

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL
Board of Trustees Planning Session Meeting
Hilton DFW Lakes Executive Conference Center-Delaney Meeting Room
1800 Highway 26E, Grapevine, Texas 76051
January 25, 2019**

Trustees Present

John Fullen, Chair
Randy Criswell, Vice Chair
Byron Black
Rickey Childers
Mary Dennis
Andres Garza
Mary Gauer
David Harris
Robert Herrera
Bert Lumbreras
Carol Loughlin
Larry Melton
Leo Montalvo
Jeffrey Snyder
Michael Smith – (Arrived at 11:000 a.m.)

Staff Present

Jeff Thompson
Bob Haynes
David Reagan
Susie Green
Hank Domeracki
Atul Poladia
Mike Raigosa
Mike Rains
Tito Villegas

Also Present

Ron Cox, Ron Cox Consulting
Chris McKenna, NLC Mutual
Carrie Rice, Johnson Lambert
Kristin Sharrow, Johnson Lambert

Chair John Fullen called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool Planning Session to order at 8:02 a.m. on Friday, January 25, 2019.

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

Jeff Thompson reported the absences of Peter Vargas, Michael Smith, Henry Wilson and Bennett Sandlin and the reasons they asked their absences be excused. Mr. Thompson indicated that Michael Smith may be able to attend the meeting later in the day.

MOTION by Rickey Childers, seconded by David Harris, to excuse the absences of Peter Vargas, Michael Smith, Henry Wilson and Bennett Sandlin. Motion carried with unanimous approval.

2. Consider goals and objectives for the operation of the Texas Municipal League Intergovernmental Risk Pool, which includes: consideration of financial statements and results; consideration of Board governance and Board travel and ethics policies; consideration of actuarial aspects and capital modeling efficiencies; consideration of progress on initiatives related to the property line of business; review status of technology projects; and consideration of policy addressing members with an adverse loss history or acting in a manner contrary to the Pool's Partnership principles.

¹ All references to "Tabs" in these minutes are references to the Tabs in the Board of Trustee Planning Session Agenda packet.

Ron Cox, of Ron Cox Consulting, facilitated the Planning Session of the Board of Trustees.

a. Review of financial statements

Carrie Rice and Kristin Sharrow of Johnson Lambert CPAs and consultants presented the session on how Board members should review the Pool's financial statements. This session provided the basic features of financial statements and the role of the Board and auditors concerning financial statements.

Chair John Fullen called a recess at 9:33 a.m.

Chair John Fullen reconvened the meeting at 9:45 a.m.

b. Review of Board Governance

The Board reviewed the Pool's Mission Statement and Guiding Objectives, the Core Values, developed by the Pool staff, the Employee Code of Ethics, and the Board Code of Conduct. No changes to such policies were suggested. The Board reviewed its Travel Policy and discussed whether the compensation paid to Board members occupying the citizen positions was sufficient. The Board expressed a desire for comparisons of such compensation paid to similar positions in other organizations. The staff will gather such information for the Board's consideration at a later date.

c. Actuarial Considerations for Pool Boards – Capital Modeling & Efficiency

Chris McKenna, with the NCL Mutual Insurance Company, presented an overview of actuarial considerations in pricing, reserving, and data analysis.

Chair John Fullen called a recess at 11:11 a.m.

Chair John Fullen reconvened the Board meeting at 11:18 a.m.

Jeff Thompson presented a session on the principals of capital modeling and efficiency. Mr. Thompson discussed how the current political and economic environment warrants the examination of additional options that will assist in the Pool's efforts to protect and efficiently use the Pool members' equity.

MOTION by Robert Herrera, seconded by Leo Montalvo, to examine options that protect and efficiently use Pool members' equity/capital, such examination to specifically include reinsurance and financial product options, legal/legislative options, investment options, and regulatory options, such as the use of captives. Motion carried with unanimous approval.

Chair John Fullen called a recess at 12:25 p.m.

Chair John Fullen reconvened the Board meeting at 12:43 p.m.

d. Property Coverage Update and Information Technology Update

Mike Rains presented an overview of the emergency response and recovery management services provided by the Pool after Hurricane Harvey. The program was successful and the staff would like to continue the program into the future. The staff is to develop a Request for Proposals for emergency and recovery management services.

Atul Poladia presented an overview of the development and current status of the Pool's Information Technology projects for the last five years. In 2019, the staff intends to bring to the Board the following initiatives:

- Claim Center Upgrade
- Provide Member access to review and electronically submit rerate exposure summaries
- Unify data across multiple applications into a single data warehouse and make it available to Members via a Member portal
- Provide Members online access to billing statements, schedules and coverages.
- Provide Members online access to submit coverage changes
- Provide Members online access to submit claims which will be directly assigned to an adjuster without manual intervention
- Other incremental projects to improve Member experience or improve operational efficiency.

The Board was asked to determine the appropriateness of these initiatives.

MOTION by Bert Lumbreras, seconded by Leo Montalvo, to bring forward the above initiatives to the Board for approval at the appropriate time and to continue to improve Member service by utilizing technology. Motion carried with unanimous approval.

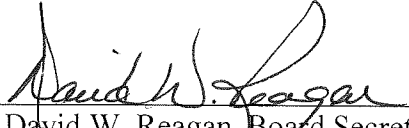
e. Adverse Member Intervention

Bob Haynes presented an overview of how a Pool Member may be adverse to the basic principles of pooling, which is governmental entities self-insuring together as partners. An adverse Member can be one that inappropriately brings suit against the Pool, does not appreciate the partnership that the Pool represents, has an inordinate frequency of losses (non-property), or incurs significant exposure inconsistent with other Members. Options that might be available to address an adverse Member could be restricting stand-alone coverage options, providing a conditional re-entry after a Member leaves the Pool, or institute underwriting options such as higher deductibles, sub-limits, special exclusions, and/or increased contributions. The staff will develop such options in greater detail for future consideration by the Board.

Adjournment

MOTION by Mary Dennis, seconded by Larry Melton, to adjourn the Texas Municipal League Intergovernmental Risk Pool Board of Trustees meeting at 2:12 p.m. Motion carried with unanimous approval.

Approved by the Board of Trustees on
April 27, 2019


David W. Reagan, Board Secretary