

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL
Board of Trustees Meeting
The W Hotel, Great Room C
200 Lavaca Street, Austin, Texas 78701
January 27, 2018**

Trustees Present

Peter Vargas, Chair
Byron Black
Rickey Childers
John Fullen
Andres Garza
Mary Gauer
Robert Herrera
Carol Loughlin
Larry Melton
Leo Montalvo
Pat Norriss
George Shackelford
Michael Smith
Michael Talbot
Charles Wax
Henry Wilson

Staff Present

Jeff Thompson
Bob Haynes
David Reagan
Hank Domeracki
Mike Bratcher
Tamara Chafin
Phil English
Lindsey Fields
Susie Green
Aaron Hardiman
Irvin Janak
Bo Joseph
Patti Ledesma
Paula Marr-Ludwig
Julie Nguyen
David Nix

Staff Present (con't)

Atul Poladia
Mike Raigosa
Mike Rains
Chris Remmert
Allan Romer
Tim Salzman
Tito Villegas
Kim Williams
Debbye Mangum

Also Present

Christi Drake-Adams, TML
Eddie Edwards, City Mgr., Borger
Bob Watson, Fire Chief, Borger
Shevon Watson, Wife of Fire Chief
Magali Welch, Johnson Lambert & Co.

Chair Peter Vargas called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool to order at 8:00 a.m. on Saturday, January 27, 2018.

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

Jeff Thompson reported the absences of Randy Criswell and Bennett Sandlin, and the reasons they asked their absences be excused.

MOTION by Charles Wax, seconded by Larry Melton, to excuse the absences Randy Criswell and Bennett Sandlin. Motion carried with unanimous approval.

3. Comments from City Manager and Fire Chief from the City of Borger regarding Workers' Compensation Claim

City of Borger City Manager Mr. Eddie Edwards, Fire Chief Mr. Bob Watson, and Shevon Watson, the wife of the fire chief, requested an opportunity to appear before the Board of Trustees to express their gratitude and thanks to the Board for their support and commitment to the Members of the Pool. The fire chief was severely burned on the job and was very grateful for the care he received not only in the hospital but from the TMLIRP staff. They also wanted

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

to thank Mr. Mike Palmer, Ms. Lydia Salinas, and Ms. Marissa Cantu in City of Lubbock office for their assistance with the claim.

2. Consideration of minutes of October 20-21, 2017 Board meeting in Allen (Tab 2)

MOTION by Mary Gauer, seconded by Rickey Childers, to approve the October 20 & 21, 2017 Board of Trustees minutes as written under Tab 2. Motion carried with unanimous approval.

4. Finance & Information Technology Committee

4a. Consideration of minutes of October 20, 2017 committee meeting (Tab 3)

The October 20, 2017 Finance and Information Technology Committee meeting minutes set forth under Tab 3 were approved at the Finance and Information Technology Committee meeting on January 26, 2018.

4b. Staff presentation of year end results and presentation by Johnson Lambert & Company, LLP of Financial Audit for October 1, 2016 to September 30, 2017 (Tab 4)

Hank Domeracki and Julie Nguyen presented the overview of financial highlights and year-end results for October 1, 2016 to September 30, 2017 under Tab 4. Magali Welch of Johnson Lambert & Company, LLP presented the financial audit and opinion for the same period.

MOTION by George Shackelford on behalf of the Finance and Information Technology Committee, seconded by Robert Herrera, to accept the financial audit for October 1, 2016 to September 30, 2017 by Johnson Lambert & Company LLP. Motion carried with unanimous approval.

4c. Review of November 30, 2017 (2-month) Financial Statements and presentation of December 31, 2017 Financial Statement (Tab 5)

Julie Nguyen presented the financial statements under Tab 5 for the 2-month period ending November 30, 2017, and gave an overview of the December 31, 2017 financial results.

