

**TEXAS MUNICIPAL LEAGUE  
INTERGOVERNMENTAL RISK POOL  
Board of Trustees Meeting**

**Embassy Suites Hotel – Spring Lake Salon A  
1001 East McCarty Lane  
San Marcos, TX 78666**

**January 28, 2023 (8:00 AM)**

**Trustees Present**

Mary M. Dennis, Chair  
Bert Lumbreras, Vice-Chair  
Jeffrey Snyder  
Austin Bleess  
Kimberly Meismer  
Chris Coffman  
Opal Mauldin–Jones  
Randy Criswell  
Byron Black  
Rickey Childers  
Allison Heyward  
Bennett Sandlin  
Michael Smith

**Staff Present**

Jeff Thompson  
David Reagan  
Lindsey Fields  
Susie Green  
Tito Villegas  
Mike Rains  
Atul Poladia  
David Nix  
Scott Houston  
Bo Joseph  
Mike Rains  
Mike Raigosa  
Aaron Hardiman  
Kim Williams  
Julie Nguyen

**Staff (cont.)**

Irvin Janak  
Paula Marr-Ludwig  
Melinda Walter  
Wendy Standorf  
Irvin Janak  
Patti Ledesma  
Debbie Sherwood  
Sandra Simmons

**Others Present**

Marcus Hensel, Virginia Risk  
Sharing Assoc.  
Dan Smereck, Strategic Asset  
Alliance, Inc. (via zoom)  
Gretchen Leifeste, Armanino, LLP  
Dustin Warren, Armanino, LLP

Chair Mary M. Dennis called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool to order at 8:00 AM on Saturday, January 28<sup>th</sup>, 2023.

**1. Roll call and excused absences (Tab 1)**

Jeff Thompson reported that there were no Board of Trustees absences.

**2. Public Comment on Agenda Items**

Chair Mary M. Dennis opened the meeting to public comments on any item on the agenda for this meeting. No comments were made. Chair Mary M. Dennis closed the meeting to public comment.

**3. Consideration of minutes of October 21, 2022, Board Meeting (Tab 2)**

MOTION by Rickey Childers, seconded by Opal Mauldin–Jones, to approve the October 21, 2022, Board Meeting Minutes. Motion carried with unanimous approval.

#### 4. Nominations Committee

a. Consideration of minutes of October 20, 2022, Committee Meeting (Tab 3)

Chair Mary M. Dennis reported the October 20, 2022, Nominations Committee minutes were approved at the Nominations Committee on January 27, 2023.

b. Consideration of appointment of member to the Board of Trustees to fill the unexpired term of Place 1, which expires on October 1, 2026 (Tab 4)

c. Consideration of appointment of member to the Board of Trustees to fill the unexpired term of Place 12, which expires on October 1, 2024 (Tab 4)

d. Consideration of appointment of member to the Board of Trustees to fill the unexpired term of Place 14, which expires on October 1, 2024 (Tab 4)

e. Consideration of the nomination and appointment of a citizen Trustee for the remaining term of Place 10 of the Board of Trustees, which expires on October 1, 2028 (Tab 4)

MOTION by Opal Mauldin-Jones, seconded by Jeffrey Snyder, to appoint Victor Flores to the Board of Trustees to fill the unexpired term of Place 1, to appoint Allison Heyward to the Board of Trustees to fill the unexpired term of Place 12, to appoint Harlan Jefferson to the Board of Trustees to fill the unexpired term for Place 10, and to defer the appointment to fill the unexpired term of Place 4 until the April 2024 Board of Trustees meeting. Motion carried with unanimous approval.

