

**TEXAS MUNICIPAL LEAGUE  
INTERGOVERNMENTAL RISK POOL**

**Hilton Garden Inn San Antonio  
Live Oak Conference Center – Ballroom C  
8101 Pat Booker Road  
Live Oak, Texas 78233**

**October 21, 2022 (8:00 A.M.)**

**Trustees Present**

Mary M. Dennis, Chair  
Burt Lumbreras, Vice-Chair  
Randy Criswell  
Byron Black  
Jeffrey Snyder  
Austin Bleess  
Rickey Childers  
David Harris  
Opal Mauldin-Jones  
Chris Coffman

**Staff Present**

Jeff Thompson  
David Reagan  
Susie Green  
Lindsey Fields  
Tito Villegas  
Mike Rains  
Bo Joseph  
David Nix  
Atul Poladia

**Staff Cont.**

Irvin Janak  
Paula Marr-Ludwig  
Tamara Chafin  
Gil Lee  
David Goldston  
Aaron Hardiman  
Debbie Sherwood  
Troy Hargrove

Chair Mary Dennis called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool to order at 8:00 a.m. on Friday, October 21, 2022.

1. Roll call and excused absences (Tab 1)<sup>1</sup>

Jeff Thompson reported the absences of Kim Meismer, Allison Heyward, Bennett Sandlin, Michael Smith, and John Fullen.

MOTION by Opal Mauldin-Jones, seconded by David Harris, to excuse the absences of Kim Meismer, Allison Heyward, Bennett Sandlin, Michael Smith, and John Fullen. Motion carried with unanimous approval.

2. Public Comment

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

3. Consideration of minutes of July 28-29, 2022 Board of Trustees meeting. (Tab 2)

MOTION by Jeffrey Snyder, seconded by Burt Lumbreras, to approve the July 28-29, 2022, Board meeting minutes. Motion carried with unanimous approval.

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

4. Canvassing the 2022 Board Election Results (Tab 3)

David Reagan presented the results of the 2022 Board of Trustees election for Places 6 – 9, under Tab 3. The following results were reported:

**Place 6**

Allison Heyward ..... 166  
***Kimberly Meisner*..... 196**  
Stephen Haynes (Write-in) ..... 1  
Karlos Allen (Write-in) ..... 2

**Place 7**

***Mary Dennis*..... 190**  
James A. Douglas, Ph.D..... 33  
Rebecca (Becky) Haas ..... 53  
James Hotopp ..... 94  
Leron Wilson (Write-in) ..... 2

**Place 8**

***Chris Coffman*..... 140**  
Brett Haney ..... 11  
Mike Land ..... 100  
Marian Mendoza ..... 72  
Louis R. Rigby ..... 49  
Karlos Allen (Write-in) ..... 2

**Place 9**

Barry Beard ..... 29  
Stephanie Fisher ..... 52  
Carl Joiner ..... 41  
***Opal Mauldin Jones*..... 213**  
William Linn ..... 38  
Leron Wilson (Write-In) ..... 2

MOTION by Rickey Childers, seconded by Opal Mauldin-Jones, to certify the vote totals as the election results of the 2022 Board of Trustees election. Motion carried with unanimous approval.

5. Nominations Committee

a. Consideration of minutes of the July 28, 2022 Nominations Committee Meeting (Tab 4)

Chair Mary Dennis reported the July 28, 2022 Nominations Committee minutes were approved at the Nominations Committee meeting on October 20, 2022.

b. Consideration of appointment of a member to the Board of Trustees to fill the unexpired term of Place 12, which expires on October 1, 2024 (Tab 5)

c. Consideration of appointment of a member to the Board of Trustees to fill the unexpired term of Place 1, which expires on October 1, 2026 (Tab 6)

d. Consideration of the nomination and appointment of a citizen Trustee for a six-year term to Place 10 of the Board of Trustees, beginning on or after October 1, 2022

Chair Mary Dennis announced that Agenda Items 5.b., 5.c., and 5.d. would be deferred until after the Board had met in Executive Session.

6. Report from the Chair on Appointment of Representatives to and from TML and TML Benefits Pool

Chair Mary Dennis reported that Jeffrey Snyder would serve as the ex-officio representative to the TML Board of Directors and that John Fullen would serve as the ex-officio representative to the TML Health Benefits Pool Board of Trustees.