4d. Review of November 30, 2017 (2-month) Investment Report and presentation of December 31, 2017 Investment Report (Tab 6)

Tito Villegas presented the investment results for the 2-month period ending November 30, 2017, under Tab 6, and gave an overview of the December 31, 2017 investment results.

4e. Consideration of extending Conning Asset Management Company contract for two years (Tab 7)

Tito Villegas presented the recommendation under Tab 7 to extend the contract with Conning Asset Management Company for a two-year period. The contract provides that the contract may be extended for two-year periods. The Board has approved four two-year extensions. The

staff recommends approval of a two-year contract extension from February 28, 2018 through February 28, 2020 at the same fee rate provided in the original contract.

MOTION by George Shackelford on behalf of the Finance and Information Technology Committee, seconded by Byron Black, to extend Conning Asset Management Company contract for two years for a period from February 28, 2018 through February 28, 2020, at the same fee rate as the original contract. Motion carried with unanimous approval.

4f. Consideration of extending the Depository Agreement with Frost Bank (Tab 8)

Tito Villegas presented the recommendation under Tab 8 for a one-year extension of the depository agreement with Frost Bank. The three year contract provides for two one-year extensions and this will be the first one-year extension. The contract extension will be from June 1, 2018 to May 31, 2019 for an approximate cost of \$43,000.

MOTION by George Shackelford on behalf of the Finance and Information Technology Committee, seconded by Robert Herrera, to extend the depository agreement with Frost Bank for a one-year period from June 1, 2018 through May 31, 2019. Motion carried with unanimous approval.

4g. Report from Office of Project Management and Analytics, including status on Progress for Business Application & IT Road Map (Tab 9)

The Report from Office of Project Management and Analytics, including the status on progress for business application and the IT road map was submitted for the Board's review without an oral presentation.

4h. Information Technology report on status of hardware and software updates to the computer systems (Tab 10)

Atul Poladia presented the information technology report on hardware and software updates to the computer under Tab 10.

Chair Peter Vargas called for a fifteen minute recess at 9:07 a.m.
Chair Peter Vargas reconvened the meeting at 9:22 a.m.

5. Underwriting and Claims Committee

5a. Consideration of minutes of October 20, 2017 committee meeting (Tab 11)

The October 20, 2017 Underwriting and Claims Committee meeting minutes set forth under Tab 11 were approved at the Underwriting and Claims Committee meeting on January 26, 2018.

5b. Members Services Report including Annual Review of Membership Activity (Tab 12)

Tamara Chafin presented the member services report including the annual review of membership activity under Tab 12.

5c. Significant Cases and Legal Developments impacting the Pool (Tab 13)

Bo Joseph presented significant cases and legal developments impacting the Pool under Tab 13.

5d. Liability and Property Claims Report on claims trends concerning liability claims and property claims, and Report on Hurricane Harvey

Mike Rains presented the Property Claims Report on Hurricane Harvey.

5e. Workers' Compensation Claims Report on trends concerning workers' compensation claims (Tab 14)

The Workers' Compensation Claims Report under Tab 14 was submitted for the Board's review without an oral presentation.

5f. Report from Office of Project Management and Analytics, including status on Progress for Business Application & IT Road Map (Tab 9)

The Report from the Office of Project Management and Analytics under Tab 9 was submitted for the Board's review without an oral presentation.

5g. Underwriting Report on underwriting results and loss ratios, including the Quarterly Report by Victor O. Schinnerer & Company, Inc. regarding revenues received and contract activities (Tab 15)

The Underwriting Report under Tab 15 was submitted for the Board's review without an oral presentation.

5h. Loss Prevention Report on member surveys, training and property valuations conducted (Tab 16)

The Loss Prevention Report under Tab 16 was submitted for the Board's review without an oral presentation.

5i. Subrogation Performance Report (Tab 17)

The Subrogation Report under Tab 17 was submitted for the Board's review without an oral presentation.

