

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL**

Board of Trustees Meeting

**JW Marriott San Antonio Hill Country Resort & Spa
Periwinkle-Verbena Room
23808 Resort Parkway
San Antonio, TX 78261**

January 26, 2024 (8:00 AM)

Trustees Present

Mary M. Dennis, Chair
Bert Lumbreras, Vice-Chair
Austin Bless
Rickey Childers
Chris Coffman
Randy Criswell
J.W. "Buzz" Fullen
Holly Gray-Moore Allison
Heyward
Opal Mauldin-Jones Mike
Land
Kimberly Meismer Bennett
Sandlin
Jeffrey Snyder

Staff Present

Jeff Thompson
Lindsey Fields
Susie Green
Aaron Hardiman
Scott Houston
Bo Joseph
Patti Ledesma
Julie Nguyen
David Nix
Atul Poladia
Mike Raigosa
David Reagan

Staff (Cont).

Debbie Sherwood
Tito Villegas
Kim Williams

Others Present

Mary Barrett,
TASB, Risk Mgmt Svcs
Gretchen Leifeste,
Armanino LLP
Dustin Warren,
Armanino LLP

Chair Mary M. Dennis called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool to order at 8:00 AM on Friday, January 26, 2024

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

Jeff Thompson reported the absence of Victor A. Flores and the reason for his absence. All other Board members were present.

MOTION by John Fullen, seconded by Allison Heyward, to excuse the absence of Victor A. Flores. Motion carried with unanimous approval.

2. **Consideration of Minutes of October 20, 2023 Board Meeting (Tab 2)**

MOTION by Randy Criswell, seconded by Allison Heyward, to approve the October 20, 2023, Board Meeting Minutes. Motion carried with unanimous approval.

3. **Public Comment on Agenda Items**

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

4. Nominations Committee

- a. Consideration of appointment of Member to the Board of Trustees to fill the unexpired term of Place 13, which expires on October 1, 2024 (Tab 3)

Chair Mary M. Dennis deferred consideration of this item until after the Board's Executive Session.

- b. Consideration of appointment of a Citizen Trustee for the remaining term of Place 10 of the Board of Trustees, which expires on October 1, 2028 (Tab 3)

Chair Mary M. Dennis deferred consideration of this item until after the Board's Executive Session.

5. Finance & Information Technology Committee Items

- a. Consideration of Minutes of October 19, 2023 Committee Meeting (Tab 4)

MOTION by Chris Coffman, seconded by Mike Land, to approve the minutes of the October 19, 2023, meeting of the Finance & Information Technology Committee. Motion carried with unanimous approval.

- b. Staff presentation of year end results and presentation by Armanino, LLP of Financial Audit for October 1, 2022 to September 30, 2023, and Staff Response (Tab 5)

Tito Villegas presented the year-end financial results as of September 30, 2023, under Tab 5. Auditors, Gretchen Leifeste and Dustin Warren, Armanino, LLP, presented the financial audit for October 1, 2022, to September 30, 2023. It was the auditors' opinion that the 2022/23 financial statements presented fairly, in all material respects, the financial position of each major fund of the TML Intergovernmental Risk Pool as of September 30, 2023.

MOTION by Bert Lumbreras, seconded by Chris Coffman, to accept the financial audit by Armanino, LLP, for the fiscal year October 1, 2022, to September 30, 2023. Motion carried with unanimous approval.

- c. Review of November 30, 2023 (2-month) Financial Statements and presentation of December 31, 2023 Financial Statement (Tab 6)

Tito Villegas presented the November 30, 2023, Financial Statements and the December 31, 2023, Financial Statement set forth under Tab 6.

- d. Review of November 30, 2023 (2-month) Investment Report and presentation of December 31, 2023 Investment Report (Tab 7)

Tito Villegas presented the November 30, 2023, Investment Report and the December 31, 2023, Investment Report set out under Tab 7.

- e. Consideration of Funding Appropriation for Purchase of the Half Share of the Texas Municipal Center and Budget Amendment for Operational Expenses Related to the Texas Municipal Center and Additional Members (Tab 8)

Chair Mary M. Dennis deferred consideration of this agenda item until after the Board's consideration of agenda items 7.b. and c.

f. Consideration of two-year contract extension with Rudd & Wisdom for actuarial services (Tab 9)

Tito Villegas presented the staff recommendation under Tab 9 for the Pool to exercise its contractual option for a two-year contract extension with Rudd & Wisdom as set forth under the original contract.