7. Report from the Chair on Appointment to Board Committees

Chair Mary Dennis reported that Board members had been informed of the appointments to the Board committees as set forth under Tab 1.

8. Finance & Information Technology Committee

a. Election of Committee Chair

Jeffrey Snyder reported he had been elected as Chair of the Finance & Information Technology Committee.

b. Consideration of minutes of July 28, 2022 Finance & IT Claims Committee Meeting (Tab 6)

Jeffrey Snyder reported the Finance & IT Committee approved the minutes of July 28, 2022 Finance & IT Committee meeting on October 20, 2022.

c. Report on August 31, 2022 (11-month) Financial Statements and Presentation of Preliminary Year-End (September 30, 2022) Financial Projections (Tab 7)

Tito Villegas presented the August 31, 2022 (11-month) Financial Statements and the Preliminary Year-End (September 30, 2022) Financial Projections set forth under Tab 7.

d. Report on August 31, 2022 (11-month) Investment Report and Presentation of September 30, 2022 investment results (Tab 8)

Tito Villegas provided an overview of the August 31, 2022 (11-month) Investment Report and the September 30, 2022 investment results under Tab 8. Tito played a video recording of Dan Smereck of Strategic Asset Alliance presenting an overview of the markets and the performance of the Pool's investments.

Chair Mary Dennis recessed the meeting at 9:14 A.M.

Chair Mary Dennis reconvened the meeting at 9:24 A.M.

e. Annual Review of the Pool's Investment Policy and Proposed Broker List, and Consideration of adopting the Policy with amendments (Tab 9)

Tito Villegas presented the recommendation concerning the Pool's investment policy and proposed broker list. There were no recommended changes to the Pool's investment

policy. It was recommended that four brokers be added to the broker list and none deleted from the list.

MOTION by Jeffrey Snyder on behalf of the Finance & Information Technology Committee, seconded by Byron Black, to approve a Resolution readopting the Pool's investment policy and revising the list of brokers to be utilized as set forth under Tab 9. Motion carried with unanimous approval.

f. Consideration of Three-Year Agreement with Strategic Asset Alliance (SAA) for Investment Advisory Services (Tab 10)

Tito Villegas presented the recommendation to enter into a new investment advisory services agreement with Strategic Asset Alliance, effective February 1, 2023. The current investment advisory services agreement with Strategic Asset Alliance expires January 31, 2023.

MOTION by Jeffrey Snyder on behalf of the Finance & Information Technology Committee, seconded by David Harris, that the Pool enter into a three-year agreement with Strategic Asset Alliance for investment advisory services effective February 1, 2023 at an annual fee of \$53,900 plus reasonable travel expenses directly related to services provided under the contract and with an annual service cost inflation increase of 4%. Motion carried with unanimous approval.

g. Consideration of Updating the Unallocated Loss Adjustment Expense (ULAE) Reserve (Tab 11)

Tito Villegas presented the recommendation to increase the Unallocated Loss Adjustment Expense (ULAE) Reserve in the Stability Fund by \$9.6 million from the current reserve of \$9.5 million. It was recommended that the reserve increase be spread over a three-year period.

MOTION by Jeffrey Snyder on behalf of the Finance & Information Technology Committee, seconded by Opal Mauldin-Jones, to:

- Establish a target ULAE reserve in the Stability Fund of \$19.1 million and authorize the funding of this amount through Members' Equity transfers to be scheduled over three years. For the first year, the equity transfers from the Workers' Compensation, Liability and Property Funds will be \$1,500,000, \$1,400,000, and \$400,000, respectively. Subsequently, for the next two years, the annual transfer amounts will be \$1,450,000, \$1,350,000, and \$350,000, respectively.
- Conduct the ULAE reserve analysis on an annual basis based on the results of the preceding fiscal year end. The annual change in the reserve will be recognized in the Stability Fund and the related equity transfers from (to) the operating funds will be in addition (reduction) to the funding schedule established for the target ULAE of \$19.1 million.

- At the end of each fiscal year during the two remaining funding years, Members' Equity shall be restricted for the remaining funding balance.

