

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL**

Board of Trustees Meeting

**Lake Granbury Conference Center – Ballrooms 5 & 6
623 East Pearl St., Granbury, TX 76048**

April 24 – April 25, 2025

Trustees Present

Bert Lumbreras, Chair
Austin Bleess, Vice-Chair
Rickey Childers
Chris Coffman
Randy Criswell
J.W. “Buzz” Fullen
Harlan Jefferson
Mike Land
David Rutledge
Bennett Sandlin

Staff Present

Jeff Thompson
Lindsey Fields
Jeffrey Snyder

Staff (Cont.)

David Reagan
Susie Green
Tito Villegas
David Nix
Bo Joseph
Scott Houston
Aaron Hardiman
Paula Marr-Ludwig
Chrissy Alves
Melinda Walter
Jennifer O’Sullivan
Irvin Janak
Atul Poladia
Mike Raigosa
Debbie Sherwood

Others Present

Collin Schoenfeld,
Guy Carpenter & Company, LLC
John Duke, CPM Consulting
John Rosato, Southwest
Strategies Group
(via videoconference)
Casey Kent, Perkins & Will
(via videoconference)
Dan Smereck,
Strategic Asset Alliance, Inc.
(via videoconference)

Chair Bert Lumbreras called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool to order at 12:33 PM on Thursday, April 24, 2025. Chair Bert Lumbreras led those in attendance in a moment of silence in memory of former employee, Patti Ledesma, and former Board member, Mary Gauer.

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

Jeff Thompson reported the absences of Allison Heyward, Kimberly Meisner, Opal Mauldin-Jones, Emily Crawford, Mary M. Dennis, Randy Criswell, and Holly Gray and the reasons for their absences.

MOTION by Rickey Childers, seconded by Mike Land, to excuse the absences of Allison Heyward, Kimberly Meisner, Opal Mauldin-Jones, Emily Crawford, Mary M. Dennis, Randy Criswell, and Holly Gray. Motion carried with unanimous approval.

2. **Public Comment on Agenda Items**

Chair Bert Lumbreras opened the meeting to public comment on any item on the agenda for the meeting. No comments were made. Chair Bert Lumbreras closed the meeting to public comments.

3. **Consideration of Minutes of January 30, 2025 Board Planning Session and January 31, 2025 Board Meeting (Tab 2)**

MOTION by Harlan Jefferson, seconded by Austin Bleess, to approve the January 30, 2025 Board Planning Session Minutes and the January 31, 2025 Board Meeting Minutes. Motion carried with unanimous approval.

4. **Consideration of Minutes of October 24, 2024 Nominations Committee Meeting (Tab3)**

MOTION by Harlan Jefferson, seconded by Chris Coffman, to approve the October 24, 2024 Nominations Committee Meeting Minutes. Motion carried with unanimous approval.

5. Board Workshop – Rates for all lines of coverage for 2025-26, including Reinsurance and Target Members Equity Updates

Jeff Thompson presented a comprehensive overview of the Pool's current financial position, Target Equity range, Member contribution trends, loss trends, broader market considerations, individual lines of coverage and partnership/membership philosophy. Jeff Thompson presented the overall proposed rate changes for 2025-26, and Lindsey Fields presented the details of the proposed rate changes for Workers' Compensation, Liability, and Property. Collin Schoenfeld of Guy Carpenter, LLC, presented an overview of the reinsurance markets, and Lindsey Fields presented the Property Reinsurance recommendations. Aaron Hardiman presented the proposed change in rates and coverage for Cyber coverage.

Chair Bert Lumbreras recessed the meeting at 2:05 PM until 8:00 AM on April 25, 2025.

Chair Bert Lumbreras reconvened the meeting at 8:03 AM on April 25, 2025.

