

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

**Hotel Emma
Elephant Cellar Meeting Room
136 E. Grayson Street
San Antonio, Texas 78215**

July 22 – 23, 2021

Trustees Present

Randy Criswell, Chair
Mary Dennis, Vice Chair
J.W. “Buzz” Fullen
Jeffrey Snyder
Brad Stafford
Leo Montalvo
Opal Mauldin-Jones
Byron Black
David Harris
Rickey Childers
Henry Wilson
Bennett Sandlin
Mike Smith

Staff Present

Jeff Thompson
David Reagan
Susie Green
Tito Villegas
Atul Poladia
Mike Rains
Mike Bratcher
David Nix
Mike Raigosa
Bo Joseph
Lindsey Fields
Allan Romer
Paula Marr-Ludwig
Kim Williams

Staff Present (cont.)

Julie Nguyen
James Sharkey
Tim Salzman
Patti Ledesma
Debbie Sherwood

Others Present

Bobby Stokes
Denise Davis

Chair Criswell called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool to order at 12:20 P.M. on Thursday, July 22, 2021.

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

Jeff Thompson reported the absences of Carol Loughlin, Mary Gauer, and Bert Lumbreras and the reasons they asked their absences be excused.

MOTION by Jeffrey Snyder, seconded by David Harris, to excuse the absence of Carol Loughlin, Mary Gauer, and Bert Lumbreras. Motion carried with unanimous approval.

2. Consideration of minutes of April 23-24, 2021 Virtual Board Meeting (Tab 2)

MOTION by David Harris, seconded by Rickey Childers, to approve the April 23-24, 2021, Board of Trustees minutes. Motion carried with unanimous approval.

¹ All references to “Tabs” in these minutes are references to the Tabs in the Board of Trustee Agenda packet.

3. Board Workshop on Proposed 2021-22 Budget

Jeff Thompson, Tito Villegas, and Mike Raigosa presented the proposed 2021-22 Budget and information supporting the proposed Budget.

MOTION by David Harris, seconded by Mary Dennis, to adopt the 2021-22 Proposed Budget and to approve and authorize the following:

1. Authorize the Executive Director to transfer funds within the budgets;
2. Authorize the Executive Director to make necessary changes in personnel that are not budgeted if growth and new members or added functions warrant the need for such changes;
3. Approve the updated funding range of the Workers' Compensation Death Benefits and Lifetime Income Benefits (LTB) Investment Portfolio of \$115 million to \$154 million as recommended in Attachment A under Tab 9;
4. Approve the revised methodology for Workers' Compensation and Liability contributions to the Reinsurance Fund as recommended in Attachment B under Tab 9;
5. Approve the revised allocation of indirect operating costs among funds as recommended in the 2021-22 Budget; and
6. Approve combining the Coastal Storm Fund into the Property Fund effective October 1, 2021.

Motion carried with unanimous approval.

At 1:53 P.M., Chair Criswell recessed the meeting until 8:00 A.M. on July 23, 2021.

At 8:00 A.M. on Friday, July 23, 2021, Chair Criswell reconvened the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool.

4. Public Comment on Agenda Items

Chair Criswell opened the meeting to public comment on any item on the Agenda for this meeting. No comments were made. Chair Randy Criswell closed the meeting to public comments.

5. Nominations Committee

a. Consideration of minutes of April 21, 2021 Committee Meeting (Tab 3)

Mary Dennis reported the minutes of April 21, 2021, Nominations Committee meeting set forth under Tab 3 were approved at the Nominations Committee meeting on July 22, 2021.

b. Consideration of appointment of members to the Board of Trustees to fill the unexpired terms of Places 1 and 8 (Tab 4)

MOTION by Mary Dennis on behalf of the Nominations Committee, seconded by Rickey Childers, to appoint Noel Bernal, City Manager of Brownsville, to Place 1 on the Board of Trustees and Harlan Jefferson, City Manager of Prosper, to Place 8 on the Board of Trustees. Motion carried with unanimous approval.

6. Consideration of Resolution of Appreciation of the League of Minnesota Cities Insurance Trust's (LMCIT) Assistance During Winter Storm Uri (Tab 5)

MOTION by Brad Stafford, seconded by Jeffrey Snyder, to approve a Resolution of Appreciation of the League of Minnesota Cities and the League of Minnesota Cities Insurance Trust for their assistance during Winter Storm Uri. Motion carried with unanimous approval.