MOTION by Rickey Childers, seconded by Jeffrey Snyder, to approve a two-year contract extension agreement set forth under Tab 9 with Rudd & Wisdom, Inc., to conduct reserve reviews for the fiscal year ending September 30, 2024 and rate reviews for fiscal year beginning October 1, 2025 at a base fee of \$63,550; and perform reserve reviews for the fiscal year ending September 30, 2025 and rate reviews for the fiscal year beginning October 1, 2026 at a base fee adjusted for the Consumer Price Index at November 30, 2024 with additional services not contemplated in the base fee charged at an hourly rate agreed upon by both parties. Motion carried with unanimous approval.

g. Consideration of one-year contract extension with Frost Bank for depository banking services (Tab 10)

Tito Villegas presented the staff recommendation under Tab 10 for the Pool to exercise a one-year contract extension with Frost Bank for depository banking services.

MOTION by Rickey Childers, seconded by Allison Heyward, to approve the contract extension agreement set forth under Tab 10 with Frost Bank for a one-year period from June 1, 2024, to May 31, 2025 under the terms and conditions of the original agreement with Frost Bank for depository services; and authorize staff to request proposals for depository services prior to the expiration of the contract extension. Motion carried with unanimous approval.

h. Consideration of two-year contract extension with Armanino LLP for financial auditing services (Tab 11)

Tito Villegas presented the staff recommendation under Tab 11 to exercise its contractual option for a two-year contract extension with Armanino LLP for financial auditing services.

MOTION by Austin Bleess, seconded by Chris Coffman, to approve the two-year contract extension with Armanino LLP, for financial auditing services at a cost of \$125,000 and \$127,000 for fiscal years 2023-24 and 2024-25, respectively. Motion carried with unanimous approval.

i. Report from Office of Project Management and Analytics, including Consideration of Updated Business Application & IT Road Map (Tab 12)

Lindsey Fields and Atul Poladia presented the proposed updated Roadmap for prioritizing and sequencing the current and potential future IT projects and initiatives as set forth under Tab 12. The proposed Roadmap encompasses development and enhancements across IT applications and business functions.

MOTION by John Fullen, seconded by Allison Heyward, to adopt the proposed updated Business Application & IT Roadmap, set forth under Tab 12. Motion carried with unanimous approval.

j. Information Technology Report on Hardware & Software of the IT Infrastructure (Tab 13)*

The Information Technology Report on Hardware & Software of the IT Infrastructure under Tab 13 was submitted for the Board's review without an oral presentation.

6. Underwriting and Claims Committee Items

a. Consideration of minutes of October 19, 2023 Committee Meeting (Tab 14)

MOTION by Opal Mauldin-Jones, seconded by Kimberly Meisner, to approve the minutes of the October 19, 2023, meeting of the Underwriting and Claims Committee. Motion carried with unanimous approval.

b. Member Services Report including Annual Review of Membership Activity (Tab 15)

Aaron Hardiman presented the Risk Services report including Annual Review of Membership Activity under Tab 15.

c. Significant Cases and Legal Developments impacting the Pool (Tab 16)

Bo Joseph presented the report on Significant Cases and Legal Developments impacting the Pool under Tab 16.

d. Liability and Property Claims Report on trends concerning liability claims and property claims (Tab 17)*

The Liability and Property Claims Report on trends concerning liability claims and property claims under Tab 17 was submitted for the Board's review without an oral presentation.

e. Workers' Compensation Claims Report on trends concerning workers' compensation claims (Tab 18)*

The Workers' Compensation Claims Report on trends concerning workers' compensation claims under Tab 18 was submitted for the Boards' review without an oral presentation.

f. Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and contract activities (Tab 19)*

The Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and contract activities under Tab 19 was submitted for the Board's review without an oral presentation.

g. Loss Prevention Report on Member Interactions, Activities and Training (Tab 20)*

The Loss Prevention Report on Member Interactions, Activities and Training under Tab 20 was submitted for the Board's review without an oral presentation.

h. Subrogation Division Progress Report (Tab 21)*

The Subrogation Division Progress Report under Tab 21 was submitted for the Board's review without an oral presentation.