Motion carried with unanimous approval.

h. Consideration of Implementation of Disaster Recovery as a Service (DRaaS) for the Data Center (Tab 12)

Atul Poladia presented the recommendation that the Pool enter into an agreement with a TX-DIR approved vendor to provide disaster recovery as a service (DRaaS) as a subscription service, and purchase necessary hardware, internet bandwidth, and other related services from the vendor.

MOTION by Jeffrey Snyder on behalf of the Finance & Information Technology Committee, seconded by Byron Black, to authorize the Executive Director to:

1. Enter into a three-year agreement with a TX-DIR approved vendor to provide DRaaS subscription service and extend internet connectivity between the current data center and the new DRaaS site to provide continuous replication for a monthly fee of \$15,000 per month, with a \$3,000 per day fee when the Pool utilizes the DRaaS environment during a disaster or fire drill event;
2. Amend the Pool's 2022-23 operational budget to add \$213,000 to support the DRaaS project; and
3. Include fees for the DRaaS service as part of the Annual Budget process for Board consideration.

Motion carried with unanimous approval.

i. Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Road Map (Tab 13)

The Report from Office of Project Management and Analytics, including a report on the Progress for Business Applications and the IT Road Map, under Tab 13, was submitted for the Boards' review without an oral presentation.

j. Information Technology Report (Tab 14)

The Information Technology Report under Tab 14 was submitted for the Board's review without an oral presentation.

9. Underwriting and Claims Committee

a. Election of a Committee Chair

Opal Mauldin-Jones reported she had been elected as Chair of the Underwriting and Claims Committee.

- b. Consideration of Minutes of July 28, 2022 Underwriting & Claims Committee Meeting (Tab 15)

Opal Mauldin-Jones reported the July 28, 2022 Underwriting & Claims Committee meeting minutes were approved at the Underwriting & Claims Committee meeting on October 20, 2022.

- c. Consideration of Workers' Compensation Reinsurance Recommendation for November 1, 2022 to November 1, 2023 (Tab 16)

Lindsey Fields presented the recommendation for the renewal of catastrophic Workers' Compensation coverage based on quotes received from the reinsurance markets.

MOTION by Opal Mauldin-Jones on behalf of the Underwriting & Claims Committee, seconded by Rickey Childers, to authorize staff to place up to 100% of the Workers' Compensation reinsurance coverage for the layer of \$15 million in excess of \$10 million at a cost not to exceed \$660,000. Motion carried with unanimous approval.

- d. Consideration of Extension with the Texas Association of School Boards for Preauthorization Services for Workers' Compensation (Tab 17)

David Nix presented the recommendation to extend the interlocal agreement with the Texas Association of School Boards for Workers' Compensation preauthorization services for up to one year from the expiration of the current contract that expires February 5, 2023.

MOTION by Opal Mauldin-Jones on behalf of the Underwriting & Claims Committee, seconded by David Harris, to authorize the Executive Director to enter into an extension to the interlocal agreement with the Texas Association of School Boards for up to one year for the period of February 6, 2023, through February 5, 2024, at a pre-case rate of \$194.48 and \$100 physician advisory fee and \$120 physician advisory fee for cases with 150 or more pages, more than three questions or spinal surgery requests for an annual estimated amount of \$1.12 million. Motion carried with unanimous approval.

- e. Consideration of Agreement with Ortiz Pipeline Services, LLC for Gas Utility Surveys and Consultation Services (Tab 18)

Irvin Janak presented the recommendation for the Pool to enter into an agreement with Ortiz Pipeline Services, LLC, for gas utility surveys and consulting services to members that operate gas utility systems and master meter systems.

MOTION by Opal Mauldin-Jones on behalf of the Underwriting & Claims Committee, seconded by David Harris, to authorize the Executive Director to enter into a three-year agreement with Ortiz Pipeline Services, LLC, with three one-year extensions to the initial term, for gas utility surveys and consultation services at an annual cost not to exceed \$150,000 with an effective date of November 1, 2022. Motion carried with unanimous approval.

- f. Consideration of Expansion of the Cyber Grant Program, including an Update on the Pool's Cyber Program (Tab 19)

Aaron Hardiman presented the recommendation to expand the Pool's Cyber Grant Program adopted in 2021 to include an in-depth cyber security assessment using current funds allocated to the Cyber Grant Program.

