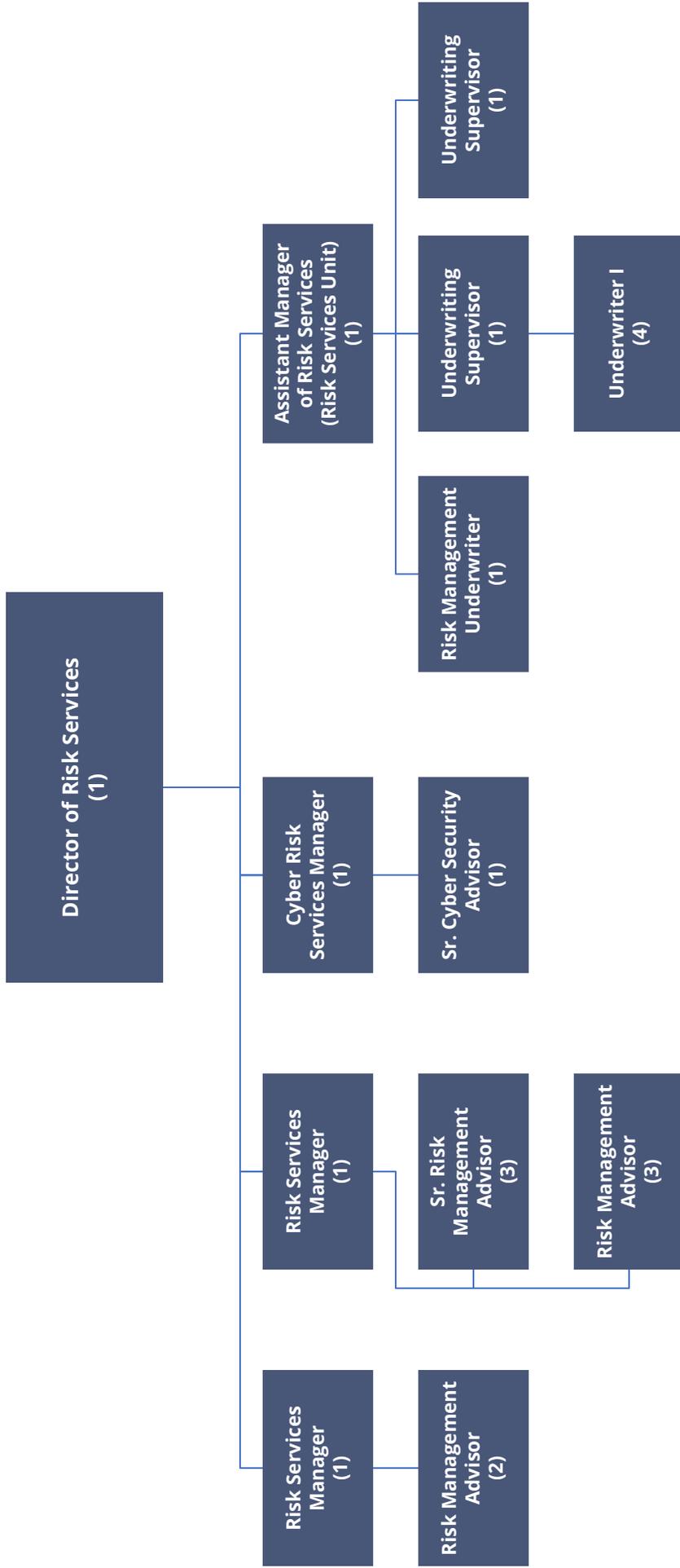
| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 56 | | | | | |
| Regular | \$1,574,456 | \$1,737,853 | \$5,897,300 | \$6,103,300 | 6,453,500 |
| Medicare Tax | 23,739 | 26,331 | 88,600 | 95,400 | 99,600 |
| TMRS | 181,020 | 213,898 | 695,600 | 753,700 | 834,000 |
| Deferred Compensation | 86,223 | 106,560 | 369,800 | 370,500 | 414,000 |
| Disability Insurance | 6,587 | 11,260 | 46,300 | 45,600 | 49,900 |
| Health Insurance | 188,245 | 188,720 | 910,800 | 866,400 | 994,200 |
| Personnel Total | 2,060,269 | 2,284,621 | 8,008,400 | 8,234,900 | 8,845,200 |
| Operating | | | | | |
| Telephone | 10,337 | 10,630 | 16,600 | 16,600 | 4,150 |
| Office Supplies | 3,308 | 3,223 | 51,000 | 51,000 | 51,000 |
| Postage & Freight | 344 | 419 | 17,000 | 17,000 | 17,000 |
| Copies and Printing | 8 | 0 | 12,500 | 12,500 | 12,500 |
| Records Retention | 0 | 0 | 40,000 | 350,000 | 75,000 |
| Publications & Subscriptions | 4,628 | 4,790 | 12,500 | 12,500 | 12,500 |
| Equipment Maintenance | 0 | 0 | 3,000 | 3,000 | 3,000 |
| Software Maintenance | 0 | 0 | 11,000 | 11,000 | 11,000 |
| Small Equipment Purchases | 0 | 379 | 2,500 | 2,500 | 2,500 |
| Conference Expenses | 6,003 | 15,821 | 43,300 | 43,300 | 43,300 |
| Electronic Media | 0 | 35,000 | 40,000 | 40,000 | 40,000 |
| Contract Services | 0 | 0 | 15,000 | 205,000 | 105,000 |
| Membership Dues | 1,934 | 1,487 | 3,700 | 3,700 | 4,100 |
| Professional Development | 6,411 | 9,737 | 25,700 | 25,700 | 34,300 |
| Travel | 84,739 | 115,270 | 162,700 | 162,700 | 157,600 |
| Auto Maintenance | 9,273 | 13,129 | 11,300 | 11,300 | 11,300 |
| Auto Fuels | 20,051 | 20,096 | 39,000 | 39,000 | 39,000 |
| Operating Total | 147,036 | 229,981 | 506,800 | 1,006,800 | 623,250 |
| Professional Services | | | | | |
| Actuarial Studies | 0 | 0 | 42,000 | 42,000 | 42,000 |
| R. Dylong & Assoc. - Audits | 0 | 0 | 355,000 | 355,000 | 355,000 |
| Windstorm Engineering | 0 | 0 | 5,000 | 0 | 5,000 |
| Professional Services Total | 0 | 0 | 402,000 | 397,000 | 402,000 |
| Grand Total | \$2,207,305 | \$2,514,602 | \$8,917,200 | \$9,638,700 | \$9,870,450 |

*Effective FY 2024-25, Budget Summary includes Underwriting Division.

Organizational Chart

Risk Services Department

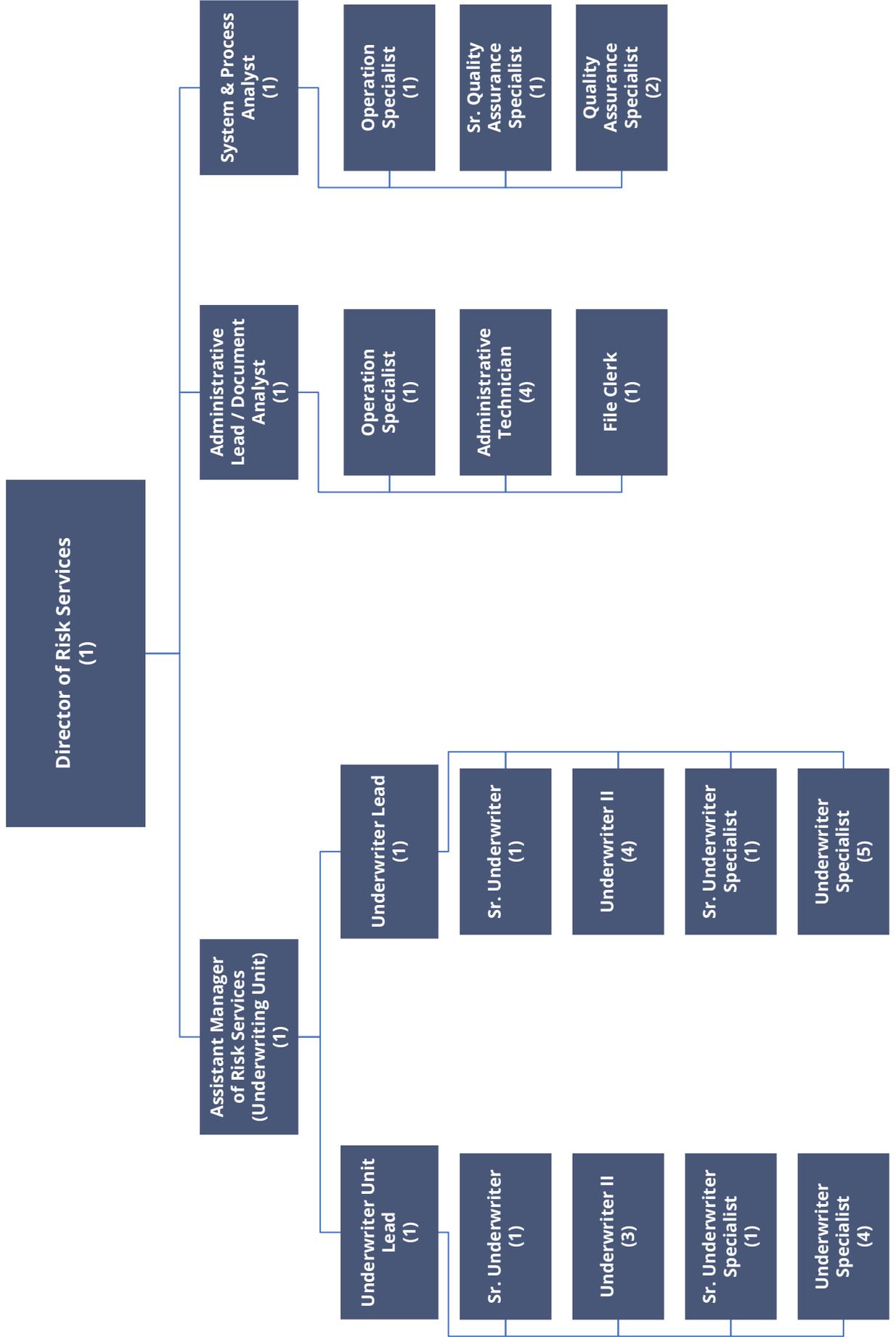
Page 1 of 2



Organizational Chart

Risk Services Department

Page 2 of 2



STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|-------------------------------------|---------------------------------|------------------|------------------------------|----------------------|
| RISK SERVICES | | | | |
| Director of Risk Services | Chief Risk Officer | T | 1 | 1 |
| Cyber Risk Services Manager | Director of Cyber Risk Services | S | 1 | 1 |
| Assistant Manager of Risk Services | Director of Risk Services | S | 1 | 2 |
| Risk Services Manager | Risk Services Manager | P | 2 | 2 |
| Senior Cybersecurity Advisor | Senior Cybersecurity Advisor | P | 1 | 1 |
| Underwriting Lead | Underwriting Manager | P | 2 | 2 |
| Systems & Process Analyst | Business Systems Manager | O | 1 | 1 |
| Senior Risk Management Advisor | Senior Risk Management Advisor | O | 1 | 3 |
| Senior Underwriter | Senior Underwriter | O | 2 | 2 |
| Underwriter Supervisor | Underwriting Supervisor | O | 2 | 2 |
| Risk Management Advisor | Risk Management Advisor | N | 8 | 5 |
| Risk Management Underwriter | Risk Management Underwriter | N | 1 | 1 |
| Senior Quality Assurance Specialist | Systems & Process Analyst | N | 0 | 1 |
| Underwriter II | Underwriter II | N | 6 | 7 |
| Admin Supervisor/Document Analyst | Assistant Operations Manager | L | 1 | 1 |
| Member Services Coordinator | Member Services Coordinator | L | 3 | 0 |
| Underwriter I | Underwriter I | L | 1 | 4 |
| Operations Specialist | Business Reporting Analyst | K | 0 | 1 |
| Senior Underwriting Specialist | Senior Underwriting Specialist | K | 2 | 2 |
| Quality Assurance Specialist | Systems & Process Associate | K | 3 | 2 |
| Operations Specialist | Report Developer | J | 1 | 1 |
| Underwriting Specialist | Underwriting Specialist | J | 9 | 9 |
| Senior Administrative Clerk | Senior Administrative Clerk | D | 1 | 0 |
| Administrative Technician | Administrative Technician | D | 2 | 4 |
| Administrative Clerk | Administrative Clerk | D | 1 | 0 |
| File Clerk | File Clerk | B | 1 | 1 |
| | | TOTAL | 54 | 56 |

OFFICE OF PROJECT MANAGEMENT & ANALYTICS

PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Office of Project Management & Analytics' purpose is to facilitate, communicate and guide the execution of various initiatives defined by the Pool's strategic mission and goals. The Office provides project management, process definitions, user experience design, and business analysis support to guide projects to a successful conclusion and to increase business competencies. The Office also guides requirements, business case development and product analysis with a deeper understanding of systems architecture and technical dependencies. Additionally, the Office promotes collaboration across the organization to foster and support strategic initiatives that advance the Pool's mission. The Office is comprised of four cross functioning areas with shared activities and one budget:

- **Project Management** - The project management function is to formulate and oversee the processes by which the initiatives identified on the Business Applications and IT Roadmap are implemented.
- **Business Analysis** - The business analysis function oversees the operational aspect of the Pool's professional business analyst functions.
- **Product Analysis** - The business product analysis function serves as a resource with more technical knowledge of our applications and their architecture. As such, this function guides business decisions and requirements in such a way as to maximize system integrity and sustainability.
- **User Experience Design** - The UX Design function oversees the design of all member-facing interfaces and the overall front-end structure of member interfaces. i.e. The member portal.
- **The Member Experience & Digital Transformation Team (MEDiT)** - As initiatives complete and priorities change the MEDiT team ensures that there is an 18-month schedule in place for consideration. OPMA has undertaken the role as Pool owner for the implementation of these prioritized initiatives.

DEPARTMENTAL GOALS AND MEASURES

- Oversee the MEDiT team as it maintains the 18-month technology roadmap.
- Provide requirement definitions from partnership with stakeholders for the applications in the continuous improvement phase.
- Oversee and ensure proper resource allocation over multiple projects.
- Working with business to develop project charter/business case for new technology/process improvement ideas.
- Guide business requests and requirements through a technical lens in order to maintain application integrity.
- Work with IT to produce viable technical requirements where necessary.
- Evaluate and improve all member-facing interfaces through user experience design.
- Evaluate and ensure the scalability of all member-facing applications.
- Provide UX leadership and requirements for all internal and external technology interfaces.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Adriana Lupercio is retiring at the end of January 2026. OPMA plans to backfill her role with a business analyst. OPMA requests approval to bring her replacement on staff on or about October 1, 2025 to allow for knowledge transfer before Adriana's departure from the Pool. This would require approximately 2 months of a new employee overlap before she takes her leave in December and then retires in January.

