

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

**Embassy Suites – Spring Lake Salon A
1001 East McCarty Lane
San Marcos, TX 78666**

January 27, 2023

Trustees Present

Mary M. Dennis, Chair
Bert Lumbreras, Vice-Chair
J.W. “Buzz” Fullen
Jeffrey Snyder
Austin Bleess
Kimberly Meisner
Randy Criswell
Chris Coffman
Byron Black
Rickey Childers
Opal Mauldin-Jones (arrived at
12:15 PM)
Bennett Sandlin
Allison Heyward
Michael Smith

Staff Present

Jeff Thompson
David Reagan
Susie Green
Lindsey Fields
Tito Villegas
Mike Raigosa
Atul Poladia
Scott Houston
Mike Rains
David Nix
Bo Joseph
Paula Marr-Ludwig
Aaron Hardiman
Melinda Walter
Wendy Standorf
Julie Nguyen

Staff (Cont).

Patti Ledesma
Debbie Sherwood
Sandra Simmons
Irvin Janak
Kim Williams

Others Present

Ron Cox, Ron Cox
Consulting
Marcus Hensel, Virginia
Risk Sharing
Association
Dubravka Romano,
Romano Strategy
Advisors & Former
Associate Executive
Director at TASB

Chair Mary M. Dennis called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool Planning Session to order at 8:00 a.m. on Friday, January 27, 2023. Chair Mary M. Dennis led those in attendance at the meeting in the Pledge of Allegiance to the flag of the United States and provided an invocation.

1. Roll call and excused absences

Jeff Thompson reported the absence of Opal Mauldin-Jones and the reason for her absence. He mentioned that she may be in attendance later in the day and would be at the Board meeting scheduled for January 28, 2023.

MOTION by Randy Criswell, seconded by Bert Lumbreras, to excuse the absence of Opal Mauldin-Jones. Motion carried with unanimous approval.

2. Public Comment on Agenda Items

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

3. Receive and discuss comments on Pooling from the Virginia Risk Sharing Agency

Marcus Hensel, Executive Director of the Virginia Risk Sharing Agency (VRSA), provided an overview of the governance, operations, services, and trends of VRSA. In his presentation, he mentioned that litigation costs had become very high for VRSA. He stated that there were similarities in these services provided by VRSA and the Pool for law enforcement. Further, he stated that VRSA had what it called local government consultants which help their local government members with various matters, such as providing consultation on how to handle the media and how to handle employment situations. Mr. Hensel stayed for the entire Planning Session to add his experiences at VRSA to each of the topics discussed by the Board.

4. Consider Board governance matters, including planning session commitments for the next 2 years, Pool mission statement, Pool guiding objectives, and Pool core values

Ron Cox, the facilitator for the Board Planning Session, led the Board in a discussion of the Board governance model. The Board reviewed its Planning Session commitment for the upcoming years which provides the mission statement and objectives to be reviewed every four years, the bylaws as needed, coverage documents as needed, code of conduct policy every three years, Board travel and expense policy every five years, Board survey every three to five years, sponsorship agreement with TML as needed, equity study every three to five years, and compensation and class review every three to five years. There were no changes suggested.

Ron Cox led the Board in a discussion of the Pool mission statement, Pool guiding objectives, and Pool core values. There were no suggested changes. It was noted the governance schedule calls for a full review and discussion of the Pool's mission statement in 2025.

5. Consider changes to the Pool Code of Conduct and the Board Expense Policy

Ron Cox led the Board in a discussion of the Board travel and expense policy. Staff was directed to prepare the following changes to the policy to be presented to the Board at a future meeting for the Board's consideration.

Transportation. Prepare an amendment to the policy that will allow Board members to choose to be reimbursed for reasonable airfare or mileage when traveling inside the state of Texas. When traveling outside the state of Texas, the reimbursement method should either be airfare or mileage, whichever is less.

Citizen per diem. The Board discussed increasing the per diem rate for Board members who are appointed as “citizen Board members” to \$1,000 per day, and annually increased based on the Consumer price Index. The staff is to review the proposed amount to determine if it is a fair amount to attract quality members to those positions on the Board and make a final recommendation to the Board at a future meeting.

Timely submittal. Prepare an amendment to the policy defining the time frame for reimbursement requests to be within thirty days of the event.

6. Review and consider changes to the Pool's Bylaws and the Board Election Process

David Reagan, General Counsel, led the Board in a discussion of several changes to the Bylaws the staff suggested the Board consider. Below are the changes discussed by the Board and the directive provided to the staff on which Bylaw changes should be prepared for the Board’s consideration at a future Board meeting.