#### 5. Finance & Information Technology Committee Items

a. Consideration of minutes of October 20, 2022 Committee Meeting (Tab 5)

Chair Mary M. Dennis stated that the approval of the Finance & Information Technology Committee minutes of October 20, 2022, would be deferred until the April 2023 meeting since the Finance & Information Technology Committee did not meet at this Board meeting.

b. Staff presentation of year-end financial results and presentation by Holtzman Partners, LLP of Financial Audit for October 1, 2021, to September 30, 2022, and Staff Response (Tab 6)

Tito Villegas presented the year-end financial results of September 30, 2022, under Tab 6. Auditors, Gretchen Leifeste and Dustin Warren, Armanino, LLP, presented the financial audit for October 2021 to September 30, 2022. Holtzman Partners, LLP merged into Armanino, LLP, making Armanino responsible for completing the audit contract the Pool entered into with Holtzman Partners, LLP. It was the auditor's opinion that the 2022 financial statements present fairly, in all material respects, the financial position of each major fund of the TML Risk Pool as of September 30, 2022.

MOTION by Jeffrey Snyder, seconded by Opal Mauldin–Jones, to accept the financial audit by Armanino, LLP, for the fiscal year October 1, 2021, to September 30, 2022. Motion carried with unanimous approval.

- c. Review of November 30, 2022 (2-month) Financial Statements and presentation of December 31, 2022, Financial Results (Tab 7)

Tito Villegas presented the November 30, 2022, financial statements, and the December 31, 2022, financial results set out under Tab 7.

- d. Review of November 30, 2022 (2-month) Investment Report and presentation of December 31, 2022, Investment Results (Tab 8)

Tito Villegas presented the November 30, 2022, investment report and the December 31, 2022, investment results set out under Tab 8. Dan Smerek, Strategic Assets Alliance, joined the meeting via video conference and gave an overview of the market and the Pool's investment results as of December 31, 2022.

- e. Consideration of Extending the Depository Agreement with Frost Bank for One Year by Exercising Extension Option (Tab 9)

Tito Villegas presented the staff recommendation under Tab 9 to extend the depository agreement with Frost Bank for depository services. The term of the agreement is June 1, 2020, to May 31, 2023, with options to extend the contract for two additional one-year periods. The staff recommended the depository agreement with Frost Bank be extended for a one-year period from June 1, 2023, to May 31, 2024, under the terms and conditions of the original agreement.

MOTION by Byron Black, seconded by Jeffrey Snyder, to exercise the Pool's options to extend the depository agreement with Frost Bank for a one-year period from June 1, 2023, to May 31, 2024, under the terms and conditions of the original agreement. Motion carried with unanimous approval.

- f. Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Roadmap (Tab 10)

The report from Office of Project Management and Analytics, including a report on the Progress for Business Applications and the IT Roadmaps, under Tab 10, was submitted for the Board's review without an oral presentation.

- g. Information Technology Report (Tab 11)

The Information Technology Report under Tab 11 was submitted for the Board's review without an oral presentation.

6. Underwriting and Claims Committee Items

a. Consideration of minutes of October 20, 2022, committee meeting (Tab 12)

Chair Mary M. Dennis stated that the approval of the Underwriting and Claims Committee minutes of October 20, 2022, would be deferred until the April 2023 meeting since the Underwriting and Claims Committee did not meet at this Board meeting.

b. Member Services Report including Annual Review of Membership Activity (Tab 13)

Aaron Hardiman presented the Member Services Report under Tab 13.

c. Significant Cases and Legal Developments impacting the Pool. (Tab 14)

Bo Joseph presented the Report on Significant Cases and Legal Developments under Tab 14.

d. Liability and Property Claims Report on trends concerning liability claims and property claims (Tab 15)

David Nix presented the Liability and Property Claims Report on trends concerning liability claims and property claims under Tab 15.

e. Workers' Compensation Claims Report on trends concerning workers' compensation claims (Tab 16)

The Workers' Compensation Report was submitted for the Board's review without an oral presentation.

f. Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Roadmap (Tab 10)

The Report from Office of Project Management and Analytics under Tab 10, including a report on the Progress for Business Applications and the IT Roadmaps, was submitted for the Board's review with an oral presentation.

g. Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and contract activities (Tab 17)

The Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and contract activities under Tab 17 was submitted for the Board's review without an oral presentation.

- h. Loss Prevention Report on member surveys, training, and property valuations conducted (Tab 18)

The Loss Prevention Report on member surveys, training, and property valuations conducted under Tab 18 was submitted for the Board's review without an oral presentation.