6. Finance & Information Technology Committee Items

a. Review of February 28, 2025 (5-month) Financial Statements and presentation of March 31, 2025 Financial Results (Tab 4)

Mike Raigosa presented the February 28, 2025 (5-month) Financial Statements and the Financial Results as of March 31, 2025 under Tab 4.

b. Review of February 28, 2025 (5-month) Investment Report and presentation of March 31, 2025 Investment Results (Tab 5)

Tito Villegas provided an overview of the February 28, 2025 (5-month) Investment Report and the March 31, 2025 Investment Results set forth under Tab 6. Dan Smereck of Strategic Asset Alliance joined the meeting via videoconference and presented an overview of the markets and the performance of the Pool's investments.

c. Consideration of One-Year Contract Extension with Principal Financial Group for Investment Custodial Services (Tab 6)

Tito Villegas presented the staff recommendation to exercise the option to extend for one year the contract with Principal Financial Group. The original three-year contract term ended on June 30, 2024, but contained options for two one-year extensions. The Board approved the first one-year extension in April 2024. This recommendation would exercise the option for the final one-year contract extension. In accordance with state law, the Pool is required to request proposals for investment custodial services after this final extension.

MOTION by Chris Coffman on behalf of the Finance & Information Technology Committee, seconded by Harlan Jefferson, to approve the contract extension letter set out under Tab 5 with Principal Financial Group for a one-year period from July 1, 2025 to June 30, 2026 under the terms and conditions of the original agreement at an estimated cost of \$115,000; and authorize staff to request proposals for investment custodial services prior to the expiration of the contract extension. Motion carried with unanimous approval.

d. Consideration of Resolution authorizing Frost Bank as the Designated Depository Institution, Authorizing the Execution of Depository, Security and Funds Transfer Agreements, Designating Certain Positions as Signatories on the Account, and Granting the Executive Director Additional Authority for Ancillary Agreements (Tab 7)

Tito Villegas presented the staff recommendation under Tab 7 to approve a Resolution designating Frost Bank as the Pool's Depository institution, authorizing the execution of the depository and related agreements, and designating certain Pool staff as signatories on the depository accounts.

MOTION by Chris Coffman on behalf of the Finance & Information Technology Committee, seconded by John "Buzz" Fullen, to approve the Resolution under Tab 7 designating Frost Bank as the Pool's Depository institution and approving such agreement, approving the execution of the security and funds transfer agreements with Frost Bank, designating certain Pool positions as

signatories on the depository accounts, designating the Federal Reserve Bank, Federal Home Loan Bank and/or the Bank of New York Mellon Trust Company, N.A. as custodian of collateral, and granting the Executive Director authority to execute other necessary agreements. Motion carried with unanimous approval.

e. Report from Office of Project Management and Analytics, including status of Business Application & IT Road Map Items (Tab 8)

The Report from the Office of Project Management and Analytics, including an update of Business Application & IT Road Map, under Tab 8, was submitted for the Board's review without an oral presentation.

f. Information Technology Report on Hardware & Software of the IT Infrastructure (Tab 9)

The Information Technology Report on Hardware & Software of the IT Infrastructure, under Tab 11, was submitted for the Board's review without an oral presentation.

7. Underwriting & Claims Committee Items

a. Election of Committee Chair

Chair Bert Lumbreras announced that the Underwriting & Claims Committee had elected Mike Land as Chair of the Committee.

b. Consideration of Minutes of July 25, 2024 Underwriting & Claims Committee (Tab 10)

The July 25, 2024 minutes of the Underwriting & Claims Committee meeting were approved at the Underwriting & Claims Committee meeting on April 24, 2025.

c. Consideration of Property Rate Recommendations & Property Reinsurance Recommendations for May 1, 2025 to May 1, 2026 (Tab 11)

Lindsey Fields and Collin Schoenfeld presented the recommendations for property rates and property reinsurance for May 1, 2025 to May 1, 2026 under Tab 11.