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

Mike Smith, ex officio from TML MultiState Intergovernmental Employee Benefits Pool Board of Trustees, reported that the IEBP Board had met earlier in the week and their focus was on equity retention and removal of caps for lifetime payments. He stated that loss of membership

and price shopping were of concern to the Board. The Board is requesting that Susan Smith, Executive Director of the Pool, utilize the Board to contact members.

Jeff Thompson noted that some Board Members were contacting the Risk Pool when they receive communications regarding proposal requests and asked other Board Members who receive requests for proposals from other carriers, to notify the Risk Pool.

Andres Garza, ex officio to the TML MultiState Intergovernmental Employee Benefits Pool Board, had nothing to add to Mr. Smith's report.

Henry Wilson, ex officio from TML Board of Directors, reported the TML staff survived a contentious and anti-city special session. He reported that the state has no idea how to run cities and they are getting more and more aggressive with legislative bills to take power away from the cities.

Mary Gauer, ex officio to TML Board of Directors, reported she liked the advertisement in Texas Town & City magazine by the Risk Pool.

Christy Drake-Adams, Assistant General Counsel sitting in for TML Executive Director Bennett Sandlin, wanted to let the Board know of an article on the website written by Governor Greg Abbott, *Governor Releases Tax Reform Plan*.

7. General Counsel's Report on Legislative Activities (Tab 18)

David Reagan presented the General Counsel's report on legislative activities under Tab 18.

8. Executive Committee Report

8a. Consideration of Resolution establishing the Policy of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool Concerning lawsuits brought by Pool Members over property claims (Tab 19)

Chair Peter Vargas presented the recommendation of a resolution establishing the policy of the Board of Trustees concerning lawsuits brought by Pool members concerning property claims.

MOTION by Larry Melton, seconded by Andres Garza, to adopt the resolution to establish the policy for the Board of Trustees regarding lawsuits brought by Pool Members concerning property claims. Motion carried by unanimous approval.

8b. Human Resources Report identifying employment changes (Tab 20)

The Human Resources Report under Tab 20 was submitted for the Board's review without an oral presentation.

Chair Peter Vargas called for a 10 minute break at 10:06 a.m.
Chair Peter Vargas reconvened the meeting at 10:15 a.m.

9. Executive Session

Chair Peter Vargas announced that it was now 10:15 a.m., and the Board of Trustees would go into Executive Session to discuss claims and lawsuits under Agenda items 9a., 9b., and 9c., under Texas Government Code section 551.071.

9a. Workers' Compensation Claims Report including (1) fatality claims, (2) selected large exposure claims, (3) presumption claims and (4) new claims that have reserves exceeding \$150,000

This item was discussed in Executive Session.

9b. 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.

9c. Status of lawsuits in which the Pool is a Party

This item was discussed in Executive Session.

Chair Peter Vargas reconvened the open session of the Board of Trustees at 10:40 a.m. There was no action taken on the items discussed in Executive Session.

10. Meeting Schedule and Board Continuing Education (Tab 21)

10a. Select a location for the January 24-25, 2020 Meeting

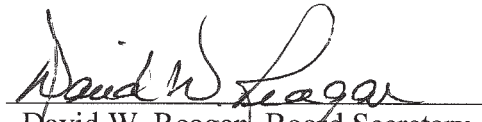
The Executive Committee proposed Austin for the January 24-25, 2020 Board meeting.

MOTION by Larry Melton, seconded by Charles Wax, to hold the January 24-25, 2020 Board of Trustees meeting in the City of Austin Motion carried with unanimous approval.

11. Adjournment

MOTION by Charles Wax, seconded by Michael Talbot, to adjourn the Board of Trustees meeting of the Texas Municipal League Intergovernmental Risk Pool at 10:42 a.m. Motion carried with unanimous approval.

Approved by the Board of Trustees on
April 28, 2018


David W. Reagan, Board Secretary