- i. Subrogation Division Progress Report (Tab 19)

The Subrogation Division Progress Report under Tab 19 was submitted for the Board's review without an oral presentation.

## 7. Executive Committee Items

- a. Consideration of Review and Approval of AGRiP Advisory Standards Recognition Application Submission (Tab 20)

Scott Houston, Intergovernmental Relations Manager, presented the recommendations to approve the Pool's application for recognition under the Association of the Government Risk Pool (AGRiP) Advisory Standards, which is a comprehensive self-assessment that compares the Pool's operating procedures against industry best practices.

MOTION by Bert Lumbreras, seconded by Chris Coffman, to approve the submission of the Pool's application for recognition under the Association of Government Risk Pool (AGRiP) Advisory Standards. Motion carried with unanimous approval.

- b. People Operations Report of significant activities including employment changes (Tab 21)

The People Operations Report of significant activities including employment changes under Tab 21 was submitted for the Board's review without an oral presentation.

- c. Communications Office Report on Communications Efforts and Initiatives During the Last Quarter (Tab 22)

The Communications Office Report on Communications Efforts and Initiatives During the Last Quarter under Tab 22 was submitted for the Board's review without an oral presentation.

The following agenda items 7.d., 7.e., 7.f., 7.g., 7.h., 7.i., 7.j., and 7.k. were not called up for consideration or discussion by Chair Mary M. Dennis since those items were discussed by the Board at its meeting on January 27, 2023. There were no objections from any Board members.

- d. Consider Board governance matters, including planning session commitments for the next 2 years, Pool mission statement, Pool guiding objectives, and Pool core values
- e. Consider changes to the Pool Code of Conduct and the Board Expense Policy

- f. Review and consider changes to the Pool's Bylaws and the Board Election Process
  - g. Consider updates to the Pool's Digital Business Applications and IT Roadmap
  - h. Consider establishing a Cyber Roadmap and Service Model for the Pool's Cyber Coverage, Cybersecurity, and Training Programs
  - i. Consider appropriate methods of intervention for challenging Pool Members
  - j. Consider a roadmap for the future direction of the People Operations (Human Resources) Department
  - k. Consider the future of the TML Center
8. Comments by Ex-officio Members from and to TML and TML Health Benefits Pool Boards

Allison Heyward, Ex-officio Board Member for the Texas Municipal League Board of Directors, reported that the legislature been in session for 17 day and there are 123 days remaining in the session. There has been a taxpayer funded lobbying bill, called the Community Censorship Bill by TML, filed by Mayes Middleton in the Senate. The bill doesn't appear to be a priority for the Governor or the Lieutenant Governor this session. There have been two bills filed concerning alternative ways for local governments to publish notices that have been required to be published in newspapers. Those bills are HB 622, which allows the Attorney General's website to be used, and HB 657, which allows third party websites to be used. There have been four bills filed to allow up to six chickens in backyards. Those bills are HB 92, HB 276, HB 1191, and SB 326. To date, there have been no bills filed concerning revenues caps. There have been two disannexation bills filed that would automatically disannex areas that were not receiving full services from the municipality. Those bills are HB 1246 and SB 369. The State of Texas has a budget surplus of \$32 billion going into this legislative session. The Texas Municipal League is encouraging some of those funds to be spent on broadband and transportation infrastructure, as well as mental health. David Rutledge, TML President, will soon appoint a broadband advisory committee made up of local officials. The next TML Board meeting is February 24<sup>th</sup> in Austin, Texas.

Michael Smith, Ex-Officio Board Member for the TML Health Benefits Pool, reported that the fiscal year 2022 was a bad year financially for the TML Health Benefits Health Pool. They had a ninety-nine percent loss ratio when an eighty-five percent loss ratio is the breakeven point. The losses were primarily due to cancer therapy, drugs, and Covid claims. The TML Health Benefits Pool is actively seeking reimbursement of \$29 million from the State for Covid claims. Fiscal year 2023 has not started off much better financially for the TML Health Benefits Pool. Hospital cost, drug cost, cancer therapy, and medical cost continues to climb. The TML Health Benefits Pool is making some major adjustments to stabilize its financial condition.

