

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL
Finance and Information Technology Committee
Hyatt Regency Lost Pines, Robertson-Leftwich B Room
575 Hyatt Lost Pines Road, Lost Pines, Texas 78612
January 24, 2020**

Committee Trustees Present

Bert Lumbreras, Chair
Robert Herrera
Leo Montalvo
Carol Loughlin
Henry Wilson

Staff Present

Hank Domeracki
Atul Poladia
Tito Villegas
Julie Nguyen
Mike Raigosa
Jeff Thompson
Tim Salzman
David Reagan
Allan Romer

Also Present

Dan Smereck
Carrie Rice
Amy Strachan

Other Trustees Present

Larry Melton
Randy Criswell

Committee Trustees Absent

Mary Gauer

Bert Lumbreras called to order the Finance and Information Technology Committee of the Texas Municipal League Intergovernmental Risk Pool at 3:02 p.m. on Friday, January 24, 2020.

Consideration of minutes of October 25, 2019 committee meeting (Tab 3)¹

MOTION by Robert Herrera, seconded by Leo Montalvo, to approve the minutes of the Finance and Information Technology Committee meeting of October 25, 2019, as set forth under Tab 3. Motion carried with unanimous approval.

Staff presentation of year end results and presentation by Johnson Lambert & Company, LLP of Financial Audit for October 1, 2018 to September 30, 2019 and Staff Response (Tab 4)

Julie Nguyen provided a summary of the Pool's financial highlights and 2018-19 year-end financial results. Carrie Rice and Amy Strachan presented the results of the Johnson Lambert, LLP financial audit as set forth under Tab 4. No Staff response was necessary.

MOTION by Bob Herrera, seconded by Leo Montalvo, to accept the Financial Audit for October 1, 2018 to September 30, 2019 by Johnson and Lambert, LLP and recommend the Board accept the audit. Motion carried with unanimous approval.

Review of November 30, 2019 (2-month) Financial Statements and Presentation of December 31, 2019 Financial Statements (Tab 5)

Julie Nguyen presented the financial statements for the 2-month period ending on November 30, 2019 set forth under Tab 5 and presented the December 31, 2019 Financial Statements.

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

Review of November 30, 2019 (2-month) Investment Report and presentation of the December 31, 2019 Investment Report (Tab 6)

Tito Villegas provided an overview of the Pool's investment results as of November 30, 2019 set forth under Tab 6 and presented the investment results as of December 31, 2019.

Consideration of adoption of Expanded Investment Flexibility Methodology, Eligible Assets Range, and Allocation of funds for the new account (Tab 7)

Tito Villegas provided an overview of the expanded investment flexibility methodology, eligible assets range, and allocation of funds for the new account as set forth under Tab 7.

MOTION by Leo Montalvo, seconded by Carol Loughlin, to recommend that the Board adopt the provisions as recommended by Staff under Tab 7 for setting the initial range for the authorized assets, the authorized investments, the investment benchmark, the investment structure, and funding the workers' compensation death benefits and lifetime income benefits (LTB) investment portfolio. Motion carried with unanimous approval.

Consideration of Investment Policy Revisions (Tab 8)

Tito Villegas presented the proposed revisions to the investment policy as set forth under Tab 8.

MOTION by Bob Herrera, seconded by Leo Montalvo, to recommend that the Board approve the resolution set out under Tab 8 readopting the Pool's investment policy with amendments set out under Tab 8. Motion carried with unanimous approval.

Consideration of extending Manulife Asset Management contract for two years (Tab 9)

Tito Villegas presented the recommendation to extend the contract with Manulife Asset Management by two years, ending June 30, 2022, at the same fee rate provided in the original contract.

MOTION by Leo Montalvo, seconded by Bob Herrera, to recommend that the Board approve a two-year contract extension with Manulife Asset Management at the same fee rate provided in the original contract. Motion carried with unanimous approval.

Consideration of the award of a Depository Contract to Frost Bank for three years with two one-year contract extensions beginning June 1, 2023 and ending May 31, 2023 (Tab 10)

Tito Villegas presented the recommendation to award a depository contract to Frost Bank for three years with two one-year contract extensions as set forth under Tab 10.

MOTION by Bob Herrera, seconded by Carol Loughlin, to recommend that the Board approve a three-year contract with two successive one-year contract extension options with Frost Bank as set out under Tab 10 for the annual amount for the first year of approximately \$32,700 and approximately \$42,400 for each year thereafter. Motion carried with unanimous approval.

Consideration of exercising a two-year extension of the Actuarial Services contract with Rudd and Wisdom, Inc. (Tab 11)

Tito Villegas presented the recommendation of exercising a two-year extension of the Actuarial Services contract with Rudd and Wisdom, Inc. as set forth under Tab 11.

MOTION by Leo Montalvo, seconded by Bob Herrera, to recommend that the Board exercise the two-year option with Rudd and Wisdom, Inc. to conduct reserve reviews for the fiscal year ending September 30, 2020 and rate reviews for the fiscal year beginning October 1, 2021 at an estimated base cost of \$52,936; and perform reserve reviews for the fiscal year ending September 30, 2021 and rate reviews for the fiscal year beginning October 1, 2022 at an estimated base rate of approximately \$53,889, with additional services not contemplated in the base fee charged at an hourly rate agreed upon by both parties. Motion carried with unanimous approval.

Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Road Map (Tab 12)

Tim Salzman updated the committee on the status of the Office of Project Management and Analytics initiatives set forth in the report under Tab 12, including progress on the Business Application & IT Roadmap projects that are underway and under review. Tim Salzman explained that the contract with Capgemini for the Policy Center/Billing Center and Claim Center upgrades was repudiated by Capgemini and then cancelled by the Pool. The Pool is considering various options including utilizing Guidewire for the upgrades. The total cost is anticipated to remain within the budgeted amount, but Staff will provide an update to the Board in April and present a budget amendment if necessary.

Information Technology report on status of hardware and software updates to the computer system (Tab 13)


Atul Poladia presented the Information Technology Report as set forth under Tab 13.

Human Resources Report identifying employment changes (Tab 14)

Allan Romer provided the committee a report on the status of the Pool's workforce as set forth under Tab 14.

Bert Lumbreras adjourned the meeting at 4:19 p.m. on January 24, 2020.

Approved by the Finance and Information
Technology Committee
on April 25, 2020



Tito P. Villegas, Jr., CPA, CFA
CFO Designate & Chief Investment Officer