7. Executive Committee Items

a. Consideration of minutes of October 19, 2023 Committee Meeting (Tab 22)

MOTION by Opal Mauldin-Jones, seconded by Allison Heyward, to approve the minutes of the October 19, 2023, meeting of the Executive Committee. Motion carried with unanimous approval.

b. Consideration of Contract to Purchase the Second Half of the Texas Municipal Center from the TXHB Pool (formerly Texas Municipal League Employee Benefits Pool)

c. Consideration of Lease Contract / Permissive Use for the Texas Health Benefits Pool (TXHB) to Lease Office Space from TMLIRP, and Report on Assumption of Lease from the Texas Health Benefits Pool (TXHB) of Space Occupied at the Texas Municipal Center by the Texas Municipal League.

Chair Mary M. Dennis called up items 7.b. and c. together. Jeff Thompson reported the status of the contract to purchase the second half of the Texas Municipal Center and the lease contract with Texas Health Benefits Pool. He presented a resolution for the Board's consideration authorizing the execution of the purchase agreement, the lease agreement with TX Health Benefits Pool, and the assumption of the lease with the Texas Municipal League.

MOTION by Chris Coffman, seconded by Kimberly Meismer, to adopt a resolution consenting to and authorizing the Executive Director to execute a Purchase Agreement with the TX Health Benefits Pool for the purchase of the Texas Municipal Center, to enter into a Lease Agreement with the TX Health Benefits Pool, and to assume the Lease between the TX Health Benefits Pool and the Texas Municipal League. Motion carried with unanimous approval.

d. Consideration of Funding Appropriation for Purchase of Half Share of the Texas Municipal Center and Budget Amendment for Operational Expenses Related to the Texas Municipal Center and Additional Members (Tab 8)

MOTION by Allison Heyward, seconded by Mike Land, to approve a cash outlay for \$7 million for the purchase of the Half Share of the Texas Municipal Center from the TX Health Benefits Pool, funded out of cash reserves, and approve a budget amendment to the 2023-24 approved budget to increase budget operating costs by \$1,575,100 and budgeted capital costs by \$815,000 for operating and maintaining the Texas Municipal Center and personnel costs to address the unexpected growth in membership. Motion carried with unanimous approval.

e. Consider items from the Planning Session on January 25, 2024

Consider the following items from the Planning Session on January 25, 2024:

- (1) Consider Board governance matters, including planning session commitments for the next two years, Pool mission statement, Pool guiding objectives, Pool core values and results from Board Survey
- (2) Review and consideration of the Target Members' Equity, with an Update from PriceWaterhouseCoopers
- (3) Receive Update on Litigation Involving the City of Uvalde

(4) Consideration of Sharpening the Pool's Cyber Coverage and Management of Related Fiduciary Risks

Agenda items 7.e. (i), (ii), (iii), and (iv) were not called up for consideration or discussion by Chair Mary M. Dennis since those items were discussed by the Board at its meeting on January 25, 2024, and no Board member expressed a desire to discuss those items further.

(5) Consideration of Providing Coverage for Line of Duty Illness and Injury Salary Continuation Required for First Responders by HB 471

Jeff Thompson and Mike Raigosa presented requirements placed on cities under HB 471 to provide paid leave up to one year to police, fire, and EMS personnel for illnesses or injuries related to the line of duty. Workers' Compensation provides certain income benefits for in line of duty injuries, but income benefits do not exceed 70% of the average weekly wage. Cities are required to provide the difference between full salary and the income benefits received under Workers' Compensation. The issue presented to the Board was whether the Pool should provide under its Liability coverage the difference between the salary continuation required under HB 471 and the income benefits provided under Workers' Compensation.

It was the consensus of the Board that such coverage be provided by the Pool and staff is to develop options for providing such coverage for the Board's consideration.

f. People Operations Report Identifying Activities and Initiatives (Tab 23)*

The People Operations Report Identifying Activities and Initiatives under Tab 23 was submitted for the Board's review without an oral presentation.

g. Communications Office Report on Communications Efforts and Initiatives (Tab 24)*

The Communications Office Report on Communications Efforts and Initiatives under Tab 24 was submitted for the Board's review without an oral presentation.

Chair Mary M. Dennis recessed the meeting at 9:52 AM.