MOTION by Mike Land on behalf of the Underwriting & Claims Committee, seconded by Rickey Childers, as follows:

Property Rates/Coverage Changes

- Apply a 5% inflationary factor to all Members' scheduled building and contents values.
- Increase the minimum Real & Personal Property deductible option to \$1,000.
- Adjust Real & Personal Property deductible credits and rates resulting in an overall 4.7% rate increase.
- Apply an additional 35% increase to Housing Authority Real & Personal Property rates (through a Member type factor) in response to poor loss experience.
- Apply a 9% increase to Boiler & Machinery rates.
- Apply a 5% rate increase to Mobile Equipment coverage.
- Apply a 10% increase to Auto Physical Damage coverage.
- Apply a 50% rate increase to Auto Catastrophe coverages.
- Increase the Wind & Hail deductible buyback option charge from 20% to 25%.
- Amend the original Property coverage monoline restrictions for all new Members on or after June 1, 2025 as shown in the body of the report under Tab 11.
- Increase the Real & Personal Property, Mobile Equipment, and Crime coverages' minimum contributions based on the year-to-year change in the Pool's operating budget (as shown in the body of the report under Tab 11) for a \$5,445 total minimum contribution across all applicable coverages.

Reinsurance Rates & Structure

- Approve the overall reinsurance structure set forth in the body of the report under Tab 11;
- Approve the estimated external reinsurance expenditure on layers above \$25 million of \$37,450,754 with an additional contingency of \$3,745,075 (10%), with leeway for the Executive Director to make modifications to the structure among internal and external sources, but not to exceed \$41,195,829;
- Approve the estimated external expenditure of \$2,847,813 with NLC Mutual, for co-participations in various levels of the proposed reinsurance structure, with an additional contingency of \$284,781 (10%), with leeway for the Executive Director to make modifications to the structure of the internal and external sources, but not to exceed \$3,132,594 in premium to NLC Mutual;
- Approve the internal reinsurance fund pricing by layer, as noted in the body of the report under Tab 11, with a total estimated allocation above the \$25 million layer of \$8,427,750; and
- Approve the estimated facultative reinsurance placement of \$652,000 for Baytown Municipal Management District's convention center/hotel complex, with an additional contingency of \$65,200 (10%), but not to exceed \$717,200 in premium.

Motion carried with unanimous approval.

d. Consideration of Workers' Compensation Rate Recommendations for 2025-26 (Tab 12)

Lindsey Fields presented the staff recommendations for Workers' Compensation rates for 2025–2026 under Tab 12.

MOTION by Mike Land on behalf of the Underwriting & Claims Committee, seconded by John "Buzz" Fullen, to adopt the following Workers' Compensation rate changes:

1. Apply a 10% rate reduction to the following class codes, which have a three-year loss ratio of under 50% and an annual contribution of more than \$1 million per class code: Street & Road Repair and Construction; Street Cleaning; Refuse Reduction; Refuse Collection; Firefighters (paid), and Ambulance Services (paid); and
2. Increase the Workers' Compensation minimum contribution based on the year-to-year change in the Pool's operating budget (as shown in the report under Tab 12) for a \$5,445 total minimum contribution across all applicable coverages.

Motion carried with unanimous approval.

e. Consideration of Liability Rate Recommendations for 2025-26 (Tab 13)

Lindsey Fields presented the staff recommendation for liability rates for the 2025-26 fiscal year under Tab 13.

MOTION by Mike Land on behalf of the Underwriting & Claims Committee, seconded by Chris Coffman, to adopt the rate changes set forth under Tab 13 as follows:

- General Liability – 10% rate increase to electric utility classification, 20% rate increase to gas utility classification, and 10% rate increase to Housing Authority classification resulting in a 1% overall rate increase;
- Law Enforcement – 5% rate decrease;
- Errors & Omissions Liability – 5% rate decrease;
- Automobile Liability – 17% rate increase;
- Aviation Liability – 15% rate increase;
- Supplemental Sewage Backup – No rate change; and
- Increase the General Liability, Law Enforcement Liability, Errors & Omissions Liability, and Auto Liability coverages' minimum contribution based on the year-to-year change in the Pool's

operating budget (as shown in the report under Tab 13) for a \$5,445 total minimum contribution across all applicable coverages.