Section 1

- Replace the language “to obtain lower costs for workers’ compensation coverage and develop a comprehensive safety program” with “to provide financial stability.”
- Add a sentence that incorporates Chapter 2259, Texas Government Code.
- Do not incorporate the Pool’s mission statement, or an abbreviated version, into the Bylaws.

Section 4

- Increase the 60-day period to a 120-day period in which a Board member continues on the Board before being automatically disqualified after the Board member ceases to be an employee or an official of an Employer Member.

Section 5

- Remove the requirement that the ex-officio position from the Texas Municipal League be appointed at the TML Board of Directors meeting held in conjunction with Texas Municipal League Annual Conference.
- Update the name for the TML Health Benefits Pool

Section 6

- Lengthen the time-period from five days to 15 days between the deadline to receive nominations for Board positions and the date ballots for the electing Board members are forwarded to Pool members.
- Remove the requirement that Board election results are to be announced by the Board Chair at the general membership meeting. Preliminary results of Board elections are to be shared with members as soon as they are tallied but shall be subject to Board canvassing.
- Incorporate the wording from a previously Board-adopted resolution that established a policy of endeavoring to appoint an elected member of a

governing body of a member city if there were no other elected officials of a governing body of a member city currently serving on the Board of Trustees.

Section 7

- Redact the requirement that the Pool's general membership meeting must be held in conjunction with the Texas Municipal League Annual Conference.
- The Bylaw requirement that every Board member shall annually participate in a continuing education program designed to aid Trustees in their fiduciary responsibilities should not be changed. It was suggested the staff continue to find out opportunities for the Board to participate in continuing education programs, specifically for ethics and Board governance, and to consider training for new Board members in the onboarding process.

Section 8

- Prepare an amendment changing the language that a concurrence of the majority of a quorum is necessary for any official action taken by the Board to provide that a majority of the Board members present and voting is necessary for any official action.
- Eliminate the provision that the Executive Committee controls the affairs of the Board between Board meetings.

Section 9

- Do not change the provision that provides that Board members, excluding citizen Board members, shall serve without compensation.

Section 10

- Update the provision that the Pool is and shall be free of sexual exploitation and intimidation to a provision that the Pool shall provide and maintain a work environment free of sexual harassment and other unlawful harassment.
- Do not change the term "surplus" in paragraph G in Section 10 to any other term such as "members equity" or "reserve for return of contributions."
- Do not change paragraph M in Section 10 concerning the authority of the Board to allocate interest earned to any fund year.
- In paragraph N of Section 10, make no change to the provisions concerning a retrospective or prospective stabilization price to prevent excessive contribution fluctuations.
- Delete paragraph O, Section 10.

Section 11

- Make no changes to Section 11 concerning the liability of the Pool's Board and the Pool's officers and the provisions on indemnification.

Section 12

- Make no changes to Section 12 of the Bylaws in reference to Pool member termination procedures and the rights of Pool members to appeal certain decisions to the Board.

Section 13

- Do not change the fiscal year of the Pool's funds.

Section 14

- Incorporate the phrase that there's no right to the Pool's surplus upon termination of coverage or the withdrawal of a Pool member from the fund.

Section 15

- Make no change to the distribution of the funds upon the dissolution of the Pool, except clarify that only current members at the time of dissolution shall be entitled to excess funds.

Section 16

- Change the reference that proposed Bylaw amendments are to be "mailed" to Board members to allowing "notice" to be provided Board members by any means, including electronically.

The Board also discussed voting protocols for Board elections. After reviewing the Board election process, the staff was directed to draft an amendment to the Bylaws to limit nominations to one for each Pool member for each Board election. The Board indicated it did not want an electronic voting method for Board elections, but ballots could be received by either regular mail or email. The Board indicated it also desired the Pool to send additional notifications to the chief administrative officer of each Pool member that included the time frame for the election and when to expect the ballots.

Chair Mary M. Dennis recessed the at 10:37AM

Chair Mary M. Dennis reconvened the meeting at 10:49AM

7. Consider updates to the Pool's Digital Business Applications and IT Roadmap

Lindsey Fields and Atul Poladia presented an updated Roadmap for the Pool's business application and IT Roadmap based on member experience. The original IT Roadmap was approved in 2014 and was focused on software modernization and maintenance & upgrades for the core IT systems. Staff presented new roadmap ideas where the Member experience, Data Activation, Digital Culture and Cybersecurity will be appended to existing focus areas. The Board indicated it agreed with the proposed focus areas for an updated Business Applications and IT Roadmap and acknowledged there was considerable work to be done to implement the new strategies, including policy and budget consideration.