Jeffrey Snyder, Ex-Officio Board Member to the Texas Municipal League to the Board of Directors, thanked TML for the legislative updates they provide. There was an article in the Lubbock newspaper analyzing the financial feasibility of raising chickens in backyards to going to the grocery store to buy chickens. It appears it is cheaper to go to the grocery store to buy chickens.

Bennett Sandlin, Executive Director of the Texas Municipal League and Ex-Officio member of the Board of Trustees, reported the appointment of Allison Heyward to Place 12 on the Board of Trustees opens up her Ex-Officio position on the Board of Trustees. David Rutledge, President of TML, will fill that vacancy by appointing another member on the Board of the Texas Municipal League.

9. General Counsel's Report on Legislative Activities (Tab 23)

David Reagan, General Counsel, presented the General Counsel's Report on Legislative Activities under Tab 23.

Chair Mary M. Dennis recessed the meeting at 9:56 AM.

Chair Mary M. Dennis reconvened the meeting at 10:06 AM.

Chair Mary M. Dennis announced it was 10:06 AM and the Board of Trustees would go into Executive Session to discuss claims and lawsuits under agenda items 10.a., 10.b., and 10.c. under Texas Government Code Section 551.071, and to discuss personnel matters under agenda items 4.b., 4.c., 4.d., and 4.e. under Texas Government Code Section 551.074.

10. Executive Session

- 10.a. Workers' Compensation Claims Report including selected items concerning (1) fatality claims, (2) large exposure claims, (3) presumption claims and (4) new claims that have reserves exceeding \$250,000.

This item was discussed in Executive Session.

- 10.b. Liability and Property Claims Report on claims that have indemnity reserves exceeding \$300,000, expense reserves in excess of \$250,000.

This item was discussed in Executive Session.

- 10.c. Status of lawsuits in which the Pool is a Party

This item was discussed in Executive Session.

- 4b. Consideration of appointment of member to the Board of Trustees to fill the unexpired term of Place 1, which expires on October 1, 2026

This item was not discussed in Executive Session.

- 4c. Consideration of appointment of member to the Board of Trustees to fill the unexpired term of Place 12, which expires on October 1, 2024

This was not discussed in Executive Session.

- 4d. Consideration of appointment of member to the Board of Trustees to fill the unexpired term of Place 14, which expires on October 1, 2024

This item was discussed in Executive Session.

- 4e. Consideration of the nomination and appointment of a citizen Trustee for the remaining term of Place 10 of the Board of Trustees, which expires on October 1, 2028

This item was not discussed in Executive Session.

Chair Mary M. Dennis reconvened the meeting of the Board of Trustees in open session at 10:51 AM. No action was taken on any of the items discussed in the Executive Session.

11. Meeting Schedule and Board Continuing Education (Tab24)

- a. Select a location for the January 30-31, 2025, Board Meeting

Recommended: Horseshoe Bay Resort Area

MOTION by Chris Coffman, seconded by John Fullen, to hold a Board meeting at Horseshoe Bay Resort area on January 23-24, 2025, instead of January 30-31, 2025. Motion carried with unanimous consent.

- b. Next Board Meeting April 27-28, 2023  
San Luis Resort Spa and Conference Center  
Galveston, TX

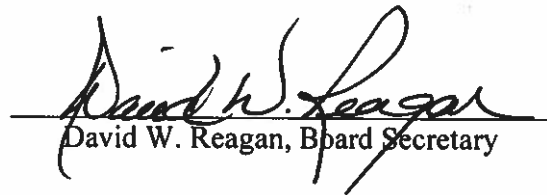
Chair Mary M. Dennis announced the next Board meeting will be held in Galveston, Texas at the San Luis Resort and Spa Conference Center.



12. Adjournment

Chair Mary M. Dennis adjourned the meeting of the Texas Municipal League Risk Pool Board of Trustees at 10:56 AM

Approved by the Board of Trustees on  
April 28, 2023



David W. Reagan, Board Secretary