Activities/Performance Goals & Measures Office Of Project Management & Analytics

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|---|-------------------|-------------------|-------------------|----------------------|-------------------|
| ■ Roadmap/MEDiT projects facilitated | 2 | 4 | 4 | 4 | 4 |
| ■ Sprint Duration (in weeks) | 4.0 | 4.0 | 4.0 | 4.0 | 4.0 |
| ■ Enhancements & Defects delivered per sprint | 181 | 192 | 180 | 100 | 100 |
| ■ Epics (work packages) | 51 | 31 | 70 | 30 | 30 |
| ■ User Stories or Requirements | 2171 | 2311 | 2000 | 2100 | 2000 |

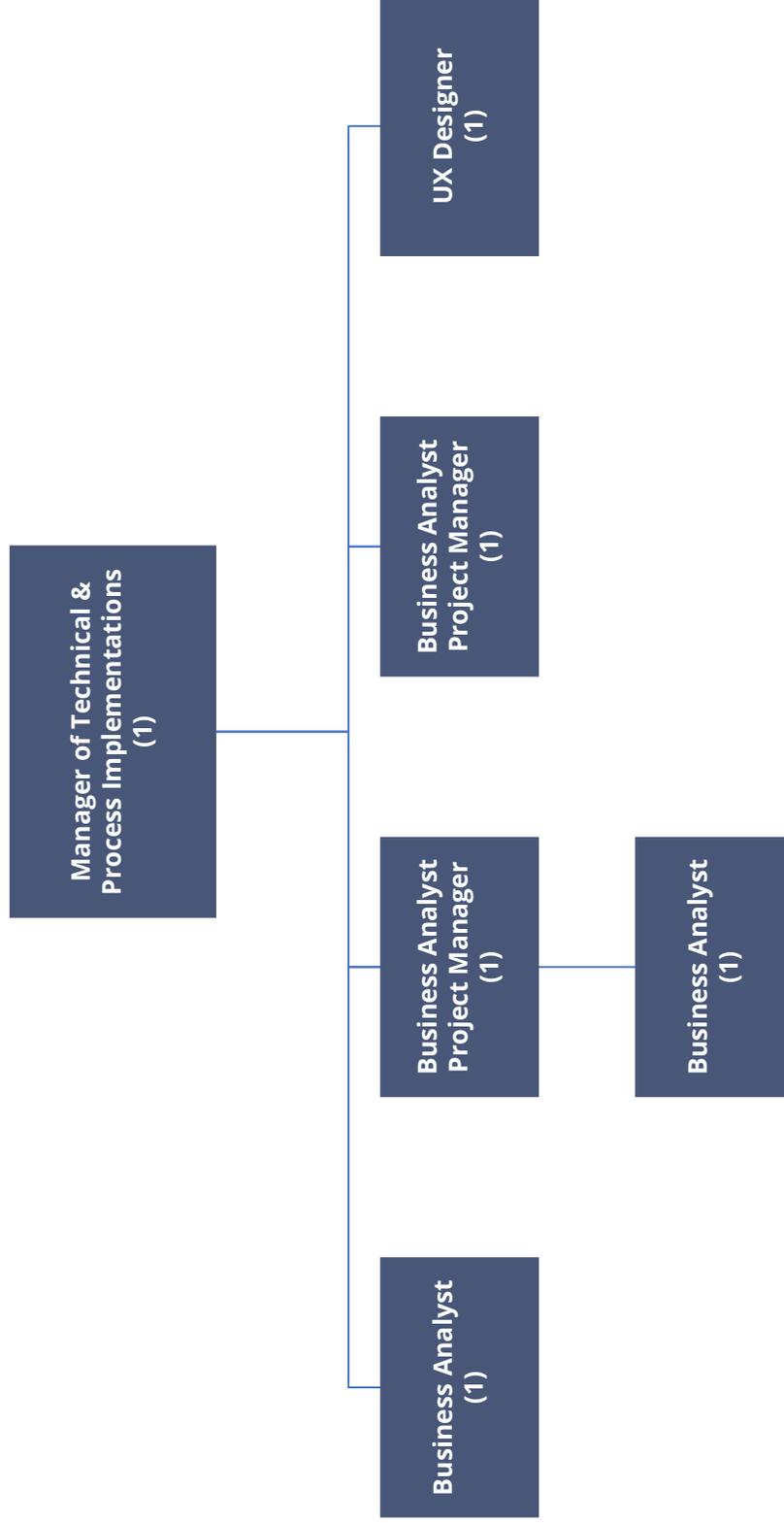
Office of Project Management and Analytics

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|-------------------|-------------------|-------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 6 | | | | | |
| Regular | \$514,469 | \$686,135 | \$719,500 | \$749,000 | \$762,000 |
| Medicare Tax | 7,613 | 10,395 | 10,800 | 11,600 | 11,700 |
| TMRS | 57,712 | 84,190 | 84,900 | 90,800 | 97,600 |
| Deferred Compensation | 28,093 | 39,473 | 43,900 | 44,100 | 46,700 |
| Disability Insurance | 2,139 | 4,474 | 5,600 | 5,500 | 5,800 |
| Health Insurance | 40,438 | 64,846 | 82,700 | 77,500 | 86,000 |
| Personnel Total | 650,467 | 889,512 | 947,400 | 978,500 | 1,009,800 |
| Operating | | | | | |
| Telephone | 1,020 | 1,020 | 1,200 | 1,200 | 0 |
| Office Supplies | 0 | 0 | 2,000 | 1,000 | 1,200 |
| Postage & Freight | 1 | 0 | 100 | 50 | 100 |
| Copies and Printing | 0 | 0 | 200 | 100 | 100 |
| Publications & Subscriptions | 0 | 457 | 0 | 1,500 | 3,000 |
| Software Maintenance | 179 | 16 | 0 | 0 | 0 |
| Membership Dues | 239 | 0 | 400 | 400 | 400 |
| Professional Development | 1,949 | 840 | 22,100 | 2,500 | 25,500 |
| Travel | 8,478 | 9,340 | 17,300 | 7,500 | 9,700 |
| Operating Total | 11,866 | 11,672 | 43,300 | 14,250 | 40,000 |
| Professional Services | | | | | |
| Professional Services Total | 0 | 0 | 0 | 0 | 0 |
| Grand Total | \$662,333 | \$901,185 | \$990,700 | \$992,750 | \$1,049,800 |

Organizational Chart

The Office of Project Management & Analytics



STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|-------------------------------------|------------------|------------------------------|----------------------|
| OFFICE OF PROJECT MANAGEMENT | | | | |
| Manager of Technical & Process Implementations | Director of PMO & Business Analysis | S | 1 | 1 |
| Business Analyst Project Manager | Project Manager | N | 2 | 2 |
| Business Analyst | Systems & Process Business Analyst | M | 2 | 2 |
| User Experience Designer | User Experience Designer | L | 1 | 1 |
| | | TOTAL | 6 | 6 |

LEGAL PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Legal Department provides services to the Executive Director and all Pool departments, including counseling, document preparation, managing legal aspects of claims processing, and evaluating the legal aspects of the organization's decisions. The Legal Department currently coordinates the activities of various lawyers contracted to represent Pool Members in workers' compensation, liability, and property lawsuits and claims. The Legal Department also pursues subrogation cases on both property and workers' compensation losses that are in litigation. The prelitigation aspects of subrogation cases are no longer housed in the Legal Department. The Chief Legal Officer is responsible for developing the Pool's legal opinions on various issues that arise and providing the other services of the Legal Department. The Legal Department's goals are to continue attempting to reduce the number of cases that are filed against Pool members, to increase the number of successful conclusions to lawsuits, and to ensure effective legal services are provided within a reasonable time frame. The Legal Department also coordinates with the General Counsel to the Pool's Board of Trustees on legislative activities and other legal matters as needed. The Legal Department will continue the following programs:

- Managing litigation cases in coordination with the Liability/Property Department staff.
- Participating in the development and fine tuning of various dashboards and reports for data analytics to help with litigation and subrogation results.
- Coordinating the Pool's legislative activities along with the General Counsel to the Pool's Board of Trustees.
- Providing the Employment Hotline, in coordination with the Liability/Property Department, which allows Pool members to call in and ask questions on what steps to take before disciplining an employee. This service helps to reduce the number of Errors and Omissions Liability Coverage cases.
- Advising internally on employment matters, personnel policies, and immigration issues.
- Managing the Pool's coverage documents and the coverage changes process.
- Pursuing subrogation cases in litigation against responsible third parties for both property and workers' compensation losses.
- Coordinating with other Pool departments and outside entities to participate in various seminars.
- Providing an annual continuing education workshop for defense attorneys hired by the Pool.
- Coordinating with the General Counsel to the Pool's Board of Trustees on legal matters as needed.
- Assisting other Pool departments by drafting/reviewing contracts for products and services and assisting with other legal issues.
- Assisting with release planning of various technology system fixes, modifications, and enhancements as needed.
- Assisting with infrastructure improvements, including the purchase, installation, and development of new software systems.
- Providing legal services to the Political Subdivision Workers' Compensation Alliance as agreed in the Interlocal Cooperation Agreement Regarding Administrative Services.

DEPARTMENTAL GOALS AND MEASURES

- Work with the Liability/Property Department and Workers' Compensation Department to reduce claims and lawsuits and increase the successful conclusion of lawsuits.

- Develop, manage, and update form letters and authority policies to allow the Liability/Property Claims Specialists to empower themselves in the routine handling of liability and property claims and litigation.
- Continue providing Pool members with the Employment Hotline to help reduce Errors and Omissions Liability claims.
- Continue pursuing subrogation recoveries on property and workers' compensation losses in litigation, including keeping the recovery percentage above 85% of possible recovery potential and recovering as much money as possible for Pool members.
- Implement a new contract handling policy and management system.
- Assist and manage the implementation of the Pool's data security policies.
- Explore, educate, and support the responsible, legal, and ethical use of AI in the Pool's operations.
- Implement the Legal Department's Strategic Plan to provide clear direction for its staff, to proactively manage legal risks, to align better with the Pool's business strategy, to improve efficiency and effectiveness in delivering legal services, to establish a framework for measuring performance and identifying areas of improvement, to strengthen stakeholder confidence, and to create a roadmap for advocating for additional resources as needed.
- Ensure effective legal services are provided in a timely manner.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- The overall budget for operating expenses is \$600 less than the 2024-25 budget amount. There are adjustments to various line items, but the highlights are the removal of the Subrogation line item, resulting in a \$17,000 reduction, and the addition of \$12,000 to the Publications & Subscriptions budget because of the addition of Westlaw's CoCounsel, an AI program imbedded in Westlaw Online for legal research.

Activities/Performance Goals & Measures

Legal Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|----------------------------|-------------------|-------------------|-------------------|----------------------|-------------------|
| ■ Liability Fund Members | 2,762 | 2,752 | 2,749 | 2,760 | 2,765 |
| ■ New Liability Lawsuits | 543 | 775 | 600 | 850 | 950 |
| ■ Average Suits Per Member | 0.197 | 0.282 | 0.218 | 0.308 | 0.344 |
| ■ Personnel Calls | 183 | 226 | 200 | 190 | 200 |
| ■ Contracts Processed | 54 | 60 | 60 | 62 | 65 |

Legal Department

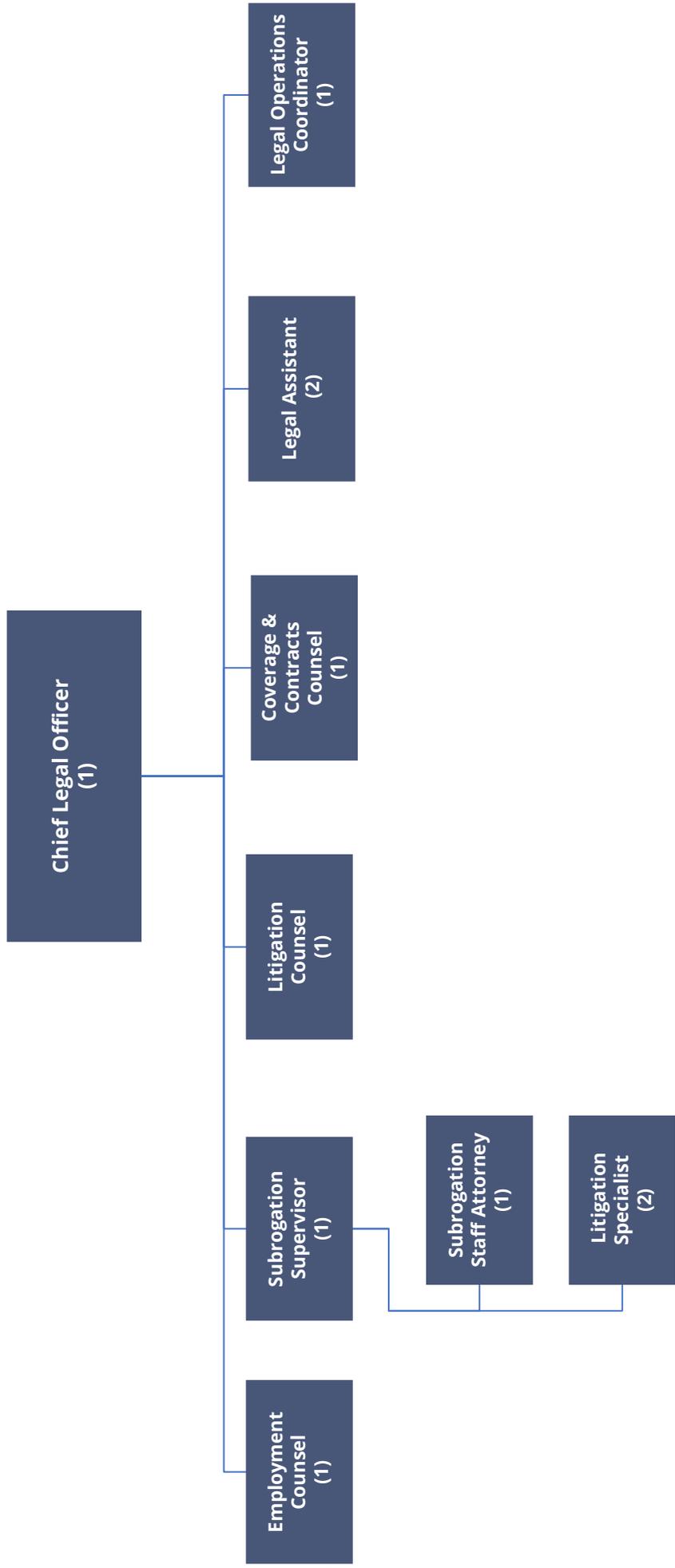
Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 11 | | | | | |
| Regular | \$1,781,975 | \$1,968,641 | \$1,952,600 | \$1,527,100 | \$1,552,200 |
| Medicare Tax | 26,756 | 29,486 | 29,300 | 23,200 | 23,700 |
| TMRS | 202,572 | 238,860 | 230,100 | 184,200 | 198,800 |
| Deferred Compensation | 104,491 | 117,136 | 118,300 | 86,400 | 91,500 |
| Disability Insurance | 7,504 | 12,469 | 14,800 | 10,300 | 10,900 |
| Health Insurance | 238,129 | 260,359 | 300,800 | 192,100 | 232,300 |
| Personnel Total | 2,361,427 | 2,626,952 | 2,645,900 | 2,023,300 | 2,109,400 |
| Operating | | | | | |
| Temporary Services | 0 | 0 | 500 | 0 | 500 |
| Telephone | 3,950 | 3,991 | 4,500 | 3,800 | 3,400 |
| Office Supplies | 853 | 851 | 3,000 | 2,300 | 3,000 |
| Postage and Freight | 381 | 826 | 3,000 | 1,000 | 3,000 |
| Copies and Printing | 0 | 0 | 1,000 | 7,400 | 2,000 |
| Publications & Subscription | 40,116 | 29,579 | 36,000 | 36,000 | 45,400 |
| Equipment Maintenance | 0 | 0 | 300 | 0 | 300 |
| Small Equipment Purchases | 1,489 | 0 | 1,000 | 0 | 1,000 |
| Workshops | 34,034 | 36,460 | 41,000 | 38,000 | 42,000 |
| Subrogation* | 8,883 | 10,662 | 17,000 | 5,000 | 0 |
| Membership Dues | 6,572 | 7,409 | 5,000 | 3,500 | 5,000 |
| Professional Development | 6,226 | 6,071 | 6,800 | 6,400 | 6,800 |
| Prof Dev - College | 9,086 | 0 | 0 | 0 | 0 |
| Travel | 24,496 | 32,555 | 30,600 | 36,000 | 28,200 |
| Auto Maintenance | 0 | 0 | 1,000 | 0 | 1,000 |
| Auto Fuels | 0 | 9 | 2,000 | 0 | 2,000 |
| Operating Total | 136,087 | 128,413 | 152,700 | 139,400 | 143,600 |
| Professional Services | | | | | |
| Other Professional Fees | 61,284 | 66,370 | 125,000 | 110,000 | 125,000 |
| Personnel Matters | 0 | 0 | 5,000 | 0 | 5,000 |
| Professional Services Total | 61,284 | 66,370 | 130,000 | 110,000 | 130,000 |
| Grand Total | \$2,558,798 | \$2,821,734 | \$2,928,600 | \$2,272,700 | \$2,383,000 |