Chair Mary M. Dennis called agenda item 12 without objection and Board members.

12. Consider the future of the TML Center

Jeff Thompson, Executive Director, outlined how the TML Center is currently being used by the two Pools and the Texas Municipal League. The changing environment has shown the current layout of the facility does not meet the current needs. The building is rarely used by more than 25% of the workforce and is not conducive to large gatherings and membership of the Pool or TML. The Board indicated it wished to engage, at a future meeting, a consultant to work with the TML Risk Pool, the TML Health Benefits Pool, and the Texas Municipal League to review the current usage of the building and assist in making recommendations on the ultimate disposition of the TML Center.

8. Presentation by Dubravka Romano on Perspectives in Public Entity Pooling

Dubravka Romano, former Associate Executive Director for Risk Management Services at the Texas Association School Boards, gave a presentation on what is important for Pool Trustees to watch for, and provided examples of things she encountered during her 35 years of leadership at the Pool for the Texas Association of School Boards.

Chair Mary M. Dennis recessed the meeting at 1:41 PM

Chair Mary M. Dennis reconvened the meeting at 1:55 PM

9. Consider establishing a Cyber Roadmap and Service Model for the Pool's Cyber Coverage, Cybersecurity, and Training Programs

Bo Joseph and Atul Poladia outlined the cybersecurity services that have been provided to Pool members through a third-party vendor. Claims' cyber encroachments have been increasing among the Pool's membership. There is a need to consider an enhanced approach to cybersecurity by the Pool, which could include setting up a separate fund for coverage and placing limits on the amount of coverage. A Roadmap was presented and the Board confirmed the following:

- Pool should increase cybersecurity risk training tailored to its members.
- Pool should develop enhanced underwriting standards for providing cyber coverage.
- Pool should begin to bring cyber coverage in house.
- Pool should consider options for segregating cyber resources and coverage into a separate fund.

Chair Mary M. Dennis called up agenda item 11, without objection from Board members.

11. Consider a roadmap for the future direction of the People Operations (Human Resources) Department

Susie Green, Wendy Standorf, and Melinda Walter presented a roadmap for the People Operations Department. The roadmap takes into consideration the changing demographics of the Pool's workforce, the post Covid retirements of longer tenured employees, and the younger employees who have different work habits and different work environment expectations.

The Board expressed its agreement with the direction provided in the roadmap for the People Operations Department. The Board acknowledged that the implementation of the roadmap would be over the course of several years. The Board indicated that work should begin on a compensation, classification, and benefit review over the next one to 1.5 years. This process would begin with a request for qualifications/request for proposals.

Chair Mary M. Dennis recessed the meeting at 3:41 PM

Chair Mary M. Dennis reconvened the meeting at 3:52 PM

10. Consider appropriate methods of intervention for challenging Pool Members

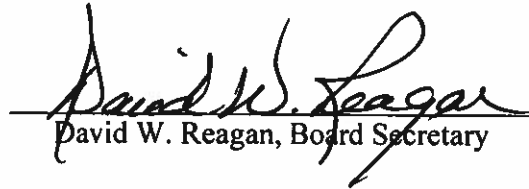
Jeff Thompson, Executive Director, presented a list of appropriate methods of intervention to be considered for challenging Pool Members. There is considerable variation of types and size of local governments that are members of the Pool. Services provided by these governmental entities that are members of the Pool vary, and contributions vary. Also, the ability of members varies to control losses. Several alternatives were provided to the Board. The Board indicated that staff should present a detailed plan at a future Board meeting utilizing one or more of the following alternatives:

- Establish minimum contribution adjustments to address member premiums that fall below fixed expense load.
- Set deductible pricing and/or mandatory deductible increases for continuing unfavorable experience.
- Uncap the experience modification factors for those with continued poor losses over a period of time.
- Enhance surcharges for members with poor property loss histories.
- Adjust premiums for specific member types, but do not expand the use of regional factors for adjusting liability premiums.
- Further consider monoline/bundling requirements to ensure broader more unpredictable risk.

13. Adjournment

Chair Mary M. Dennis adjourned the meeting of the Texas Municipal League Intergovernmental Risk Pool Board of Trustees at 4:29 PM

Approve by the Board of Trustees on
April 28, 2023


David W. Reagan, Board Secretary