7. Finance & Information Technology Committee

a. Election of Committee Chair

The meeting of the Finance & Information Technology Committee scheduled for July 22, 2021, was canceled for lack of a quorum. A Committee Chair was not elected.

b. Consideration of minutes of April 23, 2021 Committee Meeting (Tab 6)

MOTION by Jeffrey Snyder, seconded by David Harris, to approve the April 23, 2021, Finance & Information Technology Committee Meeting minutes. Motion carried with unanimous approval.

c. Review of May 31, 2021 (8-month) Financial Statements and presentation of June 30, 2021 Financial Statement (Tab 7)

Tito Villegas presented the May 31, 2021 (8-month) and June 30, 2021 Financial Statements as set forth under Tab 7.

d. Review of May 31, 2021 (8-month) Investment Report and presentation of June 30, 2021 Investment Report (Tab 8)

Tito Villegas provided an overview of the May 31, 2021 (8-month) and June 30, 2021 Investment Reports as set forth under Tab 8.

Dan Smereck of Strategic Asset Alliance presented an overview by video conference of the markets and performance of the Pool's investments.

e. Consideration of Proposed Budget for 2021-22 (separate document) including: (1) Authorization for Executive Director to transfer funds within budgets; (2) Authorization for Executive Director to make necessary changes in personnel that are not budgeted if growth in new members or added functions warrant the need for such changes; (3) Updating Funding Range of the Workers' Compensation Death Benefits and Lifetime Income Benefits (LTB) Investment Portfolio; (4) Revision of the methodology for Workers' Compensation and Liability contributions to the Reinsurance Fund; (5) Revision of the allocation of indirect costs among funds; and (6) Adoption of the 2021-22 Proposed Budget (Tab 9)

Action on the Proposed Budget for 2021-22 was taken under Item 3. of the Agenda.

- f. Consideration of the Inception Phase for Policy Center/Billing Center Release 3 (Underwriting & Claims to Report) (Tab 10)

Consideration of the Inception Phase for Policy Center/Billing Center Release 3 was taken up under Item 8.d. of the Agenda.

- g. Report from Office of Project Management and Analytics and Conceptual Business Application & IT Roadmap (Tab 11)

The report from the Office of Project Management and Analytics under Tab 11 was submitted for the Board's review without an oral presentation.

- h. Information Technology report on status of hardware and software updates to the IT Infrastructure (Tab 12)

The Information Technology report under Tab 12 was submitted for the Board's review without an oral presentation.

Chair Criswell took up the General Counsel's Report on Legislative Activities, Item 11., and there was no objection from Board members.

11. General Counsel's Report on Legislative Activities (Tab 28)

David Reagan and Denise Davis presented the General Counsel's Report on Legislative Activities set forth under Tab 28.

8. Underwriting and Claims Committee

- a. Consideration of minutes of April 23, 2021 Committee Meeting (Tab 13)

David Harris reported the April 23, 2021 Underwriting and Claims Committee Meeting minutes set forth under Tab 13 were approved at the Underwriting and Claims Committee Meeting on July 22, 2021.

- b. Consideration of exercising the option to extend the Payroll Audit Services with R. Dylong & Associates, Inc. for two additional years. (Tab 14)

Lindsey Fields presented the recommendation to exercise the option to extend the Payroll Audit Services agreement with R. Dylong & Associates, Inc. for two additional years as set forth under Tab 14.

MOTION by David Harris on behalf of the Underwriting and Claims Committee, seconded by Brad Stafford, to allow the agreement with R. Dylong & Associates, Inc., to automatically renew for one additional year as set forth in the agreement with fees of \$101.50 per hour for onsite audits and \$35.00 per telephone audit, and authorize the staff to allow the agreement to renew the second year at the same rates, provided the service quality remains at or above current levels. Motion carried with unanimous approval.

c. Report regarding Final Property Reinsurance Placement Effective May 1, 2021 (Tab 15)

Lindsey Fields presented the report under Tab 15 on the Final Placement of the 2021-2022 Property Reinsurance Program, as authorized by the Board at the April 2021 Board meeting.

d. Consideration of an Inception Phase for Policy Center/Billing Center Release 3 (Tab 10)

Lindsey Fields presented the recommendation for a supplemental release in Policy Center and Billing Center that is required in order to build the necessary framework to connect to the member portal.

MOTION by David Harris on behalf of the Underwriting and Claims Committee, seconded by Jeffrey Snyder, to authorize the following:

- Authorize staff to proceed through the Begin and Proceed gates of the Pool's Project Execution Framework to move into an *Inception* Phase for Policy Center/Billing Center Release 3 and develop the project success criteria including scope, quality cost and schedule for consideration at a future meeting;
- Authorize Executive Director to spend, if necessary, up to \$60,000 in external resources to complete the *Inception* phase; and
- Amend capital outlay budget by \$60,000, if necessary, to support the *Inception* phase of Policy Center/Billing Center Release 3.