*Effective March 2025, Subrogation Division was transferred to Liability & Property Department.

Organizational Chart

Legal Department



STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|------------------------------|--------------------------------|------------------|------------------------------|----------------------|
| LEGAL | | | | |
| Chief Legal Officer | Chief Legal & Privacy Officer | U | 1 | 1 |
| Coverage & Contracts Counsel | Coverage & Contracts Counsel | R | 1 | 1 |
| Employment Counsel | Employment Counsel | R | 1 | 1 |
| Litigation Counsel | Litigation Counsel | R | 1 | 1 |
| Subrogation Supervisor | Subrogation Litigation Manager | P | 1 | 1 |
| Subrogation Staff Attorney | Staff Attorney | O | 1 | 1 |
| Litigation Specialist | Litigation Specialist | L | 2 | 2 |
| Legal Operations Coordinator | Legal Operations Coordinator | H | 1 | 1 |
| Legal Assistant | Legal Assistant | F | 2 | 2 |
| | | TOTAL | 11 | 11 |

LOSS PREVENTION PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

Loss Prevention provides programs and services to help Members identify and mitigate potential loss exposures. Member needs are assessed through onsite consultations, direct requests, feedback, loss trend analyses, and ongoing evaluation of industry best practices for similar operations.

To address recurring, high-risk exposures, Loss Prevention develops targeted programs, services, and resources aimed at preventing employee injuries, protecting assets, and ensuring public safety. Staff conduct consultations across all areas of local governmental operations while tailoring services to meet each Member's unique needs. Staff also deliver training programs focused on raising awareness of exposures and controls, with a particular emphasis on Members' core functions.

Technology plays a vital role across many Loss Prevention activities and is integrated into daily operations, including loss analyses, research, documentation of Member interactions, and delivering training through video, online learning, and streaming platforms.

Loss Prevention also assists the Underwriting Department by gathering information and conducting property and structural valuations upon request.

DEPARTMENTAL GOALS AND MEASURES

- Each Safety and Loss Control Consultant must identify 20 High Priority Members within their assigned territory to drive improvements in safety and loss prevention across all lines of coverage. Consultants are responsible for establishing Action Items and Service Goals for each calendar year to help prevent, mitigate, or reduce exposures. High Priority Members must be contacted at least four times per year, with additional visits as needed. In addition, each consultant identifies two Focus Departments within each High Priority Member that are key contributors to losses. Interactions with Focus Departments are tracked separately from High Priority Member contacts. Performance Goals and Measures for 2025-2026 will continue to focus on meeting minimum contact requirements, completing action plan items, and achieving service goals.
- Loss Prevention delivers training programs designed to educate, motivate, and increase awareness of potential exposures in Member operations. Demand for onsite training has surged, with participation rebounding to pre-pandemic levels and Member requests rising significantly. Outreach Consultants provide training on core topics such as law enforcement, public works and utilities, human resources, and supervisory skills. Additionally, Safety and Loss Control Consultants conduct training sessions and safety meeting presentations on a wide range of topics. For 2025-2026, through Outreach Consultants, contract trainers, and Safety and Loss Control Consultants, Loss Prevention is projected to deliver approximately 500 onsite training and awareness programs to 7,500 participants.
- The TML Risk Pool is committed to ensuring that every Member employee goes home safely each day. To support this goal, Loss Prevention continues to support the *Safety @ Your Finger T.I.P.S.* initiative, leveraging mass texting to deliver timely safety resources directly to participants. This initiative provides

regular updates on workplace hazards and exposures, helping to increase awareness and reinforce safe practices. The content is also designed for use in safety meetings and tailgate talks, making it a valuable tool for teams. Registration has been strong, and Loss Prevention anticipates at least 1,750 users by the end of 2025-2026.

- Loss Prevention developed the *R.O.A.D. Ready* initiative to enhance awareness of hazards and exposures faced by Member employees working on or near roadways. The program was created in response to recurring concerns about injuries and incidents related to these activities. To support Members, Loss Prevention provides onsite consultations, jobsite assessments, safety meetings, and training tailored to roadway safety. Each January is designated as R.O.A.D. Ready Month, emphasizing the importance of mitigating these risks. By the end of the 2025-2026 budget period, at least 330 Members are expected to be actively engaged and regularly receive updates on the initiative.
- The Risk Pool continues to offer access to online training for Members through LocalGovU. Utilization of online courses has been increasing and is expected to be around 25,000 completed courses in 2025-2026.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- **Operating Expenses**

- Professional Development (55100) – Increase from \$20,300 to \$27,000 to address new certification requirements for Loss Prevention staff.

- **Professional Fees and Expenses**

- Other Professional Fees (56200) (Blue Chip) – New funding of \$50,000 for Blue Chip (Meadows Institute) to support law enforcement officer wellness. The total budgeted amount for this line increased from \$198,500 to \$248,500. (The Risk Pool is currently in a pilot project with Blue Chip with \$30,000 of funding during the 2024-2025 fiscal year. Any future funding will be dependent upon a successful pilot project.).

There are no expected or proposed capital outlay expenditures for 2025-2026.

Loss Prevention's current agreement with LocalGovU/Lexipol for the provision of online learning for Members is set to expire September 30, 2025. The Department is currently seeking requests for proposals related to this resource. Submissions are due April 17 with the hopes of providing a written recommendation for submission to the Board by mid-to-late May, making formal recommendations to the Board at the July Board Meeting, and awarding the proposal once approved. While preliminary discussions do not indicate an expected increase in the costs associated with this resource, it is not yet clear whether an increase in funding will be needed to maintain this service.

Activities/Performance Goals & Measures Loss Prevention Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|---|-------------------|-------------------|-------------------|----------------------|-------------------|
| ■ Total Number of Field Contacts (All Members) | 1,461 | 1,517 | 1,700 | 1,700 | 1,800 |
| ■ Field Contacts with High Priority (HP) Members | 700 | 519 | 750 | 900 | 950 |
| ■ Percentage of HP Member Action Items Completed | 33% | 40% | 60% | 60% | 75% |
| ■ Percentage of HP Member Service Goals Completed | 56% | 55% | 80% | 80% | 80% |
| ■ Percentage of HP Member Minimum Contact Requirements Completed | 70% | 47% | 90% | 90% | 90% |
| ■ R.O.A.D. Ready Participating Members | 132 | 261 | 300 | 300 | 330 |
| ■ Safety @ Your Finger TIPS Registrations | 250 | 827 | 1,500 | 1,500 | 1,750 |
| ■ On-site Training Programs | 282 | 275 | 350 | 300 | 350 |
| ■ Number of Safety Meeting Presentations Conducted by SLCCs | 134 | 98 | 150 | 100 | 150 |
| ■ On-site Training Members Represented | 328 | 335 | 450 | 420 | 450 |
| ■ On-site Training Participants | 6,611 | 6,768 | 7,500 | 6,500 | 7,500 |
| ■ Video Media Circulated* | 368 | 315 | 450 | 120 | N/A |
| ■ Video Media Participation* | 4,155 | 3,407 | 6,000 | 1,400 | N/A |
| ■ Online Learning Courses Taken (Excludes DIR Cybersecurity Training) | 25,881 | 26,590 | 25,000 | 23,000 | 25,000 |
| ■ Online Learning by Individual Members (Excludes DIR Cybersecurity Training) | 288 | 277 | 250 | 275 | 300 |
| ■ Online Learning by Individual Employees (Excludes DIR Cybersecurity Training) | 10,633 | 11,512 | 12,500 | 12,000 | 12,500 |

* The Media Library resource is being retired as of 09/30/25

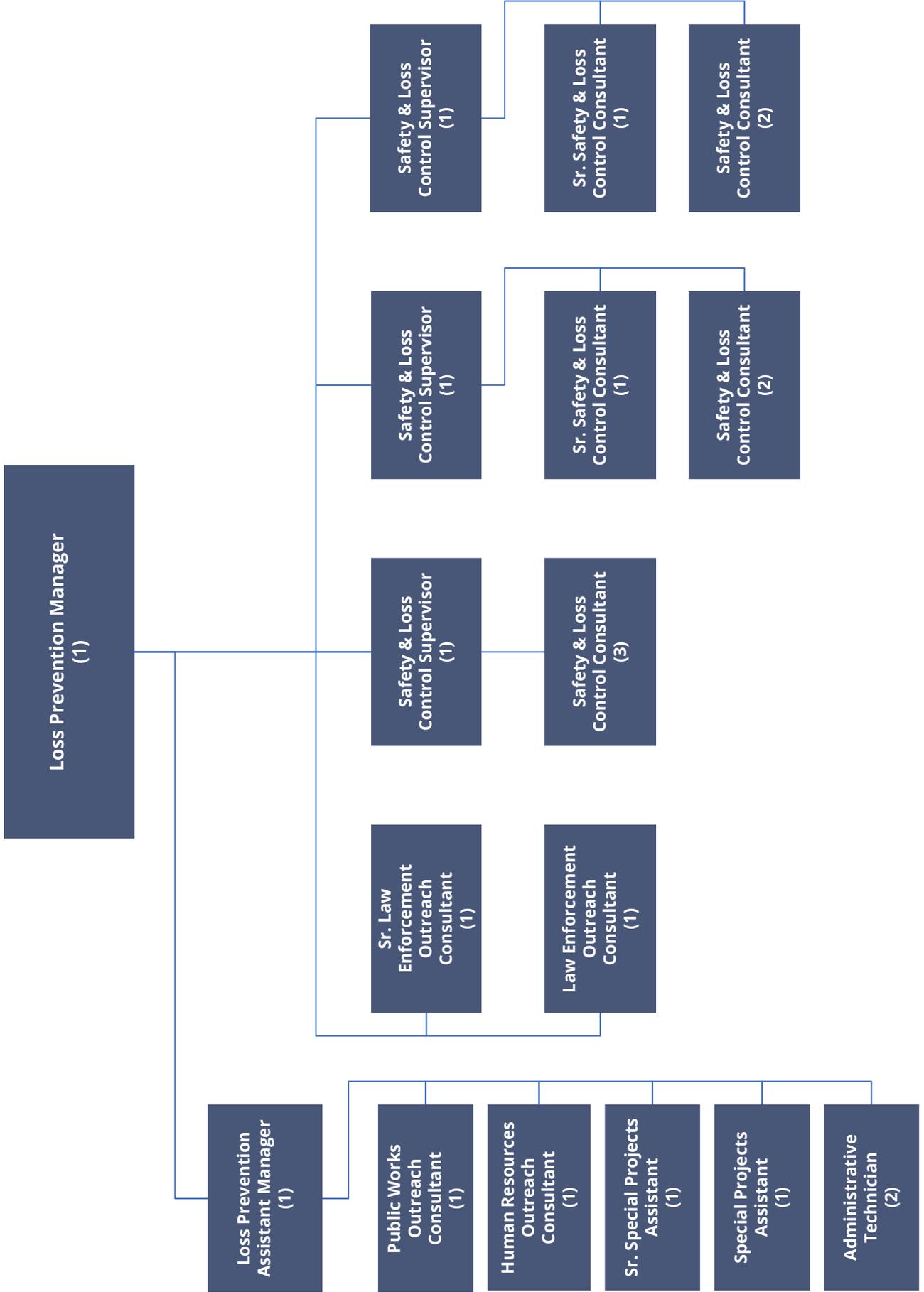
Loss Prevention Department

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 22 | | | | | |
| Regular | \$2,442,983 | \$2,576,668 | \$2,737,800 | \$2,756,700 | \$2,804,900 |
| Medicare Tax | 37,667 | 39,671 | 41,200 | 43,000 | 42,900 |
| TMRS | 284,348 | 318,339 | 323,200 | 338,900 | 358,800 |
| Deferred Compensation | 160,631 | 182,893 | 173,400 | 168,400 | 180,600 |
| Disability Insurance | 10,264 | 17,043 | 21,500 | 20,800 | 21,700 |
| Health Insurance | 328,608 | 329,161 | 402,500 | 365,700 | 415,600 |
| Personnel Total | 3,264,501 | 3,463,775 | 3,699,600 | 3,693,500 | 3,824,500 |
| Operating | | | | | |
| Telephone | 16,090 | 15,970 | 22,500 | 21,000 | 9,200 |
| Office Supplies | 10,262 | 7,728 | 10,000 | 10,000 | 10,000 |
| Postage and Freight | 4,501 | 3,656 | 7,000 | 6,000 | 7,000 |
| Copies and Printing | 2,517 | 2,111 | 10,000 | 8,000 | 10,000 |
| Publications & Subscription | 2,956 | 971 | 10,000 | 6,000 | 10,000 |
| Equipment Maintenance | 0 | 1,939 | 3,000 | 2,000 | 3,000 |
| Software Maintenance | 43,115 | 37,890 | 48,000 | 46,000 | 48,000 |
| Small Equipment Purchases | 4,946 | 418 | 13,000 | 5,000 | 13,000 |
| Equipment Rental | 0 | 0 | 2,000 | 1,000 | 2,000 |
| Workshops | 125,569 | 166,611 | 175,000 | 165,000 | 175,000 |
| Electronic Media | 138,998 | 96,998 | 163,000 | 145,000 | 163,000 |
| Contract Services | 14,500 | 49,500 | 50,000 | 25,000 | 50,000 |
| Membership Dues | 4,046 | 4,878 | 7,100 | 6,500 | 7,100 |
| Professional Development | 13,360 | 14,838 | 20,300 | 20,000 | 27,000 |
| Prof Dev - College | 0 | 0 | 10,000 | 0 | 0 |
| Travel | 113,793 | 124,827 | 128,700 | 130,000 | 128,700 |
| Auto Maintenance | 20,174 | 26,203 | 24,500 | 24,000 | 24,500 |
| Auto Fuels | 40,875 | 38,915 | 54,000 | 45,000 | 54,000 |
| Operating Total | 555,703 | 593,454 | 758,100 | 665,500 | 741,500 |
| Professional Services | | | | | |
| Gas Utility Surveys | 126,089 | 148,002 | 150,000 | 145,000 | 150,000 |
| Boiler/Machinery Inspect | 13,655 | 13,605 | 30,000 | 22,000 | 30,000 |
| Other Professional Fees | 138,040 | 162,959 | 198,500 | 190,000 | 248,500 |
| Electrical Util Surveys | 800 | 1,071 | 1,000 | 1,000 | 1,000 |
| Professional Services Total | 278,584 | 325,637 | 379,500 | 358,000 | 429,500 |
| Grand Total | \$4,098,788 | \$4,382,866 | \$4,837,200 | \$4,717,000 | \$4,995,500 |