MOTION by Opal Mauldin-Jones on behalf of the Underwriting & Claims Committee, seconded by Austin Bleess, to expand the Pool's Cyber Grant Program to include an in-depth cyber security assessment for Pool members with allocated funds from the current Cyber Grant Program, and to authorize the Executive Director to contract with VC3 to provide the in-depth cyber security assessment to the Pool's members. Motion carried with unanimous approval.

- g. Significant Cases and Legal Developments impacting the Pool (Tab 20)

Bo Joseph presented the Report on Significant Cases and Legal Developments impacting the Pool under Tab 20.

- h. Liability and Property Claims Report: Report on 2022 Catastrophe Claims and Pool's Enhanced Response Services (Tab 21)

David Goldston presented the Liability and Property Claims Report under Tab 21.

- i. Workers' Compensation Claims Report on trends concerning workers' compensation claims (Tab 22)

The Workers' Compensation Claims Report on trends concerning workers' compensation claims under Tab 22 was submitted for the Board's review without an oral presentation.

- j. Underwriting Report on underwriting results and loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and policies placed on behalf of Pool Membership (Tab 23)

The Underwriting Report on underwriting results and loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and policies placed on behalf of Pool membership under Tab 23 was submitted for the Board's review without an oral presentation.

- k. Loss Prevention Report on member surveys, training and property valuations conducted (Tab 24)

The Loss Prevention Report member surveys, training and property valuations conducted under Tab 24 was submitted for the Board's review without an oral presentation.

- l. Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Road Map (Tab 13)

The report from Office of Project Management and Analytics, including the report on Progress for Business Applications & IT Road Map, under Tab 13 was submitted for the Board's review without an oral presentation.

- m. Subrogation Department Performance Report (Tab 25)

The Subrogation Department Performance Report under Tab 25 was submitted for the Board's review without an oral presentation.

- n. Member Services Report including Membership Activity (Tab 26)

The Member Services Report including Membership Activity under Tab 26 was submitted for the Board's review without an oral presentation.

#### 10. Executive Committee

- a. Consideration of Topics for the January 27, 2023 Board Planning & Training Session (Tab 27)

Jeff Thompson presented the proposed Agenda for the January 27, 2023 Board Planning Session.

It was proposed by the Board that the Board election procedures and initiatives to obtain more member involvement in the election be added to the Agenda.

MOTION by Chris Coffman, seconded by Randy Criswell, to approve the proposed Agenda for the January 27, 2023 Board Planning Session set forth under Tab 27, with the addition of Board election procedures and initiatives to obtain more member involvement in elections. Motion carried with unanimous approval.

- b. Consideration of Resolution Clarifying Member Termination Process, and Establishing a Procedural Mechanism for a Member to Appeal Termination to the Board of Trustees (Tab 28)

Jeff Thompson presented the proposed Resolution setting forth the member termination process set forth under Tab 28.

MOTION by Mary Dennis on behalf of the Executive Committee, seconded by Rickey Childers, to adopt the Resolution set forth under Tab 28 that provides for a formal member termination procedure. Motion carried with unanimous approval.



- c. Consideration of (1) a Resolution approving a contingent fee contract for legal services for subrogation of winter-storm property claims and making certain related findings, and (2) authorization to enter into a related pro-rata cost sharing agreement with other insurance carriers for expenses (Tab 29)

Bo Joseph presented the proposed amendment to the contingent fee contract for legal services for the subrogation for the 2021 winter storm property claims.

MOTION by Chris Coffman, seconded by Opal Mauldin-Jones, to:

1. Approve the reasonableness and necessity of Risk Pool entering into an Amendment to the Contingent Fee Agreement for Legal Services to pursue subrogation of property-loss claims sustained during the winter-storm of 2021;
2. Approve the Amendment to the Firm Retention Agreement attached as Attachment 4A to the Resolution set forth under Tab 29 and authorize the Executive Director of the Risk Pool to execute the Amendment on behalf of the Risk Pool; and
3. Approve and sign the Resolution upon the Board of Trustees approving the Amendment to the Contingent Fee Contract for Legal Services for Winter-Storm Subrogation, attached as Exhibit 4 under Tab 29.