Motion carried with unanimous approval.

e. Consideration of Independent Claims Adjusting, Appraisal and Damage/Remediation Consulting Firms Handling TMLIRP Claims, and update on historical costs, including Enhanced Recovery costs (Tab 16)

David Nix presented the recommendation to approve the independent adjusting contractors and appraisers, as well as the damage and remediation consultants, that staff may use on member claims.

MOTION by David Harris on behalf of the Underwriting and Claims Committee, seconded by Leo Montalvo, to approve the independent adjusting contractors and appraisers, as well as the damage and remediation consultants, as set forth in Exhibit A under Tab 16 for the staff to utilize in handling member claims. Motion carried with unanimous approval.

f. Significant Cases and Legal Developments Impacting the Pool (Tab 17)

Bo Joseph presented the report on Significant Cases and Legal Developments Impacting the Pool under Tab 17.

g. Liability and Property Claims Report: 2021 Winter Storm Update (Tab 18)

The Liability and Property Claims Report under Tab 18 was submitted for the Board's review without an oral presentation.

- h. Workers' Compensation Claims Report on trends concerning Workers' Compensation Claims (Tab 19)

The Workers' Compensation Claims Report under Tab 19 was submitted for Board's review without an oral presentation.

- i. Report from Office of Project Management and Analytics and Conceptual Business Application & IT Roadmap (Tab 11)

The Report from Office of Project Management and Analytics and Conceptual Business Application & IT Roadmap set forth under Tab 11 was submitted for the Board's review without an oral presentation.

- j. Member Services Report including Membership Activity (Tab 20)

The Member Services Report including Membership Activity under Tab 20 was submitted for the Board's review without an oral presentation.

- k. Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and contract activities (Tab 21)

The Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and contract activities set forth under Tab 21 was submitted for the Board's review without an oral presentation.

- l. Loss Prevention Report on member surveys, training, and property valuations conducted (Tab 22)

The Loss Prevention Report on member surveys, training, and property valuations conducted set forth Under Tab 22 was submitted for the Board's review without an oral presentation.

- m. Subrogation Division Progress Report (Tab 23)

The Subrogation Division Progress Report set forth under Tab 23 was submitted for the Board's review without an oral presentation.

Chair Randy Criswell recessed the meeting a 9:45 A.M.

Chair Randy Criswell reconvened the meeting and announced it was 10:05 A.M.

9. Executive Committee

a. Human Resources Report Identifying Employment Changes (Tab 24)

The Human Resources Report Identifying Employment Changes under Tab 24 was submitted for the Board's review without an oral presentation.

b. Communications Office Update on Communications Efforts and Initiatives During the Last Quarter (Tab 25)

The Communications Office Update on Communications Efforts and Initiatives During the Last Quarter under Tab 25 was submitted for the Board's review without an oral presentation.

c. Consideration of Legislative Services Contract with Davis Kaufman, PLLC (Tab 26)

Jeff Thompson presented the recommendation for a new Legislative Consulting Services Agreement with Davis Kaufman, PLLC for the period of August 1, 2021 to July 31, 2023, at a monthly cost of \$13,500.

MOTION by Mary Dennis, seconded by Leo Montalvo, to authorize the execution of a new Legislative Consulting Services Agreement with Davis Kaufman, PLLC, for the period of August 1, 2021 to July 31, 2023, at a monthly cost of \$13,500. Motion carried with unanimous approval.

d. Consideration of Consulting Contract with Gallagher for Compensation and Classification Plan Review (Tab 27)

Allan Romer and Susie Green presented the recommendation to have Arthur J. Gallagher & Company conduct a thorough review the Pool's current compensation and classification plan.

MOTION by Randy Criswell on behalf of the Executive Committee, seconded by Mary Dennis, to authorize the Executive Director to enter into a consulting contract with Arthur J. Gallagher & Company to conduct a compensation and classification plan review, including an update on select comparable positions across the Pool, as well as positions that are unique to the Pool, at an estimated cost of \$50,000 to \$75,000. Motion carried with unanimous approval.

e. Consideration of Compensation of Executive Director

This item was postponed until after the Board held its Executive Session.

10. Comments by Ex-Officio Members from and to TML and Employee Benefits Boards

Henry Wilson, Ex-Officio Board Member from the Texas Municipal League Board of Directors, stated that enrollment for the TML Annual Conference in Houston is the largest enrollment in TML's history. He also reported that TML has changed its approach on lobbying the Legislature to a grassroots approach.