Organizational Chart

Loss Prevention Department



STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|--|------------------|------------------------------|----------------------|
| LOSS PREVENTION | | | | |
| Loss Prevention Manager | Director of Loss Prevention | S | 1 | 1 |
| Loss Prevention Assistant Manager | Assistant Director of Loss Prevention | Q | 1 | 1 |
| Safety & Loss Control Supervisor | Safety & Loss Control Manager | P | 3 | 3 |
| Senior Law Enforcement Outreach Consultant | Senior Law Enforcement Outreach Consultant | P | 1 | 1 |
| Human Resources Outreach Consultant | Human Resources Outreach Consultant | O | 1 | 1 |
| Law Enforcement Outreach Consultant | Law Enforcement Outreach Consultant | O | 1 | 1 |
| Public Works Outreach Consultant | Public Works Outreach Consultant | O | 1 | 1 |
| Senior Safety & Loss Control Consultant | Senior Safety & Loss Control Consultant | O | 0 | 2 |
| Safety & Loss Control Consultant | Safety & Loss Control Consultant | N | 9 | 7 |
| Senior Special Projects Assistant | Senior Special Projects Assistant | K | 1 | 1 |
| Special Projects Assistant | Special Projects Assistant | H | 1 | 1 |
| Administrative Technician | Administrative Technician | D | 2 | 2 |
| | | TOTAL | 22 | 22 |

FINANCE PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

Finance encompasses Accounting, Investments, Cash Management, Payroll, Accounts Payable, Accounts Receivable, Inventory and Purchasing, and Reporting and Analytics. Finance develops Board-level policy recommendations concerning the Pool's finances and administrative matters and provides management and oversight of these functions.

The accounting function is responsible for capturing and recording all financial transactions, providing timely and useful financial reports to stakeholders, and managing the accounts receivable, accounts payable and payroll processes.

The investment function sets policies and procedures for the Pool's investment program, manages up to one-half of the Pool's government portfolio, and monitors the Pool's investment managers.

The purchasing function provides procurement of goods and services to support the operations of the Pool.

Finance ongoing operations include:

- Develop financial policy recommendations for the Board.
- Develop and manage annual and project budgets.
- Assist in developing plans for improving core business systems software applications.
- Participate in the design and implementation of enhancements to core financial systems.
- Oversee cash and investment management, including investment portfolio management and analysis.
- Provide financial reporting, including budget and loss trend analysis to communicate the Pool's performance and financial results.
- Manage payroll processing and payroll tax reporting.
- Ensure continued maximum accounts receivable collections and work with members to resolve related issues.
- Continue prompt payment of vendor invoices.
- Obtain favorable contract pricing to minimize Pool expenses.

DEPARTMENTAL GOALS AND MEASURES

- Review investment program and update investment policy.
- Request proposals for investment custodial services, execute contract, and implement services.
- Request proposals for investment management services, execute contract, and implement services.
- Implement policies, procedures, and controls for new claims disbursement function.
- Update the Pool's Purchasing Policy.
- Collaborate with People Operations, IT and other departments on the design and development of the HRIS platform.
- Assess and implement departmental changes to address a dynamic internal and external work environment, including building redundancy needs.
- Implement AI tools and other technology to enhance productivity and analytics.

- Refine investment performance to incorporate Lifetime Benefits (LTB) returns.
- Continue collaboration with departments for report development and reporting analytics.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Insurance expenses are estimated to increase by \$29,000 due to rate, exposure & payroll increases.
- Budget investment fees decreased by \$26,000 due to market changes to assets under management.
- Equipment maintenance expense projected to decrease \$15,000 due to lower usage and maintenance cost for office copiers and folding machines.
- Actuarial studies decreased by \$10,000 to better align with the anticipated cost.

Activities/Performance Goals & Measures Finance Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|---|-------------------|-------------------|-------------------|----------------------|-------------------|
| ■ Consolidated Investment Portfolio (Market Value) | \$716.8M | \$835.6M | \$900.0M | \$875.0M | \$961.0M |
| ■ Government Investment Portfolio (Market Value) | \$510.5M | \$570.7M | \$640.0M | \$615.0M | \$641.0M |
| ■ Lifetime Benefits (LTB) Investment Portfolio (Mkt. Value) | \$206.3M | \$264.9M | \$260.0M | \$260.0M | \$320.0M |
| ■ Consolidated Return on Investment | 3.2% | 3.2% | 3.0% | 3.4% | 3.5% |
| ■ Consolidated Total Rate of Return | 2.7% | 13.7% | 3.0% | 3.0% | 3.0% |
| ■ Government Benchmark (Total Rate of Return) | 0.6% | 11.6% | 2.5% | 3.0% | 3.0% |
| ■ LTB Return on Investment | 4.5% | 3.6% | 3.5% | 4.0% | 4.5% |
| ■ LTB Total Rate of Return | 8.3% | 18.2% | 5.0% | 5.0% | 5.0% |
| ■ LTB Benchmark (Total Rate of Return) | 8.5% | 17.9% | 5.0% | 5.0% | 5.0% |

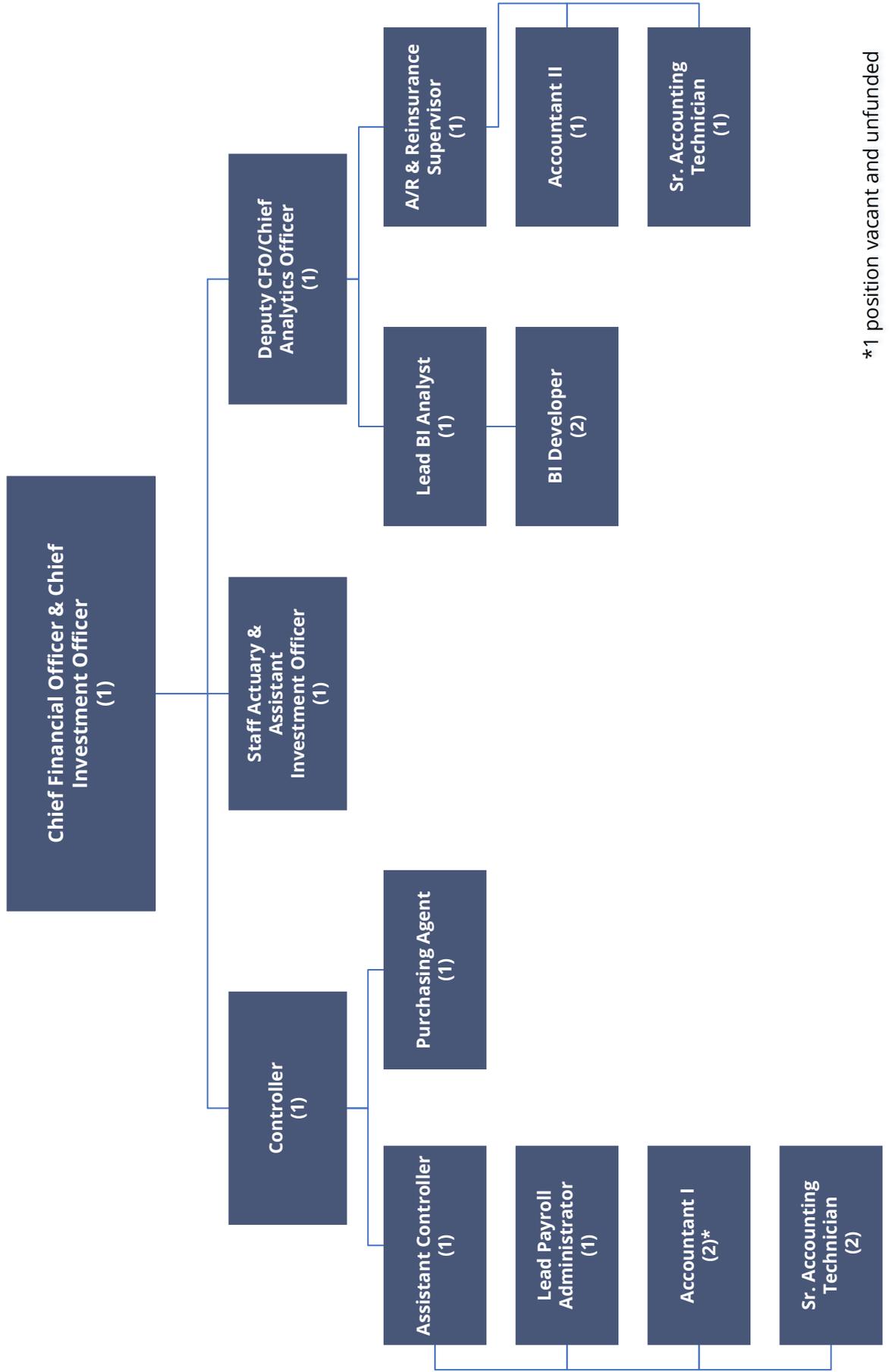
Finance Department

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 17 | | | | | |
| Regular | \$2,207,558 | \$2,298,937 | \$2,232,300 | \$2,321,600 | \$2,288,600 |
| Medicare Tax | 32,042 | 34,509 | 33,500 | 35,800 | 35,000 |
| TMRS | 243,956 | 280,421 | 263,200 | 307,600 | 292,700 |
| Deferred Compensation | 101,651 | 125,249 | 125,300 | 127,000 | 128,600 |
| Disability Insurance | 8,981 | 13,484 | 15,800 | 15,000 | 15,900 |
| Health Insurance | 238,037 | 255,003 | 288,500 | 260,500 | 303,200 |
| Workers' Compensation | 32,906 | 0 | 0 | 0 | 0 |
| Personnel Total | 2,865,131 | 3,007,603 | 2,958,600 | 3,067,500 | 3,064,000 |
| Operating | | | | | |
| Rents (Field Offices) | 142,301 | 91,968 | 93,200 | 93,200 | 96,200 |
| Telephone | 3,700 | 3,573 | 5,100 | 3,700 | 2,950 |
| Office Supplies | 24,075 | 24,507 | 28,000 | 26,000 | 27,000 |
| Postage and Freight | 18,037 | 22,149 | 25,000 | 24,000 | 25,000 |
| Copies and Printing | 42,366 | 35,199 | 15,000 | 20,000 | 12,000 |
| Records Retention | 13,178 | 6,205 | 12,000 | 7,000 | 12,000 |
| Publications & Subscription | 3,147 | 3,011 | 5,000 | 3,500 | 5,000 |
| Liab/Property Insurance | 76,873 | 208,640 | 231,000 | 280,000 | 286,400 |
| Reimb. Deductibles | 39,248 | 20,000 | 20,000 | 0 | 0 |
| Equipment Maintenance | 57,566 | 54,315 | 55,000 | 55,000 | 40,000 |
| Software Maintenance | 82,439 | 87,632 | 91,800 | 85,000 | 92,000 |
| Small Equipment Purchases | 1,686 | 1,191 | 3,000 | 1,500 | 3,000 |
| Equipment Rental | 50,972 | 54,265 | 63,000 | 58,000 | 60,000 |
| Contracts | 30,480 | 11,115 | 30,000 | 30,000 | 25,000 |
| Membership Dues | 5,404 | 6,719 | 6,000 | 6,000 | 7,000 |
| Professional Development | 13,176 | 14,268 | 26,300 | 20,000 | 25,000 |
| Prof Dev - College | 842 | 0 | 2,500 | 2,500 | 0 |
| Travel | 40,514 | 51,745 | 63,000 | 60,000 | 50,400 |
| Bank Charges | 2,181 | 1,922 | 40,000 | 2,500 | 40,000 |
| Auto Maintenance | 6,726 | 2,312 | 7,500 | 5,500 | 7,500 |
| Auto Insurance | 16,499 | 0 | 0 | 0 | 0 |
| Auto Fuels | 1,618 | 1,968 | 3,000 | 2,200 | 3,000 |
| Operating Total | 673,029 | 702,703 | 825,400 | 785,600 | 819,450 |
| Professional Services | | | | | |
| Auditor | 120,000 | 122,000 | 137,000 | 125,000 | 132,000 |
| Actuarial Studies | 28,777 | 30,820 | 50,000 | 35,000 | 40,000 |
| Investment Consultant | 53,444 | 55,337 | 58,500 | 58,000 | 62,000 |
| Investment Custodian | 105,264 | 109,146 | 115,000 | 112,000 | 120,000 |
| Conning | 189,935 | 198,927 | 233,000 | 210,000 | 220,000 |
| Manulife | 185,751 | 194,048 | 233,000 | 210,000 | 220,000 |
| Professional Services Total | 683,170 | 710,277 | 826,500 | 750,000 | 794,000 |
| Grand Total | \$4,221,329 | \$4,420,582 | \$4,610,500 | \$4,603,100 | \$4,677,450 |

Organizational Chart

Finance Department



*1 position vacant and unfunded

STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|--|------------------|------------------------------|----------------------|
| FINANCE | | | | |
| Chief Financial Officer & Chief Investment Officer | Chief Financial Officer & Chief Investment Officer | U | 1 | 1 |
| Deputy CFO & Chief Analytics Officer | Deputy Chief Financial Officer & Chief Analytics Officer | T | 1 | 1 |
| Controller | Controller | S | 1 | 1 |
| Assistant Controller | Assistant Controller | R | 1 | 1 |
| Staff Actuary/Asst Investment Officer | Senior Actuary & Assistant Investment Director | R | 1 | 1 |
| Accts Receivable & Reinsurance Supervisor | Accountant III | P | 2 | 1 |
| Lead BI Analyst | Analytics & Reporting Manager | O | 1 | 1 |
| Purchasing Agent | Purchasing Agent | N | 1 | 1 |
| Senior Accountant | Accountant II | M | 1 | 1 |
| Lead Payroll Administrator | Sr. Payroll Administrator | M | 1 | 1 |
| BI Report Developer | BI Report Developer | L | 2 | 2 |
| Accountant | Accountant I | K | 1 | 2 |
| Senior Accounting Technician | Senior Accounting Technician | H | 2 | 3 |
| | | TOTAL | 16 | 17 |

PEOPLE RESOURCES PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The People Resources Department plays a vital role in managing an organization's workforce through a people-centric approach. It is responsible for attracting and hiring talent, facilitating staff onboarding, and supporting ongoing professional development through training and performance management while emphasizing internal career progression. Additionally, the department oversees total rewards (compensation and benefits) for market competitiveness, ensures legal compliance with labor laws, and fosters a positive work environment by addressing employee relations and conflicts. The department also plays a key role in shaping organizational culture, promoting staff well-being, and developing strategies for leadership succession and workforce planning. The People team serves as a strategic partner in enhancing the Pool's competitiveness, adaptability, and long-term sustainability in a dynamic and competitive labor market, all while fostering a positive and engaging employee experience. Ultimately, the People Resources Department ensures that the organization's workforce is effectively managed and aligned with its goals.

