

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL**

Board of Trustees Meeting

**Hotel Emma – Elephant Cellar
136 E. Grayson Street
San Antonio, TX 78215**

July 25 – 26, 2024

Trustees Present

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

Staff Present

Jeff Thompson
Lindsey Fields
David Reagan
Susie Green
Tito Villegas
David Nix
Bo Joseph
Scott Houston
Phil English
Paula Marr-Ludwig
Brittani Miller
Julie Nguyen

Staff (Cont).

Atul Poladia
Mike Raigosa
James Sharkey
Melinda Walker
Patti Ledesma

Others Present

Dan Smereck,
Strategic Asset Alliance, Inc.
(via Zoom)
Devyn Inman, CPM Consulting
Aaron Wilkerson,
Wilkerson Law Firm
Shymir Coakley, NLC-MIC Intern

Chair Mary M. Dennis called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool to order at 12:16 PM on Thursday, July 25, 2024. Chair Mary M. Dennis led those in attendance in an invocation and the Pledge of Allegiance to the United States flag. Chair Mary M. Dennis also recognized Vice Chair Bert Lumbreras, whose term as Chair will begin October 1, 2024, and presented him with a miniature U.S. flag and gavel that had been passed to her when she began her term as Chair.

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

Jeff Thompson reported all Board members were present except for Mike Alexander. Mike Alexander is absent for the workshop portion of the Board meeting held on July 25, 2024, but will be present at the Board meeting on July 26, 2024.

MOTION by Bert Lumbreras, seconded by Chris Coffman, to excuse the absence of Mike Alexander. Motion carried with unanimous approval.

Jeff Thompson introduced Shymir Coakley, an intern for the National League of Cities Mutual Insurance Company, who was attending the meeting. He also introduced Aaron Wilkerson, an attorney assigned to handle some Pool cases, who is also attending the meeting. Finally, he introduced Devyn Inman and Ian McQuestion, with CPM Consulting, and Joe Gowing and Matt Taylor, with Perkins + Will. Although Devyn Inman, Ian McQuestion, Joe Gowing and Matt Taylor were not present at this portion of the meeting, Mr. Thompson expected they would be at the Board dinner that evening and that Devyn Inman would be present at the Board meeting on July 26, 2024.

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

2. Public Comment on Agenda Items

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

Chair Mary M. Dennis called up Agenda Items 3. and 4. for the Board's consideration at the same time.

3. Consideration of Minutes of April 25-26, 2024 Board Meeting (Tab 2)

4. Consideration of Minutes of June 12, 2024 Virtual Board Meeting at the Texas Municipal Center (Tab 3)

MOTION by Opal Mauldin-Jones, seconded by Mike Land, to approve the Minutes of the April 25-26, 2024 Board Meeting and the Minutes of the June 12, 2024 Virtual Board Meeting at the Texas Municipal Center. Motion carried with unanimous approval.

5. Board Workshop on Proposed 2024-25 Operating Budget

Jeff Thompson presented an overview of the Proposed 2024-25 Operating Budget and the major items proposed in the Budget. Tito Villegas presented the budget development process and details on the Pool's operating environment. Mike Raigosa and Julie Nguyen presented the financial details of the Proposed 2024-25 Operating Budget.

Chair Mary M. Dennis recessed the meeting at 1:42 PM on July 25, 2024.

Chair Mary M. Dennis reconvened the meeting at 8:00 AM on July 26, 2024.

Chair Mary M. Dennis called up Agenda Item 7.

7. Nominations Committee Items

a. Consideration of April 25, 2024 minutes of Nominations Committee Meeting

The April 25, 2024 minutes of the Nominations Committee meeting were approved at the Nominations Committee meeting on July 25, 2024.

b. Review of Board of Trustees Election Process and Board Election of Board Chair and Vice Chair (Tab 5)

The Board of Trustees Election process and Board Election of Board Chair and Vice Chair report under Tab 5 was submitted for the Board's review without an oral presentation.

c. Consideration of nominations for Places 11-14 on the Board of Trustees for the 2024 election for six-year terms beginning October 1, 2024

MOTION by Opal Mauldin-Jones, seconded by Bert Lumbreras, to make the following nominations for Places 11-14 on the Board of Trustees for the 2024 Board election for six-year terms beginning October 1, 2024:

Place 11: Randy Criswell
Place 12: Allison Heyward
Place 13: Harlan Jefferson
Place 14: Mike Land

Motion carried with unanimous approval.

- d. Consideration of the nomination and appointment of a Citizen Trustee for a six-year term to Place 15 of the Board of Trustees, beginning on October 1, 2024

MOTION by Opal Mauldin-Jones, seconded by Allison Heyward, to appoint Rickey Childers to Place 15 on the Board of Trustees for a six-year term beginning October 1, 2024. Motion carried with Rickey Childers abstaining.