Motion carried with unanimous approval.

f. Consideration of Cyber Rate Recommendations and Coverage Document Changes for 2025-26 (Tab 14)

Aaron Hardiman presented the staff recommendations set forth under Tab 14 for the cyber rate changes and cyber coverage document changes for 2025-26.

MOTION by Mike Land on behalf of the Underwriting & Claims Committee, seconded by Harlan Jefferson, to approve the staff recommendations as follows:

- Authorize the Executive Director to execute an agreement with Cowbell Cyber to provide the Core and Core+ coverage, the enhanced cyber mitigation tools, and breach response services as set out in Tab 14;
- Approve the costs for Core and Core+ coverages set out for Option B in Tab 14; and
- Approve the Pool's Cyber Coverage Document set out in Appendix A of Tab 14

Motion carried with unanimous approval.

g. Consideration of Housing Authority Coverage Provided by the (Tab 15)

Aaron Hardiman presented the proposed revisions to the Underwriting guidelines for Housing Authorities due to changes in the risk profile caused by joint ventures between public housing authorities and private investment entities as set forth under Tab 15.

MOTION by Mike Land on behalf of the Underwriting & Claims Committee, seconded by Mike Alexander, to approve the following Underwriting guidelines to be effective June 1, 2025, for any new Housing Authority member and renewals for all current Housing Authority members:

1. Implement a maximum available limit for all liability lines to a \$1 million limit per occurrence/\$2 million aggregate for all Housing Authority members.
2. Total liability coverage limits for Housing Authority Members will only be extended (by indemnification in place of additional insured status) up to the statutory limits in the Texas Tort Claims Act for related private interests, including real estate management contracts.
3. Any Housing Authority Member who serves a substantial private interest, through a review of applicable agreements and structures, is ineligible for Pool Membership.

Motion carried with unanimous approval.

h. Liability and Property Claims Report on Liability Claims Trends (Tab 16)

The Liability and Property Claims Report on Liability Claims Trends under Tab 16 was submitted for the Board's review without an oral presentation.

h. Workers' Compensation Claims Report on trends concerning workers' compensation claims (Tab 17)

The Workers' Compensation Claims Report on trends concerning workers' compensation claims under Tab 17 was submitted for the Board's review without an oral presentation.

i. Risk Services Report including Membership Activity, Operations Update, Cyber Coverage Update and Underwriting Results (Tab 18)

The Risk Services Report including Membership Activity, Operations Update, Cyber Coverage Update and Underwriting Results under Tab 18 was submitted for the Board's review without an oral presentation.

j. Loss Prevention Report on Member Interactions, Activities, and Training (Tab 19)

The Loss Prevention Report on Member Interactions, Activities and Training under Tab 19, was submitted for the Board's review without an oral presentation.

k. Subrogation Division Progress Report (Tab 20)

The Subrogation Division Progress Report under Tab 20 was submitted for the Board's review without an oral presentation.

Chair Bert Lumbreras recessed the meeting at 9:08 AM on April 25, 2025.

Chair Bert Lumbreras reconvened the meeting at 9:21 AM on April 25, 2025.

8. Texas Municipal Center Visioning Committee

a. Report on Texas Municipal Center Relocation Project (Tab 21)

- Update on the Proposed Budget for the Project
- Update on Legal Representation Obtained for the Project
- Update on Property Search Process for the Project

Jeffrey Synder, John Duke with CPM Consulting, John Rosato with Southwest Strategies Group (via videoconference), and Casey Kent with Perkins & Will (via videoconference) presented the update under Tab 21 on the property search process. The next step will involve detailed site evaluations of potential locations based on the objective criteria developed during the Visioning Phase (Phase II) of the project.

b. Consideration of Property for the Texas Municipal Center Relocation Project

This agenda item was not taken up or considered by the Board.