Motion carried with unanimous approval.

- d. Communications Office Report on Communications Efforts and Initiatives During the Last Quarter (Tab 30)

The Communications Office Report on Communications Efforts and Initiatives During the Last Quarter under Tab 30 was submitted for the Board's review without an oral presentation.

- e. People Operations Report of Significant Activities including employment changes (Tab 31)

The People Operations Report of Significant Activities including employment changes under Tab 31 was submitted for the Board's review without an oral presentation.

#### 11. General Counsel's Report on Legislative Activities

David Reagan presented the General Counsel's Report on Legislative Activities.

#### 12. Comments by ex officio Members from and to TML and Employee Benefits Boards

Jeffrey Snyder, ex officio Board Member to the Texas Municipal League Board of Directors, reported that the TML Annual Conference in October 2022, was a great conference.

Chair Mary Dennis reported there were 3,700 attendees at the TML Annual Conference, which was the largest attendance to date.

Chair Mary Dennis announced it was 10:41 A.M. and the Board of Trustees would go into Executive Session to discuss claims and lawsuits under Agenda Items 13.a., 13.b., and 13.c. under Texas Government Code §551.071, and to discuss personnel matters under Agenda Items 5.b., 5.c., and 5.d. under Texas Government Code §551.074.

### 13. Executive Session

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

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 (Addendum - Tab B)

This item was discussed in Executive Session.

- c. Status of lawsuits in which the Pool is a Party (Addendum - Tab C)

This item was discussed in Executive Session.

- 5.b. Consideration of appointment of a member to the Board of Trustees to fill the unexpired term of Place 12, which expires on October 1, 2024 (Tab 5)

This item was discussed in Executive Session.

- 5.c. Consideration of appointment of a member to the Board of Trustees to fill the unexpired term of Place 1, which expires on October 1, 2026 (Tab 6)

This item was discussed in Executive Session.

- 5.d. Consideration of the nomination and appointment of a citizen Trustee for a six-year term to Place 10 of the Board of Trustees, beginning on or after October 1, 2022

This item was discussed in Executive Session.

Chair Mary Dennis reconvened the meeting of the Board of Trustees in open session at 11:25 A.M. Chair Mary Dennis called up Agenda Items 5.b., 5.c., and 5.d.

- 5.b. Consideration of appointment of a member to the Board of Trustees to fill the unexpired term of Place 12, which expires on October 1, 2024 (Tab 5)
- 5.c. Consideration of appointment of a member to the Board of Trustees to fill the unexpired term of Place 1, which expires on October 1, 2026 (Tab 6)

5.d. Consideration of the nomination and appointment of a citizen Trustee for a six-year term to Place 10 of the Board of Trustees, beginning on or after October 1, 2022

MOTION by Burt Lumbreras, seconded by Opal Mauldin-Jones, to defer consideration of the appointment of a member to the Board of Trustees to fill the unexpired terms of Places 1, 12, and 10 under Agenda Items 5.b., 5.c., and 5.d. until the January 2023 Board of Trustees meeting. Motion carried with unanimous approval.

14. Meeting Schedule and Board Continuing Education (Tab 32)

- a. Select a location for the October 23-24, 2024 Meeting  
Recommended: Amarillo, TX

MOTION by Opal Mauldin-Jones, seconded by Jeffrey Snyder, to have the location for the October 24-25, 2024 Board of Trustees meeting in Amarillo, Texas. Motion carried with unanimous approval.

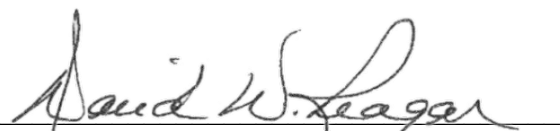
- b. Next Board Meeting: January 27-28, 2023  
San Marcos – Embassy Suites  
San Marcos Hotel Spa and Conference Center  
San Marcos, TX

Chair Mary Dennis announced the January 27-28, 2023 Board meeting would be in San Marcos, Texas.

15. Adjournment

Chair Mary Dennis adjourned the meeting of the Texas Municipal League Intergovernmental Risk Pool Board of Trustees at 11:28 A.M.

Approved by the Board of Trustees on  
January 28, 2023

  
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David W. Reagan, Board Secretary