DEPARTMENTAL GOALS AND MEASURES

- Implementation of the results of the Classifications/Pay Structure/Total Rewards study conducted by AON during fiscal years 2024-2025. The implementation may be spread across two fiscal years.
- Implementation of an all-in-one HRIS platform designed to streamline and automate key functions, including payroll, recruiting, onboarding, performance management, leave and attendance tracking, manager dashboards, automated workflows, and learning management modules.
- Develop and implement HRIS user-related training for supervisors and staff.
- Continue revision, implementation, and education of Personnel Policies and Administrative Directives.
- Continue the expansion of the Pool's internal health and financial wellness program, *Be Well*.
- Continue review of the expansion of deferred compensation programs.
- Continue development of the People SharePoint site for supervisors.
- Develop and implement curriculum and training for supervisors.
- Continue refining People Analytics.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Additional of a subscription for an all-in-one Human Resources Information and Payroll System, including recruiting, onboarding, HRIS, payroll, benefits enrollment, performance management, learning, and offboarding modules.

Activities/Performance Goals & Measures People Resources Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Budget 2025-26 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| ■ Full Time Equivalent Pool Employees | 256 | 256 | 267 | 266 |

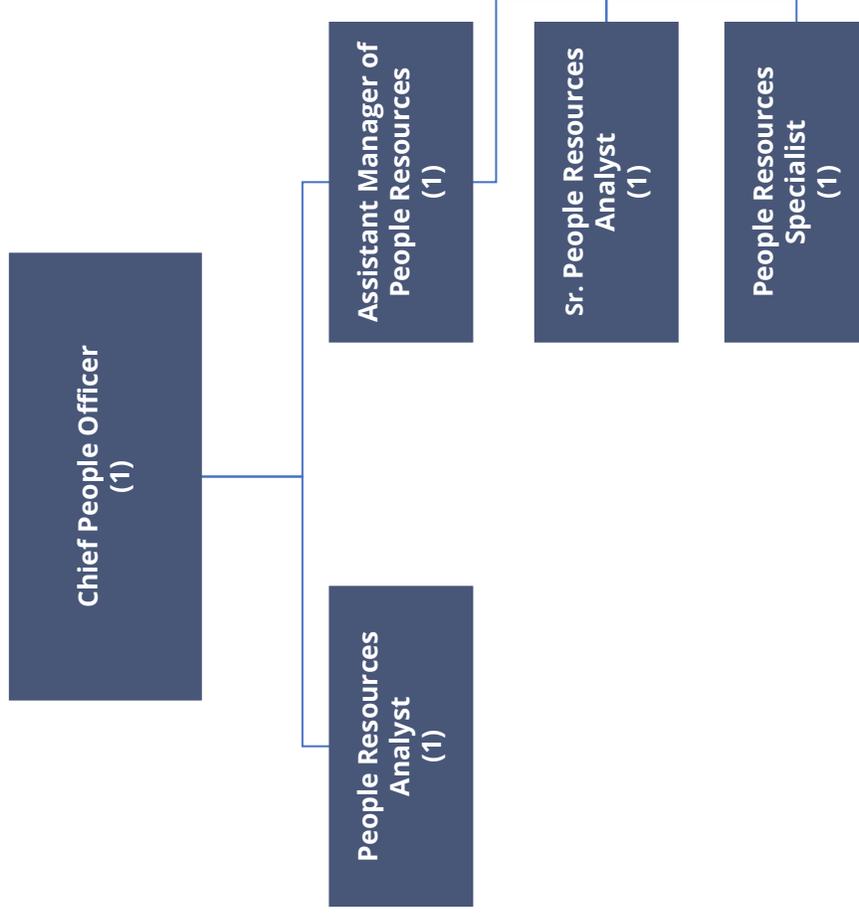
People Resources Department

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|-------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 5 | | | | | |
| Regular | \$502,406 | \$696,813 | \$646,300 | \$613,100 | \$648,400 |
| Medicare Tax | 8,260 | 10,463 | 9,700 | 9,600 | 9,900 |
| TMRS | 63,068 | 75,904 | 76,300 | 75,200 | 83,200 |
| Deferred Compensation | 30,009 | 34,053 | 39,100 | 34,500 | 37,500 |
| Disability Insurance | 2,279 | 3,863 | 4,800 | 4,100 | 4,600 |
| Health Insurance | 62,985 | 68,434 | 82,200 | 73,100 | 84,700 |
| Personnel Total | 669,007 | 889,530 | 858,400 | 809,600 | 868,300 |
| Operating | | | | | |
| Telephone | 3,227 | 4,348 | 4,400 | 3,750 | 1,100 |
| Office Supplies | 7,027 | 8,261 | 10,000 | 9,000 | 10,000 |
| Postage and Freight | 356 | 162 | 1,000 | 250 | 1,000 |
| Copies and Printing | 38 | 0 | 500 | 500 | 1,500 |
| Records Retention | 1,176 | 1,638 | 1,200 | 1,200 | 1,500 |
| Publications & Subscription | 693 | 6,596 | 12,900 | 6,000 | 5,800 |
| Software Maintenance | 0 | 3,538 | 12,800 | 142,250 | 146,100 |
| Unemployment Reimb. | 3,608 | 10,386 | 10,000 | 10,000 | 10,000 |
| Contract Services | 300 | 129 | 8,000 | 2,000 | 8,000 |
| Membership Dues | 2,967 | 2,714 | 4,700 | 4,700 | 6,300 |
| Professional Development | 15,736 | 17,205 | 37,100 | 41,300 | 41,300 |
| Prof Dev - College | 2,215 | 0 | 3,000 | 0 | 75,000 |
| Leadership & Developments | 64,777 | 211,948 | 249,600 | 209,600 | 209,600 |
| Travel | 36,853 | 50,842 | 133,400 | 81,000 | 111,000 |
| Advertising Expenses | 700 | 2,751 | 10,000 | 10,000 | 10,000 |
| Operating Total | 139,671 | 320,518 | 498,600 | 521,550 | 638,200 |
| Professional Services | | | | | |
| Personnel Consultants | 137,783 | 470,963 | 89,000 | 65,000 | 50,000 |
| Professional Services Total | 137,783 | 470,963 | 89,000 | 65,000 | 50,000 |
| Grand Total | \$946,460 | \$1,681,011 | \$1,446,000 | \$1,396,150 | \$1,556,500 |

Organizational Chart

People Resources Department



STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|----------------------------------|--|------------------|------------------------------|----------------------|
| PEOPLE RESOURCES | | | | |
| Chief People Officer | Chief People Officer | T | 1 | 1 |
| Assistant Manager of People | Assistant Director of People | Q | 1 | 1 |
| Senior People Operations Analyst | Senior Talent & Leave Management Analyst | M | 1 | 1 |
| People Operations Analyst | Benefits Analyst | K | 1 | 1 |
| People Operations Specialist | People Specialist | H | 1 | 1 |
| | | TOTAL | 5 | 5 |

INFORMATION TECHNOLOGY PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Information Technology (IT) Department serves as a strategic enabler for the Pool's mission of providing stable and economic risk financing while upholding core values of fiscal responsibility, integrity, public service, and operational excellence. In alignment with the Board's 'Building for the Future' initiative, the IT department delivers comprehensive technology solutions that enhance member partnerships, strengthen competitive positions, and drive operational efficiencies. The department operates through three interconnected operational pillars:

1. **Strategic Technology Governance and Innovation:** The IT Department drives technology-driven transformation by implementing a comprehensive Strategic IT and Business Application Roadmap. The integration of emerging technologies, such as AI, is designed to enhance organizational productivity and service delivery. As part of this initiative, the department has begun deploying Copilot to boost personal productivity and will soon focus on improving operational efficiencies. This governance framework ensures that technology investments align with organizational objectives while maintaining fiscal responsibility. Critical applications, including the Guidewire ecosystem, are managed to ensure seamless integration across business functions.
2. **Infrastructure and Security Management:** The IT Department maintains a technology infrastructure that supports operations with security and reliability. The Cyber Security and Defense Program offers protection for member data and organizational assets. The infrastructure lifecycle is managed through regular upgrades of critical components like firewall systems and VMware ESX hosts, to ensure system reliability and protection against cyber threats. Additionally, 24/7 infrastructure monitoring is provided via the Security Operation Center.
3. **Service Excellence and Operational Support:** Exceptional technical support is delivered through enhanced service desk capabilities, ensuring prompt resolution of technical issues. The Member portal platform is managed, continuously improving functionality to better serve members. Commitment to operational excellence extends to staff development through comprehensive training programs and technical certifications, ensuring the team stays current with rapidly evolving technologies.

As we prepare for future challenges, including the Texas Municipal Center relocation, the IT Department maintains focus on system reliability, security, and service excellence. Our infrastructure modernization efforts enhance system performance while our service improvements strengthen response capabilities. Through careful resource stewardship and strategic technology investments, we support the Pool's evolution while maintaining operational stability.

DEPARTMENTAL GOALS AND MEASURES

- Execute Board-approved Business Application and IT Roadmap
- Implement and slowly expand AI capabilities across various business functions
- Execute Board-approved Cyber Security and Defense Program
- Enhance Member portal functionality
- Execute IT Asset lifecycle management plan

- Re-skill staff through technical training and certification programs
- Maintain system uptime and performance metrics
- Support Texas Municipal Center relocation requirements
- Optimize software license utilization

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- \$100,000 increase in enterprise software licensing for Guidewire Software license
- New position for endpoint management and Intune updates
- \$130,000 annually for Microsoft Copilot and other AI-related initiatives
- \$75,000 for Technology Re-Skill Program to prepare for AI initiatives
- \$150,000 Infrastructure security replacement for end-of-life and security upgrade costs

Activities/Performance Goals & Measures

Information Technology Department

Activities/Performance Goals & Measures

- Execute Board-approved Business Application and IT Roadmap
- Implement and slowly expand AI capabilities across various business functions
- Execute Board-approved Cyber Security and Defense Program
- Enhance Member portal functionality
- Execute IT Asset lifecycle management plan
- Re-skill staff through technical training and certification programs
- Maintain system uptime and performance metrics
- Support Texas Municipal Center relocation requirements
- Optimize software license utilization