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

8. Comments by Ex-officio Members from and to TML Board

Holly Gray-Moore, Ex-officio Board Member for the Texas Municipal League Board of Directors, reported that TML is currently tracking state senate and state representative races for the next legislative session. She reported that HB 2127, the state preemption bill, was challenged in the courts. The trial judge ruled the bill to be unconstitutional, and the state has appealed that ruling. She reported SB 2038 allows a resident of an area in a city's extraterritorial jurisdiction to file a petition to be released from the city's extraterritorial jurisdiction. If the resident requires the requisite number of signatures on the petition, the city must release the area from its extraterritorial jurisdiction. On October 25, 2023, the City of Grand Prairie challenged the constitutionality of SB 2038. TML will monitor and report on the outcome of that litigation. She also reported the comptroller has adopted new rules on the source of sales taxes. Warehouses, equipment yards, and distribution centers are to be

considered the place of business for purposes of sales tax collection. Finally, she reported the Financial Services Program provided by TML for small cities is up and running. Marty Simpson is the person TML has retained to provide financial services to cities.

Bennett Sandlin, Executive Director of the Texas Municipal League and Ex-officio Member of the Board of Trustees, expressed his excitement about the new Financial Services Program for cities. Nationally there is a shortage of CPAs and financial offices. Cities want to join together to obtain financial services.

Jeffrey Snyder, Ex-officio Board Member to the Texas Municipal League Board of Directors, had nothing to add to what had already been reported.

9. General Counsel's Report on Legislative Activities (Tab 25)

David Reagan, General Counsel, presented the General Counsel's Report on Legislative Activities under Tab 25.

Chair Mary M. Dennis announced it was 10:22 AM and the Board of Trustees would go into Executive Session to discuss claims and lawsuits under agenda items 10.a., 10.b., and 10.c. under Texas Government Code Section 551.071; personnel matters under agenda item 4.a. and 4.b. under Texas Government Code Section 551.074; and the Pool's cyber security infrastructure under agenda item 10.d. under Texas Government Code Section 551.076 and 551.089.

10. Executive Session

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

This item was discussed in Executive Session.

- b. Liability and Property Claims Report on new claims that have indemnity reserves exceeding \$300,000, expense reserves in excess of \$250,000 and significant updates on previous claims and trial results

This item was discussed in Executive Session.

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

This item was discussed in Executive Session.

- d. Update on Internal Cyber Security Efforts

This item was discussed in Executive Session.

- 4.a. Consideration of appointment of Member to the Board of Trustees to fill the unexpired term of Place 13, which expires on October 1, 2024

This item was discussed in Executive Session.

- 4.b. Consideration of appointment of a Citizen Trustee for the remaining term of Place 10 of the Board of Trustees, which expires on October 1, 2028

This item was discussed in Executive Session.

Chair Mary M. Dennis reconvened the meeting of the Board of Trustees in Open Session at 11:55 AM.

Chair Mary M. Dennis called up agenda item 4.a.

4. Nominations Committee

- a. Consideration of appointment of Member to the Board of Trustees to fill the unexpired term of Place 13, which expires on October 1, 2024 (Tab 3)

MOTION by Bert Lumbreras, seconded by Allison Heyward, to appoint Harlan Jefferson to Place 13 of the Board Trustees to fill the unexpired term, which expires on October 1, 2024. Motion carried with unanimous approval.

11. Meeting Schedule and Board Continuing Education (Tab 26)

- a. Selection a location for the January 22-23, 2026 Board Meeting
Recommended: Central Texas Area

MOTION by Chris Coffman, seconded by Jeffrey Snyder, to approve Central Texas as the location for the January 22-23, 2026, Board Meeting. Motion carried with unanimous approval.

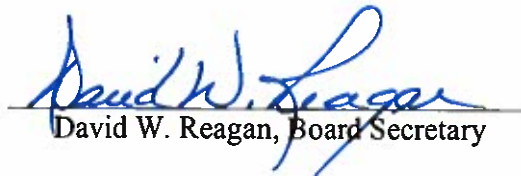
- b. Next Board Meeting: April 25-26, 2024

Chair Mary M. Dennis announced the April 25-26, 2024, Board meeting will be held at the Hyatt Regency Conroe, in Conroe, Texas.

12. Adjournment

Chair Mary M. Dennis adjourned the meeting of the Texas Municipal League Intergovernmental Risk Pool Board of Trustees at 11:57 AM.

Approve by the Board of Trustees on
April 26, 2024


David W. Reagan, Board Secretary