9. Executive Committee Items

a. Consideration of January 30, 2025 Planning Session Report from Ron Cox Consulting (Tab 22)

MOTION by Chris Coffman, seconded by John "Buzz" Fullen, to approve the January 30 2025 Planning Session Report from Ron Cox Consulting set forth under Tab 22. Motion carried with unanimous approval.

b. Consideration of Pool Sponsorship Guidelines and Review of the Pool's Association Support, including ratification of Termination of Sponsorship with the Texas Housing Association (Tab 23)

Scott Houston presented the following suggested sponsorship guidelines:

Proposed TML Risk Pool Sponsorship Guidelines

Objectives

Sponsorships should align with one or more of the following objectives:

- Supporting education, training, and professional development for Member entity officials/employees.
- Enhancing risk management awareness and best practices.
- Strengthening relationships with key organizations that serve Member interests.
- Increasing visibility and credibility of the Pool among its local government partners.

Eligibility

An organization or event should meet the following criteria:

- Directly benefit public entity Pool Members or contribute to risk management improvements.
- Be a recognized governmental, educational, or professional association or organization.
- Align with the Pool's mission, strategic priorities, and Membership Philosophy.

Approval

Sponsor requests are evaluated by appropriate Pool staff and approved by the Executive Director based on alignment with these guidelines and the following:

- Sponsorship amounts should be proportionate to expected benefits and overall budget constraints.
- The Pool will review sponsorship activities periodically to ensure continued alignment with its mission and financial sustainability.
- Sponsorship decisions will be communicated transparently to Pool Members when relevant.

Scott Houston reviewed the current sponsorships with the Board. All sponsorships were under \$20,000, with most being under \$5,000, except for Texas Housing Association which receives 0.4 percent of Housing Authority contributions. Currently, the sponsorship to Texas Housing Association is \$90,412. Scott Houston presented the staff recommendation to ratify the cancellation of the Texas Housing Association sponsorship agreement and approve the proposed Sponsorship Guidelines.

MOTION by Bert Lumbreras on behalf of the Executive Committee, seconded by Rickey Childers, to approve the TML Risk Pool Sponsorship Guidelines set out above and ratify the cancellation of the sponsorship agreement with the Texas Housing Association. Motion carried with unanimous approval.

c. Consideration of Compensation Philosophy (Tab 24)

Jeff Thompson presented the recommendation under Tab 24 to approve the following proposed Compensation Philosophy:

TMLIRP is committed to attracting and retaining top talent to achieve its strategic objectives in alignment with its Mission and Core Values. A competitive pay and benefits program is essential to the Pool's success and its reputation as an employer of choice.

TMLIRP provides staff with meaningful work, career development opportunities, and a supportive environment. Compensation is market-competitive, informed by salary data from comparable organizations in both the public and private sectors. Base pay is determined by job responsibilities, experience, and required qualifications. Additionally, staff is rewarded for exceptional individual and team performance through merit-based pay increases.

The Pool's benefits program, including health insurance, vacation, and disability leave, is designed to be competitive with the broader employment market. Compensation for insurance-specific positions is benchmarked against other property and casualty insurers, including mutual insurers, governmental insurers, and Pools. For other roles, pay is adjusted based on relevant industry data and geographic considerations.

Compensation for management and executive positions is evaluated using similar market-based factors, with additional consideration given to the local governments TMLIRP serves.

MOTION by Harlan Jefferson, seconded by Chris Coffman, to approve the above proposed Compensation Policy for the Pool. Motion carried with unanimous approval.

d. People Operations Report Identifying Activities and Initiatives (Tab 25)

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

e. Communication Efforts and Initiatives During the Last Quarter (Tab 26)