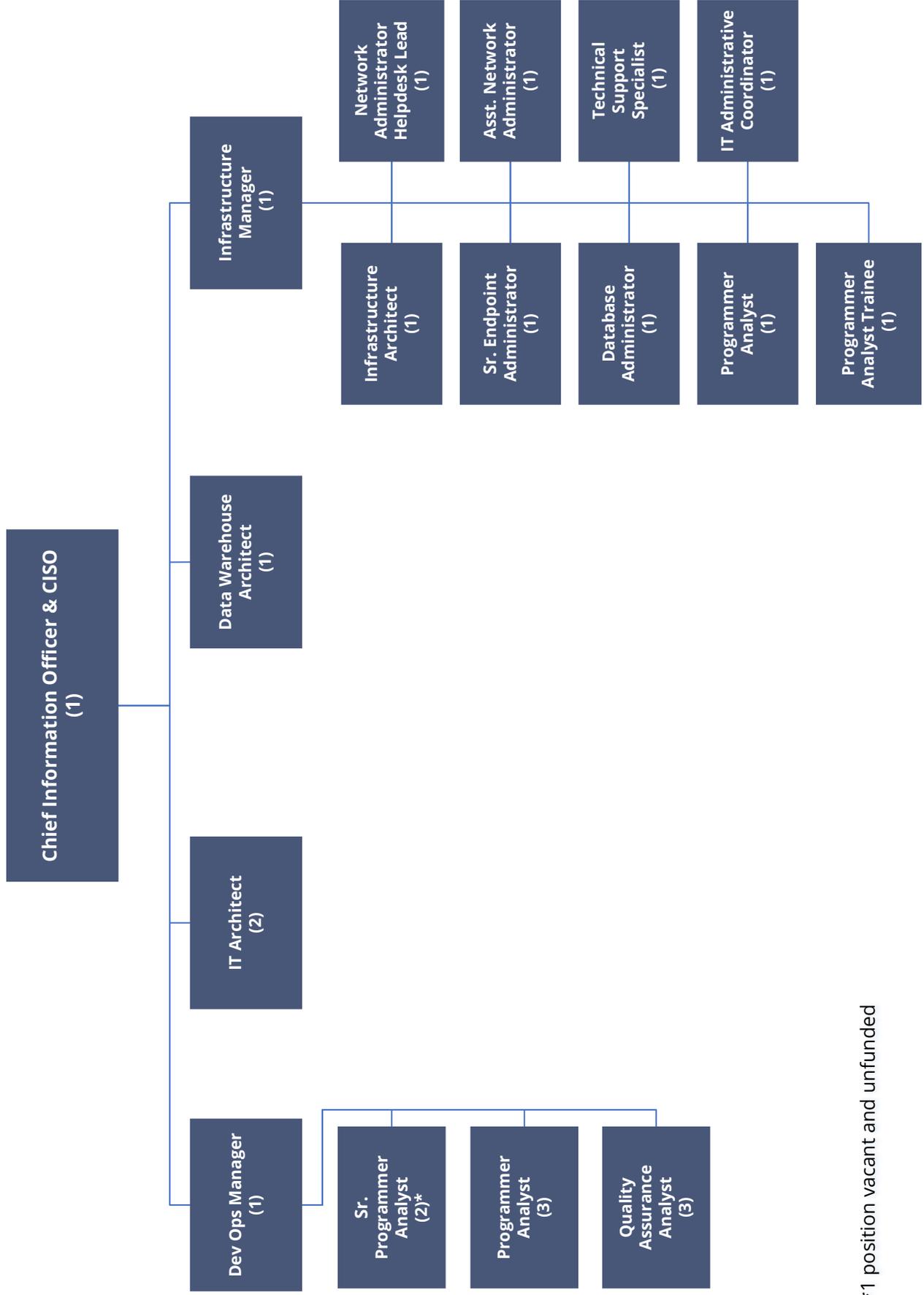
Information Technology Department

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 23 | | | | | |
| Regular | \$2,610,751 | \$2,904,289 | \$2,877,600 | \$2,871,200 | \$3,017,900 |
| Medicare Tax | 38,705 | 42,030 | 43,300 | 44,100 | 46,600 |
| TMRS | 296,650 | 343,225 | 339,900 | 349,300 | 390,700 |
| Deferred Compensation | 147,693 | 162,676 | 190,900 | 166,400 | 184,800 |
| Disability Insurance | 11,041 | 17,672 | 21,400 | 19,900 | 21,900 |
| Health Insurance | 328,085 | 345,659 | 402,900 | 371,300 | 464,400 |
| Personnel Total | 3,432,925 | 3,815,551 | 3,876,000 | 3,822,200 | 4,126,300 |
| Operating | | | | | |
| Telephone | 12,065 | 11,501 | 12,500 | 12,500 | 7,450 |
| Office Supplies | 2,424 | 2,834 | 3,000 | 3,000 | 3,000 |
| Postage and Freight | 1,873 | 1,359 | 1,000 | 1,000 | 1,000 |
| Publications & Subscription | 720 | 1,354 | 500 | 500 | 500 |
| Equipment Maintenance | 53,577 | 23,449 | 130,400 | 130,400 | 154,000 |
| Software Maintenance | 340,131 | 890,592 | 1,806,900 | 1,806,900 | 1,990,500 |
| Small Equipment Purchases | 7,132 | 8,642 | 15,000 | 10,000 | 10,000 |
| Contracts | 22,235 | 38,061 | 40,000 | 40,000 | 40,000 |
| Programming Services | 277,621 | 1,256,209 | 1,600,000 | 1,600,000 | 1,600,000 |
| Professional Development | 14,330 | 12,838 | 21,400 | 21,400 | 39,000 |
| Prof Dev - College | 8,889 | 6,051 | 18,000 | 18,000 | 0 |
| Travel | 22,166 | 21,318 | 29,500 | 29,500 | 22,000 |
| Auto Maintenance | 0 | 0 | 0 | 0 | 3,000 |
| Auto Fuels | 0 | 0 | 0 | 0 | 3,000 |
| Operating Total | 763,163 | 2,274,209 | 3,678,200 | 3,673,200 | 3,873,450 |
| Professional Services | | | | | |
| Other Professional Fees | 233,768 | 296,405 | 660,800 | 660,800 | 804,400 |
| Professional Services Total | 233,768 | 296,405 | 660,800 | 660,800 | 804,400 |
| Grand Total | \$4,429,856 | \$6,386,165 | \$8,215,000 | \$8,156,200 | \$8,804,150 |

Organizational Chart

Information Technology Department



*1 position vacant and unfunded

STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|---------------------------------------|--------------------------------------|------------------|------------------------------|----------------------|
| INFORMATION TECHNOLOGY | | | | |
| Chief Information Officer | Chief Information & Security Officer | U | 1 | 1 |
| DevOps Manager | Director of Dev Ops | R | 1 | 1 |
| Infrastructure Manager | Director of Infrastructure | R | 1 | 1 |
| Data Warehouse Architect | Data Warehouse Architect | Q | 1 | 1 |
| Infrastructure Architect | Infrastructure Architect | Q | 1 | 1 |
| IT Architect | IT Architect | Q | 2 | 2 |
| Senior Programmer Analyst | Senior Programmer Analyst | P | 1 | 2 |
| Senior Endpoint Administrator | Senior Endpoint Administrator | O | 0 | 1 |
| Network Administrator - Helpdesk Lead | Sr. Technical Support Specialist | O | 1 | 1 |
| Programmer Analyst | Administrator - Microsoft 365 | M | 0 | 1 |
| Programmer Analyst | Programmer Analyst - Dev Ops | M | 4 | 3 |
| Database Administrator | Database Administrator | M | 1 | 1 |
| Quality Assurance Analyst | Quality Assurance Analyst | M | 3 | 3 |
| Programmer Analyst Trainee | Associate Programmer Analyst | L | 0 | 1 |
| Assistant Network Administrator | IT Administrator - Infrastructure | K | 1 | 1 |
| Technical Support Specialist | Technical Support Specialist | I | 1 | 1 |
| IT Administrative Coordinator | IT Administrative Coordinator | H | 1 | 1 |
| TOTAL | | | 20 | 23 |

WORKERS' COMPENSATION PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Workers' Compensation Claims department processes and adjudicates all Pool members' workers' compensation claims. The objectives of the department are to pay benefits promptly in compensable claims; to file timely disputes for non-compensable claims, as well as unrelated injuries and treatment; to pursue subrogation when opportunities are identified; to aid members with returning their employees to work; to ensure injured workers have access to appropriate care that is reasonable and necessary; to remain informed and current on the Labor Code; and to maintain regular contact with our members to ensure they are informed of claim statuses and other relevant information, such as new legislation, Labor Code rules, DWC rules, and any other training they need. In order to achieve the objectives laid out above, the department will perform the following in an ongoing manner:

1. Utilize Guidewire ClaimCenter to adjust claims and administer benefits accurately and timely.
2. Oversee the Political Subdivision Workers' Compensation Alliance through an Interlocal Cooperation Agreement to provide administrative and operational services. The highly ranked panel of medical providers is harnessed to treat work-related injuries in order to provide better return-to-work outcomes.
3. Partner with Optum to deliver pharmacy services to injured workers with cost savings derived from using the Division of Workers' Compensation fee schedule.
4. Utilize Mitchell software as a quality medical bill review platform. Audit medical bills to ensure appropriate payment of fees based on either the Alliance contract or the Division of Workers' Compensation Fee schedule.
5. Engage Mitchell / Genex to receive preauthorization services for medical procedures, based on Alliance procedures and/or Division of Workers' Compensation rules.
6. Collaborate with the Legal Department and legislative workgroup committee regarding proposed statutory changes.

DEPARTMENTAL GOALS AND MEASURES

- Provide exemplary claims service to each member and injured worker.
- Through the Alliance network, maintain a top-tier provider panel and promptly return injured employees to work. Achieve a Top 5 network report card ranking by the Workers' Compensation Research and Evaluation Group.
- Uphold our High Performer Rating by maintaining at least 95% timely payment and electronic data interchange compliance.
- Establish more streamlined workflows between the member portal and ClaimCenter.
- Utilize our Training and Compliance Specialist as an integral part of succession planning for the Claims Departments.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- **Political Subdivision Workers' Compensation Alliance** increased by \$16,000 due to the Alliance's annual budget allocation process. The Alliance Board approves the budget each year, and the Pool's expense is based on a percentage of the Pool's medical bills processed compared to the total number of medical bills processed by all Alliance participants.
- **Records Retention** will increase by \$10,000 due to the additional off-site storage space needed because of the closure and downsizing of field offices.

- **ISO Search** will increase by \$20,700 to include the Discovery Navigator, an artificial intelligence document review service provided by Verisk. This product will review and summarize medical records with greater accuracy and efficiency.
- **Contract Services** will increase by \$230,600, mainly due to the new check disbursement process with Commerce Bank. Temporary staff is still being utilized to assist with document scanning, and additional temporary staff may be needed for claims handling assistance.
- **Postage and Freight** will decrease by \$43,000 due to the new check disbursement process with Commerce Bank. E-payments will be the preferred method of payment and will significantly reduce the cost of postage.
- **Medical Bill Review** will likely increase with the renewed contract. An estimated three percent increase of \$10,700 is expected.

Activities/Performance Goals & Measures

Workers' Compensation Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|---|-------------------|-------------------|-------------------|----------------------|-------------------|
| ■ New Claims Handled Annually | 11,765 | 11,027 | 12,100 | 11,500 | 12,000 |
| ■ Number of Employees Covered | 197,029 | 214,775 | 203,000 | 228,000 | 232,000 |
| ■ Total Audited Payroll | \$6.7 Billion | \$7.2 Billion | \$7.2 Billion | 7.9 Billion | \$8.0 Billion |
| ■ New Indemnity Claims Handled | 3,033 | 2,748 | 3,100 | 2,800 | 2,900 |
| ■ Achieve High Performer Rating | 97.44 | 98.03 | 98 | 98 | 98 |
| ■ Timely Payment of Initial Temporary Income Benefit | 94.93 | 96.08 | 95 | 95 | 95 |
| ■ Timely Processing Initial Medical Bills | 100 | 99.98 | 99 | 99 | 99 |
| ■ Timely Processing Reconsideration of Medical Bills | 99.96 | 99.95 | 99 | 99 | 99 |
| ■ Timely Electronic Submission of Medical Payment Data | 99.99 | 100 | 99 | 99 | 99 |
| ■ Contribution - Workers' Compensation | \$94,228,516 | \$104,013,888 | \$89,454,600 | \$92,625,300 | \$86,812,700 |
| ■ Total Budget - Workers' Compensation | \$9,698,003 | \$9,902,470 | \$10,344,600 | \$10,393,900 | \$10,834,400 |
| ■ WC Budget as a % of Contributions | 10.30% | 10.10% | 11.20% | 11.22% | 12.48% |

Workers' Compensation Department

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|---------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 65 | | | | | |
| Regular | \$6,235,752 | \$6,298,464 | \$6,368,800 | \$6,480,800 | \$6,491,300 |
| Medicare Tax | 94,917 | 95,123 | 95,900 | 100,300 | 98,900 |
| TMRS | 725,838 | 778,669 | 753,000 | 793,100 | 828,100 |
| Deferred Compensation | 415,941 | 401,873 | 404,400 | 395,800 | 416,100 |
| Disability Insurance | 26,247 | 42,151 | 51,300 | 50,100 | 51,000 |
| Health Insurance | 959,811 | 960,214 | 1,134,500 | 1,120,700 | 1,272,000 |
| Personnel Total | 8,458,505 | 8,576,492 | 8,807,900 | 8,940,800 | 9,157,400 |
| Operating | | | | | |
| Telephone | 17,075 | 15,262 | 16,700 | 16,500 | 3,700 |
| Office Supplies | 18,130 | 11,878 | 23,000 | 12,000 | 13,000 |
| Postage and Freight | 116,066 | 141,536 | 112,000 | 129,000 | 69,000 |
| Copies and Printing | 8 | 0 | 2,500 | 0 | 0 |
| Records Retention | 45,756 | 67,068 | 60,000 | 76,000 | 70,000 |
| Publications & Subscription | 10,740 | 10,354 | 15,100 | 11,000 | 15,600 |
| Equipment Maintenance | 0 | 0 | 5,000 | 2,500 | 5,000 |
| Small Equipment Purchases | 0 | 224 | 2,000 | 2,000 | 2,000 |
| Contracts | 32,631 | 37,992 | 149,400 | 60,000 | 380,000 |
| Work Comp Fees/Penalties | (726) | 0 | 0 | 0 | 0 |
| Membership Dues | 3,550 | 4,033 | 4,000 | 4,000 | 2,200 |
| Professional Development | 15,962 | 11,562 | 16,900 | 15,000 | 23,800 |
| Prof Dev - College | 0 | 0 | 10,000 | 3,600 | 0 |
| Travel | 135,653 | 145,028 | 146,300 | 150,000 | 71,500 |
| Moving Expenses | 7,607 | 0 | 0 | 0 | 0 |
| Auto Maintenance | 7,837 | 4,151 | 9,000 | 8,500 | 9,000 |
| Auto Fuels | 6,890 | 5,462 | 9,000 | 5,500 | 9,000 |
| Operating Total | 417,178 | 454,551 | 580,900 | 495,600 | 673,800 |
| Professional Services | | | | | |
| Claims On-Line Search ISO | 124,685 | 158,347 | 194,500 | 170,000 | 215,200 |
| Other Professional Fees | 0 | 7,338 | 10,000 | 7,500 | 10,000 |
| Medical Bill Review | 273,778 | 285,640 | 311,300 | 300,000 | 322,000 |
| Political Subdivision WCA | 423,857 | 420,103 | 440,000 | 480,000 | 456,000 |
| Professional Services Total | 822,320 | 871,427 | 955,800 | 957,500 | 1,003,200 |
| Grand Total | \$9,698,003 | \$9,902,470 | \$10,344,600 | \$10,393,900 | \$10,834,400 |

STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|---|------------------|------------------------------|----------------------|
| WORKERS' COMPENSATION | | | | |
| Workers' Comp Claims Manager | Director of Workers' Compensation | S | 1 | 1 |
| Executive Director/Dir of Network | Alliance Executive Director/Director of Networks | R | 1 | 1 |
| Assistant Workers' Comp Claims Manager | Assistant Director of Workers' Compensation | Q | 2 | 2 |
| Assistant Director & Network Administrator | Alliance Assistant Director & Network Administrator | P | 1 | 1 |
| Workers' Comp Claims Mgmt. Specialist | Claims Manager | P | 4 | 4 |
| Provider Relations Manager | Alliance Provider Analytics & Relations Manager | N | 1 | 1 |
| Medical Bill Review Supervisor | Medical Bill Review Manager | N | 1 | 1 |
| Senior Workers' Comp Claims Specialist | Senior Claims Specialist | N | 5 | 5 |
| System & Process Analyst | Systems & Process Analyst | N | 2 | 2 |
| Training & Compliance Specialist | Training & Compliance Specialist | N | 1 | 1 |
| Workers' Comp Claims Specialist | Claims Specialist | L | 13 | 13 |
| Administrative Supervisor | Claims Support Supervisor | K | 1 | 1 |
| Quality Assurance Specialist | Systems & Process Associate | K | 1 | 1 |
| Medical Claims Specialist | Medical Claims Specialist | J | 3 | 3 |
| Credentialing Specialist | Alliance Credentialing Specialist | G | 2 | 2 |
| Workers' Comp Asst. Claims Specialist | Medical Only Adjuster | F | 4 | 4 |
| Medical Bill Review Assistant | Medical Bill Review Analyst | E | 6 | 6 |
| Senior Workers' Comp Claims Assistant | Senior Claims Assistant | E | 2 | 2 |
| Workers' Comp Claims Assistant | Claims Assistant | D | 14 | 14 |
| | TOTAL | | 65 | 65 |

LIABILITY & PROPERTY CLAIMS PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Liability & Property Claims Department provides claims handling services to all Risk Pool members. The claims staff manages claims for nine lines of coverage. Staff uses Service Level Objectives (SLO) to verify coverage, initiate contact with all parties involved, investigate, reserve, and promptly and fairly pay or deny claims.