- e. Consideration of the qualification of the Board Vice-Chair to be elevated to Board Chair as of October 1, 2024

MOTION by Chris Coffman, seconded by Kimberly Meismer, that Bert Lumbreras continues to be qualified to serve as Chair and shall be elevated to Chair of the Board of Trustees as of October 1, 2024. Motion carried with unanimous approval.

- f. Consideration of the nomination and election of a Board Vice-Chair to take office on October 1, 2024

MOTION by Bert Lumbreras, seconded by Rickey Childers, to elect Jeffrey Snyder to Vice-Chair of the Board of Trustees as of October 1, 2024. Motion carried with unanimous approval.

- g. Consideration of appointment of a Trustee for the remaining term of Place 1 of the Board of Trustees, which expires on October 1, 2026 (Tab 6)

MOTION by Chris Coffman, seconded by Allison Heyward, to appoint J.W. "Buzz" Fullen to fill the unexpired term of Place 1 on the Board of Trustees effective upon the beginning of his term of office on the Henderson Housing Authority and his resignation from Place 2 on the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool. Motion carried, with J.W. "Buzz" Fullen abstaining.

Chair Mary M. Dennis called up Agenda Item 6.

6. Texas Municipal Center Visioning Committee Items

- a. Update on Staff Visioning Process and Discussion of Strategy and Long-Term Goals related to the Renovation or Relocation of the Texas Municipal Center

Jeff Thompson reported that the Visioning Committee had a good discussion and began narrowing down the strategy and long-term goals for the renovation or relocation of the Texas Municipal Center. The two high-level objectives are for TMLIRP and TML to work together and to build better Member space. There is much work to be done between this Board meeting and the October Board meeting to refine the direction of this project. It is the intention to have this project on the Planning Session of the Board in January to obtain final direction from the Board on this project. Jeff Thompson introduced Devyn Inman with CPM Consulting to provide an overview of the project and the discussion at the Texas Municipal Center Visioning Committee meeting yesterday.

Devyn Inman presented an overview of the process CPM Consulting is exercising with TML and TMLIRP to determine the vision of the Texas Municipal Center. She provided an update on the data collection activities to date and reviewed the preliminary real estate scenarios. The preliminary real estate scenarios or strategies are as follows:

Strategy A is to renovate the current Texas Municipal Center. This would be a two to three year project and require the current building to be updated to current building codes. The construction would be phased due to occupancy of staff. There are also unknown conditions existing in the building, such as the electrical system and plumbing. The total square footage to be renovated would range from 70,000 to 136,000 square feet. The cost of the project would range from \$37 million to \$70 million.

Strategy B would involve a lease of office space. The renovation of the leased space and the move to the new space would take two to three years. The total square footage of the leased space would range from 60,000 to 90,000 square feet. The cost to renovate the leased space would range from \$24 million to \$31 million. Rent would be in addition to these renovation costs.

Strategy C would be to build new office space or purchase existing office space. The time period for such a project would be three to five years. Total square footage for such office space would range from 70,000 to 100,000 square feet. Construction costs would range from \$52 million to \$66 million. Land purchase would be an additional cost.

Jeff Thompson reported that the Visioning Committee was of the consensus that Strategy C was the best scenario to pursue by TML and TMLIRP. There were no objections by the Board to pursuing Strategy C.

8. Finance & Information Technology Committee Items

a. Consideration of minutes of April 25, 2024 Committee Meeting (Tab 7)

The April 25, 2024 Finance & Information Technology Committee minutes were approved at the Finance & Information Technology Committee meeting on July 25, 2024.

b. Review of May 31, 2024 (8-month) Financial Statements and presentation of June 30, 2024 Financial Results (Tab 8)

Tito Villegas presented the May 31, 2024 (8-month) Financial Statements and the June 30, 2024 Financial Results under Tab 8

c. Review of May 31, 2024 (8-month) Investment Report and presentation of June 30, 2024 Investment Results (Tab 9)

Tito Villegas provided an overview of the May 31, 2024 (8-month) Investment Report and the June 30, 2024 Investment Results set forth under Tab 9. Dan Smereck of Strategic Asset Alliance joined the meeting via video conference and presented an overview of the markets and the performance of the Pool's investments.

Chair Mary M. Dennis recessed the meeting at 9:34 AM on July 26, 2024.