Jeffrey Snyder, Ex-Officio Board Member to the Texas Municipal League Board of Directors, expressed his appreciation to TML for everything it does for and on behalf of Texas cities.

Michael Smith, Ex-Officio Board Member from the TML Health Benefits Pool, reported that the Benefits Pool has approved a \$4 million credit for its members. He also reported the Board has approved a single-parent captive program structure for the Health Benefits Pool.

J.W. 'Buzz' Fullon, Ex-Officio Board Member to the TML Health Benefits Pool, reported that the pharmacy consulting services provided by the TML Health Benefits Pool through Navitus saved him \$400 per month in drug costs.

11. General Counsel's Report on Legislative Activities (Tab 28)

David Reagan presented the General Counsel's Report on Legislative Activities, set forth under Tab 28.

Chair Randy Criswell announced it was 10:19 A.M. and the Board of Trustees would go into Executive Session to discuss claims and lawsuits under Agenda Items 12.a., 12.b., 12.c., 12.d., and 12.e. under Texas Government Code Section 551.071; and a personnel matter under Agenda Item 9.e. under Texas Government Code Section 551.074.

12. Executive Session

- a. Workers' Compensation Claims Report including selected items concerning (1) fatality claims, (2) large exposure claims, (3) presumption claims, (4) new claims that have reserves exceeding \$150,000, and (5) complaints from the Texas Department of Insurance, Division of Workers' Compensation, of possible administrative violations

This item was discussed in Executive Session.

- 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.

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

This item was discussed in Executive Session.

- d. Update from Bobby Stokes on Pending Texas Department of Insurance – Division of Workers' Compensation Enforcement Actions

This item was discussed in Executive Session.

- e. Consider settlement of Sydney Paige Olson, as next friend of H.J. minor child of Brandon Jacque, Deceased and Kimberly Felan, as next friend of Brandon Jacque, Deceased v. City of Burnet, Texas and Russell Butler, Cause Number 1:20-CV-00162-JRN

This item was discussed in Executive Session.

- 9.e. Consideration of Compensation of Executive Director

This item was discussed in Executive Session.

Chair Randy Criswell reconvened the meeting of the Board of Trustees in Open Session at 12:02 P.M. The Board of Trustees took action on the following items 12.e. and 9.e. of the agenda that were discussed in Executive Session:

- 12.e. Consider settlement of Sydney Paige Olson, as next friend of H.J. minor child of Brandon Jacque, Deceased and Kimberly Felan, as next friend of Brandon Jacque, Deceased v. City of Burnet, Texas and Russell Butler, Cause Number 1:20-CV-00162-JRN

MOTION by David Harris, seconded by Opal Mauldin-Jones, to settle the lawsuit of Sydney Paige Olson, as next friend of H.J., minor child of Brandon Jacque, Deceased and Kimberly Felan, as next friend of Brand Jacque, Deceased, v. City of Burnet, Texas and Russell Butler, Cause Number 1:20-CV-00162-JRN, for \$599,000. Motion carried with unanimous approval.

- 9.e. Consideration of Compensation of Executive Director

MOTION by Opal Mauldin-Jones, seconded by Brad Stafford, authorizing the negotiation of an employment agreement with the Executive Director, Jeff Thompson , to be brought back to the Board for consideration, and to authorize representation of the Executive Director in such negotiations to be paid by the Pool. Motion carried with unanimous approval.

13. Meeting Schedule and Board Continuing Education (Tab 29)

- a. Select a location for the July 20-21, 2023 Meeting

Recommended: Hyatt Lost Pines Resort
in the Austin, Texas area

Select a location for the October 19-20, 2023 Meeting

Recommended: Georgetown, Texas

MOTION by Jeffrey Snyder, seconded by Brad Stafford, to hold the Board meeting of July 20-21, 2023 at the Hyatt Lost Pines Resort in the Austin, Texas, area and to hold the Board meeting of October 19-20, 2023 in Georgetown, Texas. Motion carried with unanimous approval.

b. Next Board Meeting:

October 21-22, 2021
Hilton Dallas Southlake Town Square
Southlake, Texas

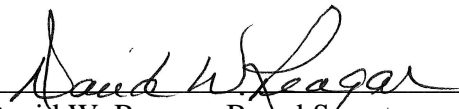
Jeff Thompson informed the Board that the location of the Board meeting of October 21-22, 2021, would be at the Hilton Dallas Southlake Town Square, in Southlake, Texas.

14. Adjournment

Chair Randy Criswell adjourned the meeting of the Texas Municipal League Intergovernmental Risk Pool at 12:07 P.M.

Approved by the Board of Trustees on

October 22, 2021



David W. Reagan, Board Secretary