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

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

Bennett Sandlin, Executive Director of the Texas Municipal League and ex-officio member of the Board of Trustees, reported that HB 19 was the most harmful bill of the session for cities. The proposed committee substitute for HB 19 would essentially do away with certificates of obligation because of the maximum limit placed on the annual debt service. TML is very concerned about the bill because the author, Rep. Morgan Meyer, is Chair of the House Ways and Means Committee where the bill is pending. Speaker Burrows carried a similar bill two sessions ago, and TML is hearing both Speaker Burrows and Rep. Meyers want to do away with certificates of obligation. TML does not know how the Senate feels about this bill, where it appears TML may have to attempt to fix or kill the bill. SB 19 is the taxpayer funded lobbying bill which has been voted out of the Senate. Senator Nichols was able to get an amendment to the bill on the Senate floor that allows TML to have registered lobbyists. HB 755 by Rep. Spiller is a better bill on taxpayer funded lobbying because it is only a transparency bill. There is a good chance that neither bill on taxpayer funded lobbying will pass. SB 1209 has been passed by the Senate and would do away with all election dates except the November election date. If this bill doesn't pass this session, it will be back next session. It appears likely such a bill will eventually pass. SB 1851 would punish cities that fail to timely audit and have an annual financial statement filed by prohibiting the city from adopting a tax rate that exceeds the city's no-new-revenue tax rate. HB 2494 (companion: SB 1844) would allow for disannexation of territory from a city if it fails to connect the majority of properties to the city's water and wastewater services. These are the worst bills for cities. There are several good bills that are moving. The next TML Board meeting will be June 20, 2025, in Schertz, Texas.

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

10. General Counsel's Report on Legislative Activities (Tab 27)

David Reagan, General Counsel, presented the General Counsel's Report on Legislative Activities under Tab 27.

Chair Bert Lumbreras recessed the meeting at 10:50 AM on April 25, 2025.

Chair Bert Lumbreras reconvened the meeting at 11:05 AM on April 25, 2025.

Chair Bert Lumbreras announced it was 11:05 AM and the Board of Trustees would go into Executive Session to discuss claims and lawsuits under Agenda Items 12.a., 12.b., 12.c., and 12.d. under Texas Government Code section 551.071; the Pool's Internal Cybersecurity Infrastructure Efforts under Agenda Item 12.e. under Texas Government Code section 551.076 and 551.089; and deliberation regarding the acquisition of real property under Agenda Item 8.b. under Texas Government Code section 551.072.

11. Executive Session

- a. Workers' Compensation Claims Report including selected items concerning (1) fatality claims, (2) large exposure claims, including new claims over \$250,000, (3) presumption claims, and (4) litigated claims.

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. Consideration of Proposed Settlement in the matter of Jason and Cassidy Williams v. City of Stephenville.

This item was discussed in Executive Session.

- e. Update on the Pool's Internal Cybersecurity Efforts

This item was discussed in Executive Session.

8. b. Consideration of Property for the Texas Municipal Center Relocation Project

This item was not discussed in Executive Session.

Chair Bert Lumbreras reconvened the meeting of the Board of Trustees in open session at 12:13 PM.

Chair Bert Lumbreras called up agenda item 12.d.

12. d. Consideration of Proposed Settlement in the matter of Jason and Cassidy Williams v. City of Stephenville

MOTION by Chris Coffman, seconded by Harlan Jefferson, to approve the settlement of Jason and Cassidy Williams v. City of Stephenville for \$1 million, with the Pool paying \$750,000 and the City of Stephenville paying \$250,000. Motion carried with unanimous approval.

13. Meeting Schedule and Board Continuing Education (Tab 28)

- a. Select a location for the April 22-23, 2027 Board Meeting

Recommended: Austin Area

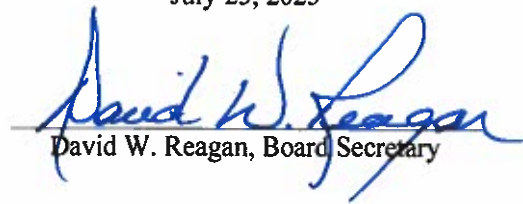
Jeff Thompson informed the Board that it had already approved Brownwood, Texas, for this April 2027 Board meeting and no action was necessary by the Board.

- b. Next Board Meeting: July 24-25, 2025
Hotel Emma
San Antonio, TX

14. Adjournment

Chair Bert Lumbreras adjourned the meeting of the Texas Municipal League Intergovernmental Risk Pool Board of Trustees at 12:16 PM.

Approved by the Board of Trustees on
July 25, 2025


David W. Reagan, Board Secretary