Chair Mary M. Dennis reconvened the meeting at 9:45 AM on July 26, 2024.

d. Consideration of the Proposed Budget for 2024-25 (Separate Document) including: (1) Authorization of the Executive Director to Transfer Funds within Budgets, (2) Authorization for Executive Director to make necessary changes in personnel that are not budgeted if growth in new Members or added functions warrant need for such changes; (3) Adoption of Citizen Member Compensation Daily Rate, (4) Adoption of the list of existing contracts budgeted in excess of \$100,000 annually, as provided by the Proposed Budget and (5) Adopt the 2024-25 Proposed Budget (Tab 10)

Tito Villegas asked if the Board had any questions concerning the budget or the presentation on the budget to the Board on the previous day, July 25, 2024. There were no questions.

MOTION by Chris Coffman on behalf of the Finance & Information Technology Committee, seconded by Jeffrey Snyder, to adopt the "Workshops" line item within the budget, in the amount of \$216,000. Motion carried with Mike Alexander abstaining.

MOTION by Chris Coffman on behalf of the Finance & Information Technology Committee, seconded by Allison Heyward, to adopt the Citizen Board Member

Compensation Daily Rate of \$1,234 for 2024-25. Motion carried with Mike Alexander, Rickey Childers, and Bert Lumbreras abstaining.

MOTION by Chris Coffman on behalf of the Finance & Information Technology Committee, seconded by Harlan Jefferson, to:

- Authorize the Executive Director to transfer funds within budgets;
- Authorize the Executive Director to make necessary changes in personnel that are not budgeted if growth in new members or added functions warrant the need for such changes;
- Adopt the list of existing contracts budgeted in excess of \$100,000 annually, as provided by the Proposed Budget; and
- Adopt the 2024-25 Proposed Budget.

Motion carried with unanimous approval.

e. Consideration of Updated Funding Range of the Workers' Compensation Lifetime Benefits (LTB) Investment Portfolio (Tab 11)

Tito Villegas presented the staff recommendation under Tab 11 to increase the funding range for the Workers' Compensation Lifetime Benefits Investment Portfolio to \$169 million to \$215 million.

MOTION by Chris Coffman on behalf of the Finance & Information Technology Committee, seconded by Jeffrey Snyder, to approve the Workers' Compensation Lifetime Benefits Investment Portfolio funding range of \$169 million to \$215 million. Motion carried with unanimous approval.

f. Report from Office of Project Management and Analytics, including progress on Business Application & IT Road Map (Tab 12)

The report from the Office of Project Management and Analytics, including progress on the Business Application and IT Road Map, under Tab 12, was submitted for the Board's review without an oral presentation.

g. Information Technology Report on Hardware and Software of the IT Infrastructure (Tab 13)

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

9. Underwriting & Claims Committee Items

a. Consideration of Minutes of April 25, 2024 Committee Meeting (Tab 14)

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

b. Report regarding Final Property Reinsurance Placement Effective May 1, 2024 (Tab 15)

Lindsey Fields presented the report under Tab 15 providing an update on the final placement of the 2024-2025 Property Reinsurance program, as authorized by the Board at the April 2024 Board meeting.

- c. Consideration of Independent Claims Adjusting, Appraisal and Damage/Remediation Consulting Firms Handling TMLIRP Claims, and update on historical costs, including Enhanced Recovery costs (Tab 16)

David Nix presented the staff recommendation under Tab 16 to approve the list of adjusting firms utilized by the Pool for liability and property claims.

MOTION by Opal Mauldin-Jones on behalf of the Underwriting & Claims Committee, seconded by Bert Lumbreras, to approve the independent adjusting contractors and appraisers, as well as the damage and remediation consultants, as set forth in Exhibit A under Tab 16. Motion carried with unanimous approval.

- d. Review of Results of WC Claims Review Audit by Independent Consulting & Risk Management Services (ICRMS) (Tab 17)

Phil English presented the report under Tab 17 of the results of the claims audit of the Workers' Compensation Claims Department by Independent Consulting & Risk Management Services (ICRMS). The audit results showed improvement in every category compared to 2016. The 2024 overall scoring average was 96%.

- e. Consideration of Changes to Cyber Claims Service Agreement with Beazley (Tab 18)

Lindsey Fields presented the staff recommendation under Tab 18 to approve a new Claims Service Agreement with Beazley that will be included in the Cyber Reinsurance Agreement.

MOTION by Opal Mauldin-Jones on behalf of the Underwriting & Claims Committee, seconded by Allison Heyward, to approve the Claims Service Agreement with Beazley set forth under Tab 18 that will be included in the Cyber Reinsurance Agreement effective October 1, 2024. Motion carried with unanimous approval.

- f. Consideration of Facultative Reinsurance Placement for Baytown Convention Center (Tab 19)

Lindsey Fields presented the staff and Underwriting & Claims Committee recommendation under Tab 19 recommending a facultative reinsurance placement for the Baytown Municipal Management District's convention center/hotel complex due to the location of the complex and the total insured value of the structure.