Adjusters are responsible for managing pre-litigation, EEOC, and litigated claim files as well as claims involving damage to member's property. They establish strategies to bring cases to the most reasonable and cost-effective resolutions. The department's overall goal is to improve the member experience and enhance claims handling and operations efficiencies that align with the Pool's core values. The department will continue these operations:

- Invest in training to enhance staff's knowledge, skills, and abilities. Provide opportunities for current employees to advance.
- Support the Pool's Digital initiatives (Digital Culture, Software Modernization, New claim Entry, etc.). E-pay will start later this year, and we will gauge the impact this change has on staffing.
- Continue to evaluate independent adjusting and property consulting firms to ensure the best people are handling Risk Pool claims and to get the most efficient vendor rates available in the market while maintaining or improving service levels.
- Continue to conduct an annual independent adjuster workshop to ensure consistency and accuracy in estimating Member losses.
- Continue refinement of our enhanced property claims services utilizing Best Roofing program and the Member Select Rapid Recovery Program.
- Continue to evaluate and manage the Risk Pool's litigation program to ensure successful outcomes.
- Continue to have in-house staff utilize Xactimate whenever possible to save IA costs and deliver improved service.
- Continue to review in-house subrogation and make determinations around which claims should be outsourced to a Subrogation vendor.

DEPARTMENTAL GOALS AND MEASURES

- Goal: 35% of Property Claims Handled In-House
- Goal: 80% of Liability Claims Handled In-House
- Goal: Liability IA Expenditures Less than \$800K
- Goal: Property IA Expenditures Less than \$2,800,000
- Goal: Liability & Property Actual Expenditures Equal to or Less than 5.0% of Liability & Property Contribution
- Goal: Subrogation- Send demands on 100% of files with Subrogation potential prior to the expiration of the statute of limitations.
- Increase Subrogation recoveries by 20%

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR:

- An additional Property Claim Specialist has already been approved as this Fund continues to grow and we continue to seek to increase our service levels for property claims. This addition was approved in 23/24 budget.
- Liability is requesting the approval of an additional AL/GL claim specialist. The overall number of claims is increasing as our members' exposures grow, the complexity of claims continues to increase, and the number of files in litigation is increasing.
- Postage and Freight will decrease by \$14,000 due to the new check disbursement process with Commerce Bank. E-payments will be the preferred method of payment and will significantly reduce the cost of postage.
- Earmarking \$1,000 in Professional Development for our ongoing Leadership Development Program (LEAD).
- The ALP department is requesting \$60,000 for Contract Services. The use of contractors will continue to provide support during CAT events or adjuster shortages. The department has utilized this strategy effectively previously.

Activities/Performance Goals & Measures

Liability/Property Claims Department

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| ■ Exposures Received : | | | | | |
| Liability | 7,149 | 8,092 | 7,000 | 8,280 | 9,200 |
| Cyber | 0 | 0 | 0 | 44 | 44 |
| Property | 8,895 | 9,723 | 9,000 | 10,500 | 10,500 |
| Total Exposures Received | 16,044 | 17,815 | 16,000 | 18,824 | 19,744 |
| ■ Claims Received : | | | | | |
| Liability | 6,366 | 7,161 | 6,500 | 7,200 | 8,000 |
| Cyber | 0 | 0 | 0 | 44 | 44 |
| Property | 5,021 | 5,551 | 6,000 | 6,000 | 6,000 |
| Total Claims Received | 11,387 | 12,712 | 12,500 | 13,244 | 14,044 |
| ■ Open Claims as of 9/30 | 3,268 | 3,686 | 3,274 | 3,800 | 3,900 |
| ■ Number of Covered Lawsuits | 654 | 775 | 690 | 850 | 950 |
| ■ Independent Adjuster Fees : | | | | | |
| Number of Claims with IA payments | | | | | |
| Liability | 1,205 | 1,378 | 1,100 | 1,400 | 1,500 |
| Cyber | 0 | 0 | 0 | 0 | 0 |
| Property | 3,123 | 3,368 | 3,000 | 3,500 | 3,700 |
| Total Number of Claims with IA payments | 4,328 | 4,746 | 4,100 | 4,900 | 5,200 |
| ■ % of Claims Handled by IAs | | | | | |
| Liability | 19% | 19% | 20% | 19% | 20% |
| Property | 62% | 61% | 64% | 58% | 65% |
| Total % of Claims Handled by IAs | 38% | 37% | 39% | 37% | 37% |
| ■ Outside Adjusters Fees Incurred (LAE) | | | | | |
| Liability | \$195,475 | \$216,587 | \$400,000 | \$500,000 | \$525,000 |
| Property | \$1,917,407 | \$2,540,467 | \$2,400,000 | \$2,600,000 | \$2,600,000 |
| Total IA Fees Incurred | \$2,112,882 | \$2,757,054 | \$2,800,000 | \$3,100,000 | \$3,125,000 |
| ■ IA Fees Cost Per Claim | | | | | |
| Liability | \$162 | \$157 | \$508 | \$357 | \$350 |
| Property | \$614 | \$754 | \$800 | \$743 | \$703 |
| Total Cost per Claim | \$488 | \$581 | \$1,308 | \$1,100 | \$1,053 |
| ■ Contribution | | | | | |
| Liability Contribution | \$65,504,328 | \$76,609,355 | \$76,566,061 | \$82,225,800 | \$90,103,800 |
| Property Contribution | \$122,422,543 | \$150,705,766 | \$148,834,030 | \$179,498,000 | \$210,384,400 |
| Cyber Fund Contribution | \$0 | \$0 | \$2,083,600 | \$2,121,400 | \$2,200,000 |
| Total Contribution Handled | \$187,926,871 | \$227,315,121 | \$227,483,691 | \$263,845,200 | \$302,688,200 |
| ■ Total Liab & Prop Claims Budget + LAE | \$8,343,135 | \$8,768,873 | \$9,294,200 | \$10,306,500 | \$10,888,400 |
| ■ ALP Budget as a % of Contributions | 4.4% | 3.9% | 4.1% | 3.9% | 3.6% |

Liability & Property Department

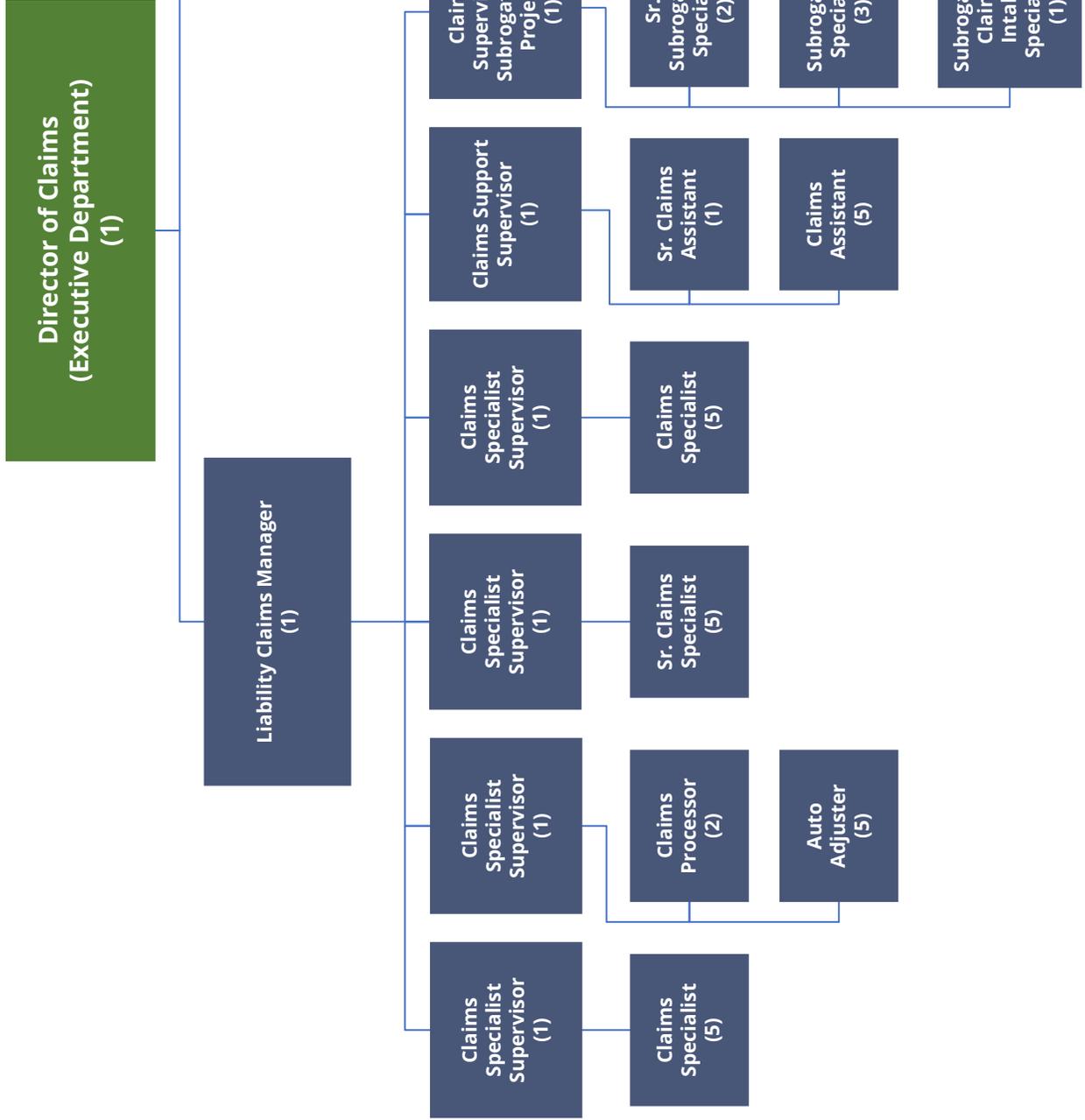
Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|--------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Full-Time Equivalent: 50 | | | | | |
| Regular | \$3,752,556 | \$4,308,073 | \$4,470,200 | \$5,132,600 | \$5,291,600 |
| Medicare Tax | 57,191 | 65,462 | 67,200 | 78,100 | 81,100 |
| TMRS | 434,562 | 532,592 | 527,600 | 623,000 | 678,400 |
| Deferred Compensation | 261,923 | 290,894 | 285,900 | 315,700 | 343,300 |
| Disability Insurance | 15,031 | 28,932 | 35,900 | 39,500 | 41,900 |
| Health Insurance | 544,711 | 620,426 | 775,800 | 812,400 | 951,200 |
| Personnel Total | 5,065,975 | 5,846,379 | 6,162,600 | 7,001,300 | 7,387,500 |
| Operating | | | | | |
| Telephone | 23,053 | 20,919 | 19,500 | 18,500 | 11,900 |
| Office Supplies | 2,221 | 6,161 | 8,800 | 2,500 | 7,900 |
| Postage and Freight | 17,065 | 17,985 | 20,600 | 17,600 | 6,000 |
| Copies and Printing | 60 | 0 | 0 | 0 | 0 |
| Records Retention | 9,025 | 15,245 | 15,200 | 19,300 | 20,000 |
| Publications & Subscription | 19,318 | 8,964 | 11,500 | 16,100 | 23,400 |
| Small Equipment Purchases | 0 | 800 | 2,000 | 2,000 | 6,000 |
| Contracts | 18,783 | 6,800 | 90,000 | 22,600 | 160,500 |
| Membership Dues | 2,605 | 3,378 | 3,200 | 3,200 | 3,600 |
| Professional Development | 9,336 | 2,812 | 26,300 | 13,200 | 26,300 |
| Prof Dev - College | 0 | 0 | 7,000 | 2,000 | 0 |
| Travel | 59,440 | 54,593 | 90,500 | 60,000 | 74,900 |
| Auto Maintenance | 3,392 | 2,588 | 4,800 | 11,900 | 5,300 |
| Auto Fuels | 6,350 | 3,853 | 11,900 | 4,500 | 11,900 |
| Operating Total | 170,648 | 144,097 | 311,300 | 193,400 | 357,700 |
| Professional Services Total | | | | | |
| Claims On-Line Search ISO | 16,179 | 21,343 | 20,300 | 11,800 | 23,400 |
| Professional Services Total | 16,179 | 21,343 | 20,300 | 11,800 | 23,400 |
| Grand Total | \$5,252,803 | \$6,011,819 | \$6,494,200 | \$7,206,500 | \$7,768,600 |

*Effective March 2025, Subrogation Division was transferred to the Liability & Property Department.

Organizational Chart

Liability/Property Department



STAFFING SUMMARY

| Current Position | New Position | New Pay Grade | Current Staffing 6/1/2025 | FY 2025-26 Budget |
|--|---|------------------|------------------------------|----------------------|
| LIABILITY & PROPERTY CLAIMS | | | | |
| Liability Claims Manager | Director of Liability | S | 1 | 1 |
| Property Claims Manager | Director of Property | S | 1 | 1 |
| Claims Supervisor - Subrogation & Projects | Claims Manager - Subrogation & Projects | P | 1 | 1 |
| Claims Specialist Supervisor | Liability Claims Manager | P | 4 | 4 |
| Claims Support Supervisor | Claims Support Manager | N | 1 | 1 |
| Senior Claims Specialist | Senior Claims Specialist | N | 10 | 9 |
| Analyst-Claims & System Development | System & Process Analyst | N | 1 | 1 |
| Claims Specialist | Claims Specialist | L | 11 | 12 |
| Senior Subrogation Specialist | Claims Specialist - Subrogation | L | 2 | 2 |
| Quality Assurance Specialist | Systems & Process Associate | K | 1 | 1 |
| Auto Adjuster | Auto Adjuster | J | 5 | 5 |
| Subrogation Specialist | Subrogation Adjuster | J | 3 | 3 |
| Claims Processor | Claims Processor | F | 2 | 2 |
| Senior Claims Assistant | Senior Claims Assistant | E | 1 | 1 |
| Claims Assistant | Claims Assistant | D | 5 | 5 |
| Subrogation Claims Intake Specialist | Subrogation Claims Intake Specialist | D | 1 | 1 |
| | | TOTAL | 50 | 50 |

BUILDING MAINTENANCE PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Building Maintenance activity is responsible for building maintenance and improvements to the Texas Municipal Center (TMC). This is a joint function of the Texas Municipal League Intergovernmental Risk Pool and The Kucera Companies Real Estate Services. Kucera is the facilities management company that The Pool contracted with to provide those services. The contract commenced on January 1, 2025, for the term of one 2-year period with the option of two 1-year extensions. The primary objective is to provide a secure, clean and comfortable work environment for staff, visitors and organizations using the building's facilities. The goals of the Building Maintenance Department are to:

1. Continue to provide security to ensure that only authorized personnel are allowed access to the building.
2. Continue to provide building maintenance supervision to ensure that all building equipment is operating properly and that contractors are properly keeping the work areas and other facilities clean and stocked, and the surrounding grounds are properly maintained.
3. Continue to provide a quality conference facility for the many organizations that utilize the building.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Building capital improvements are up to date – no capital projects are budgeted.
- Identified areas of cost savings opportunities such as utilities cost due to half of the building being unoccupied, interior temperatures have been adjusted to the north half of the building resulting in \$33,000 budget reduction. Cancelled door mat service, currently handling in house resulting in \$7,800 budget reduction. Reduced janitorial cleaning area by 8,000 square feet as of January 1, 2025, since Health Pool vacated space, \$14,880 budget reduction.
- Recommended 3% hourly wage increase for security guard and janitorial services employees.

Building Maintenance

Budget Summary

| | 2022-23 Actual | 2023-24 Actual | 2024-25 Budget | 2024-25 Est. Total Expenditure | 2025-26 Proposed Budget |
|------------------------------------|-------------------|--------------------|--------------------|--------------------------------------|-------------------------------|
| Personnel | | | | | |
| Regular | \$108,256 | \$171,318 | \$0 | \$0 | \$0 |
| Medicare Tax | 1,332 | 2,220 | 0 | 0 | 0 |
| TMRS | 8,280 | 18,309 | 0 | 0 | 0 |
| Deferred Compensation | 5,369 | 8,937 | 0 | 0 | 0 |
| Health Insurance | 10,112 | 18,721 | 0 | 0 | 0 |
| Personnel Total | 133,349 | 219,505 | 0 | 0 | 0 |
| Operating | | | | | |
| Rent And Property Taxes | 1,840 | 690 | 0 | 0 | 0 |
| Telephone | 0 | 1,094 | 5,800 | 5,800 | 5,800 |
| Office Supplies | 0 | 40 | 400 | 400 | 400 |
| Building Repairs & Maint | 82,548 | 52,648 | 395,000 | 247,500 | 272,500 |
| Elevator Repairs & Maint | 22,173 | 5,270 | 6,600 | 6,600 | 6,600 |
| Window Cleaning | 7,246 | 14,073 | 16,200 | 16,200 | 16,300 |
| Landscaping | 75,093 | 36,564 | 44,600 | 44,600 | 44,100 |
| Utilities-Electric | 159,773 | 273,040 | 343,700 | 343,700 | 343,700 |
| Utilities-Water | 10,036 | 19,411 | 33,000 | 0 | 0 |
| Property Insurance | 55,087 | 30,199 | 0 | 0 | 0 |
| Janitorial Service | 114,618 | 195,533 | 288,000 | 264,100 | 272,500 |
| Cleaning Supplies | 239 | 0 | 10,000 | 10,000 | 10,000 |
| Pest Control Service | 1,414 | 2,421 | 3,400 | 3,400 | 3,400 |
| Security Service | 108,592 | 209,572 | 244,100 | 255,300 | 267,000 |
| Trash Removal | 2,718 | 4,948 | 10,200 | 6,000 | 6,000 |
| Inspections | 2,881 | 1,512 | 6,000 | 6,000 | 6,000 |
| Travel | 252 | 0 | 0 | 0 | 0 |
| Operating Total | 644,510 | 847,015 | 1,407,000 | 1,209,600 | 1,254,300 |
| Professional Services | | | | | |
| Professional Services Total | 0 | 0 | 0 | 0 | 0 |
| Grand Total | \$777,859 | \$1,066,520 | \$1,407,000 | \$1,209,600 | \$1,254,300 |

Activities/Performance Goals & Measures

Building Maintenance

| | Actual 2022-23 | Actual 2023-24 | Budget 2024-25 | Estimated 2024-25 | Budget 2025-26 |
|-------------------------------------|--------------------|--------------------|--------------------|----------------------|--------------------|
| ■ Building Maintenance (Operating) | \$777,859 | \$1,066,520 | \$1,407,000 | \$1,209,600 | \$1,254,300 |
| ■ Building Improvements (Capital) * | \$703,354 | \$7,231,950 | \$500,000 | \$50,000 | \$50,000 |
| Total ** | \$1,481,213 | \$8,298,470 | \$1,907,000 | \$1,259,600 | \$1,304,300 |

* Building improvements are capitalized costs that are depreciated over the remaining useful life of the building.

** The TML Intergovernmental Risk Pool and TX Health Pool shared all building maintenance and capital costs equally prior to 2023-24. The amounts shown represent 50% of total costs. In January 2024, the Board approved the purchase of TMC building and the amounts shown represent 100% of total costs.

Capital Outlay & Office Equipment Budget Detail 2025-26 Budget

AMENDED

| Department | Description | Quantity | Per Unit Cost | Total Cost |
|---|---|----------|---------------|----------------------|
| Computer Software | | | | |
| IT | Net Extender (SSI VPN) | 2 | 2,500 | 5,000 |
| IT | VPN Replacement Placeholder | 1 | 50,000 | 50,000 |
| Computer Software Total | | | | \$ 55,000 |
| Building & Improvements | | | | |
| POOL | New TMC - Land & Building | | 12,750,000 | 12,750,000 |
| Building & Improvements Total | | | | \$ 12,750,000 |
| Furniture, Fixtures and Equipment | | | | |
| IT | Dell Servers Replacement (Data Center) | 2 | 75,000 | 150,000 |
| POOL | End of Life Monitors Replacements (Entire Organization) | 40 | 300 | 12,000 |
| Furniture, Fixtures and Equipment Total | | | | \$ 162,000 |
| Computer Equipment | | | | |
| POOL | Laptops (Part of Life Cycle Replacement) | 50 | 3,300 | 165,000 |
| Computer Equipment Total | | | | \$ 165,000 |
| Vehicles | | | | |
| POOL | SUVs | 6 | 38,500 | 231,000 |
| Vehicles Total | | | | \$ 231,000 |
| TOTAL - Capital Purchases Expenditures Total (Furniture & Computer Equipment and Vehicles) | | | | \$ 13,363,000 |
| Less: Depreciable Capital Purchases | | | | |
| None | | | | - |
| Depreciable Capital Purchases Total | | | | \$ - |
| Non-Depreciated Capital Purchases (Total Capital Purchases LESS Depreciable Capital Purchases) | | | | \$ 13,363,000 |
| Add: Depreciation Expense | | | | |
| Computer Software (Policy Center and ClaimCenter/Contact Manager Upgrades) | | | | 2,089,700 |
| Building & Improvements | | | | 647,300 |
| Depreciable Fixed Assets Total | | | | \$ 2,737,000 |
| Non-Depreciated Capital Purchases AND Depreciation Expense Total | | | | \$ 16,100,000 |

CAPITAL PROJECT - NEW TMC

| | 2024-25 | 2025-26 |
|--|-------------------|----------------------|
| Phase III (Site Selection) - Budget Amendment (January 2025 Board Meeting) | \$ 500,000 | |
| Phase III (Site Selection) - Budget Amendment (September 2025 Board Meeting) | 250,000 | |
| Land & Building - Budget Amendment (September 2025 Board Meeting) | | \$ 12,750,000 |
| Total Capital Project | \$ 750,000 | \$ 12,750,000 |

Capital Outlay & Office Equipment Budget Detail 2025-26 Budget

| Department | Description | Quantity | Per Unit Cost | Total Cost |
|---|--|----------|---------------|---------------------|
| Computer Software | | | | |
| IT | Net Extender (SSI VPN) | 2 | 2,500 | 5,000 |
| IT | VPN Replacement Placeholder | 1 | 50,000 | 50,000 |
| Computer Software Total | | | | \$ 55,000 |
| Furniture, Fixtures and Equipment | | | | |
| IT | Dell Servers Replacement (Data Center) | 2 | 75,000 | 150,000 |
| POOL | End of Life Monitors Replacements (Entire Organization) | 40 | 300 | 12,000 |
| Furniture, Fixtures and Equipment Total | | | | \$ 162,000 |
| Computer Equipment | | | | |
| POOL | Laptops (Part of Life Cycle Replacement) | 50 | 3,300 | 165,000 |
| Computer Equipment Total | | | | \$ 165,000 |
| Vehicles | | | | |
| POOL | SUVs | 6 | 38,500 | 231,000 |
| Vehicles Total | | | | \$ 231,000 |
| TOTAL - Capital Purchases Expenditures Total (Furniture & Computer Equipment and Vehicles) | | | | \$ 613,000 |
| Less: Depreciable Capital Purchases | | | | |
| | None | | | - |
| Depreciable Capital Purchases Total | | | | \$ - |
| Non-Depreciated Capital Purchases (Total Capital Purchases LESS Depreciable Capital Purchases) | | | | \$ 613,000 |
| Add: Depreciation Expense | | | | |
| | Computer Software (Policy Center and ClaimCenter/Contact Manager Upgrades) | | | 2,089,700 |
| | Building & Improvements | | | 647,300 |
| Depreciable Fixed Assets Total | | | | \$ 2,737,000 |
| Non-Depreciated Capital Purchases AND Depreciation Expense Total | | | | \$ 3,350,000 |

Depreciation Forecast 2025-26 Budget

| Description | Type | Remaining Depreciation Months @ 9/30 | Monthly Depreciation Amount | 2025-26 Depreciation Months | 2025-26 Budget |
|--|------|--|-----------------------------------|-----------------------------------|---------------------|
| Computer Software | | | | | |
| Adobe Licenses | SFT | 4 | 613.59 | 4 | 2,500 |
| Policy Center Upgrade | SFT | 7 | 209,651.06 | 7 | 1,467,600 |
| ClaimCenter/Contact Manager Upgrade | SFT | 57 | 50,242.94 | 12 | 602,900 |
| Microsoft SQL Server Enterprise | SFT | 56 | 1,388.11 | 12 | 16,700 |
| Computer Software Total | | | 261,895.70 | | \$ 2,089,700 |
| Building Improvements | | | | | |
| Building at 1821 Rutherford Lane/Improvements | BLD | 113 | 53,942.47 | 12 | 647,300 |
| Building Improvements Total | | | 53,942.47 | | \$ 647,300 |
| Total Current Assets Depreciation in 2024-25 | | | | | \$ 2,737,000 |
| Proposed Depreciable Assets in 2025-26 Budget Total | | | | | \$ - |
| 2025-26 Budget Depreciation Expense Total by Type | | | | | |
| Computer Software (Policy Center and ClaimCenter/Contact Manager Upgrades) | | | | | 2,089,700 |
| Building & Improvements | | | | | 647,300 |
| Grand Total | | | | | \$ 2,737,000 |

Texas Municipal League Intergovernmental Risk Pool
Salary Schedule
Effective December 1, 2025

| Grade | | Minimum | Mid-Point | Maximum |
|-------|---------|--------------|--------------|--------------|
| A | Monthly | \$3,582.02 | \$4,776.03 | \$5,970.04 |
| | Annual | \$42,984.28 | \$57,312.38 | \$71,640.47 |
| B | Monthly | \$3,761.13 | \$5,014.83 | \$6,268.54 |
| | Annual | \$45,133.50 | \$60,178.00 | \$75,222.50 |
| C | Monthly | \$3,949.18 | \$5,265.58 | \$6,581.97 |
| | Annual | \$47,390.17 | \$63,186.90 | \$78,983.62 |
| D | Monthly | \$4,146.64 | \$5,528.85 | \$6,911.07 |
| | Annual | \$49,759.68 | \$66,346.24 | \$82,932.80 |
| E | Monthly | \$4,353.97 | \$5,805.30 | \$7,256.62 |
| | Annual | \$52,247.67 | \$69,663.56 | \$87,079.44 |
| F | Monthly | \$4,571.67 | \$6,095.56 | \$7,619.45 |
| | Annual | \$54,860.05 | \$73,146.73 | \$91,433.42 |
| G | Monthly | \$4,800.25 | \$6,400.34 | \$8,000.42 |
| | Annual | \$57,603.05 | \$76,804.07 | \$96,005.09 |
| H | Monthly | \$5,040.27 | \$6,720.36 | \$8,400.45 |
| | Annual | \$60,483.20 | \$80,644.27 | \$100,805.34 |
| I | Monthly | \$5,292.28 | \$7,056.37 | \$8,820.47 |
| | Annual | \$63,507.36 | \$84,676.49 | \$105,845.61 |
| J | Monthly | \$5,821.51 | \$7,762.01 | \$9,702.51 |
| | Annual | \$69,858.10 | \$93,144.14 | \$116,430.17 |
| K | Monthly | \$6,403.66 | \$8,538.21 | \$10,672.77 |
| | Annual | \$76,843.91 | \$102,458.55 | \$128,073.19 |
| L | Monthly | \$7,044.03 | \$9,392.03 | \$11,740.04 |
| | Annual | \$84,528.30 | \$112,704.40 | \$140,880.50 |
| M | Monthly | \$7,748.43 | \$10,331.24 | \$12,914.05 |
| | Annual | \$92,981.13 | \$123,974.84 | \$154,968.55 |
| N | Monthly | \$8,523.27 | \$11,364.36 | \$14,205.45 |
| | Annual | \$102,279.25 | \$136,372.33 | \$170,465.41 |
| O | Monthly | \$9,375.60 | \$12,500.80 | \$15,626.00 |
| | Annual | \$112,507.17 | \$150,009.56 | \$187,511.95 |
| P | Monthly | \$10,313.16 | \$13,750.88 | \$17,188.60 |
| | Annual | \$123,757.89 | \$165,010.52 | \$206,263.15 |
| Q | Monthly | \$11,860.13 | \$15,813.51 | \$19,766.89 |
| | Annual | \$142,321.57 | \$189,762.09 | \$237,202.62 |
| R | Monthly | \$13,639.15 | \$18,185.53 | \$22,731.92 |
| | Annual | \$163,669.81 | \$218,226.41 | \$272,783.01 |
| S | Monthly | \$15,685.02 | \$20,913.36 | \$26,141.71 |
| | Annual | \$188,220.28 | \$250,960.37 | \$313,700.46 |
| T | Monthly | \$18,037.78 | \$24,050.37 | \$30,062.96 |
| | Annual | \$216,453.32 | \$288,604.43 | \$360,755.53 |
| U | Monthly | \$19,360.55 | \$27,657.92 | \$35,955.30 |
| | Annual | \$232,326.56 | \$331,895.09 | \$431,463.62 |
| V | Monthly | \$20,674.30 | \$31,806.61 | \$42,938.93 |
| | Annual | \$248,091.58 | \$381,679.35 | \$515,267.13 |
| Z | Monthly | \$22,900.76 | \$38,167.94 | \$53,435.11 |
| | Annual | \$274,809.13 | \$458,015.22 | \$641,221.31 |



**Texas Municipal League
Intergovernmental Risk Pool
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