MOTION by Opal Mauldin-Jones on behalf of the Underwriting & Claims Committee, seconded by Kimberly Meisner, to approve spending up to \$750,000 for \$40 million excess of \$10 million in facultative reinsurance coverage for the Baytown Municipal Management District's convention center/hotel complex. In addition, evaluate the need to increase Baytown Municipal Management District's wind & hail deductible in their next renewal. Motion carried with unanimous approval.

- g. Significant Cases and Legal Developments impacting the Pool (Tab 20)

Bo Joseph presented the report on Significant Cases and Legal Developments impacting the Pool under Tab 20.

- h. Risk Services Report including Membership Activity (Tab 21)

The Risk Services Report including Membership Activity under Tab 21 was submitted for the Board's review without an oral presentation.

- i. Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and contract activities (Tab 22)

The Underwriting Report on underwriting results, loss ratios, including the Quarterly Report by Victor, Inc. regarding revenues received and contract activities under Tab 22 was submitted for the Board's review without an oral presentation.

- j. Loss Prevention Report on Member Interactions, Activities, and Training (Tab 23)

The Loss Prevention Report on Member Interactions, Activities, and Training under Tab 23 was submitted for the Board's review without an oral presentation.

- k. Subrogation Division Progress Report (Tab 24)

The Subrogation Division Progress Report under Tab 24 was submitted for the Board's review without an oral presentation.

10. Executive Committee Items

- a. Consideration of Contract with AON for Classification, Pay Structure, and Total Rewards Study (Tab 25)

Susie Green and Melinda Walker presented the staff recommendation under Tab 25 to award a contract for consulting services to conduct a comprehensive job classification, employee compensation, and total employee rewards study to ensure market competitiveness by the Pool. Such study is intended to ensure appropriate, modern job descriptions and competitive, equitable pay and benefits.

MOTION by Randy Criswell, seconded by Harlan Jefferson, to award a contract to AON for consulting services and authorize the Executive Director to execute such contract to conduct a comprehensive classification, compensation, and total rewards study for \$190,000 plus travel expenses, with an additional 15% contingency of \$28,500, not to exceed \$225,000. Motion carried with unanimous approval.

- b. Consideration of Update to the Pool's 457(b) Retirement Plan to Opt into Voluntary Withdrawals in Limited Circumstances and Permit Loans (Tab 26)

Susie Green and Melinda Walker presented the staff recommendation under Tab 26 to amend the Pool's existing 457(b) Retirement Plan to allow early withdrawal options under specific circumstances without the 10% tax penalty and allow loans against the 457(b) Plan for a wider range of uses.

MOTION by Rickey Childers, seconded by Allison Heyward, to authorize the Executive Director to amend the Pool's existing 457(b) retirement plan with Empower to provide optional, voluntary plan withdrawals for age 59 ½ in-service, qualified birth or adoption, disaster relief, domestic violence, and emergency personal expenses; permit loan provisions; and to build and implement appropriate withdrawal processes. Motion carried with unanimous approval.

- c. Consideration of Amendment to the Administrative Services Contract with the Texas Municipal League (Tab 27)

Jeff Thompson presented the staff recommendation under Tab 27 to increase the fee paid under the Administrative Services Contract with TML by 3% to \$1,029,160.

MOTION by Randy Criswell, seconded by Bert Lumbreras, to approve and authorize the Chair of the Board to execute Amendment No. 3 to the Administrative Services Contract with TML to increase the annual fee to \$1,029,160 beginning October 1, 2024. Motion carried with unanimous approval.

d. People Operations Report Identifying Activities and Initiatives (Tab 28)

The People Operations Report Identifying Activities and Initiatives under Tab 28 was submitted for the Board's review without an oral presentation.

e. Communication Efforts and Initiatives During the Last Quarter (Tab 29)

The report on Communication Efforts and Initiatives During the Last Quarter under Tab 29 was submitted for the Board's review without an oral presentation.

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

Holly Gray-Moore, Ex-officio Board Member for the Texas Municipal League Board of Directors, reported that TML opened registration on July 23, 2024, for its TML Annual Conference to be held in October 2024. On the first day registration was open, 2,344 registered for the conference creating a new record. It appears that this conference is on track to have a record number of attendees. Allison Heyward's term as president of the TML Board will begin in October. At the recent TML Newly Elected Officials' Training Seminar in San Antonio, there were over 200 city officials present. The next Newly Elected Officials' Seminar is to be held in Round Rock in August. TML's legislative policy summit is to be held in August to get prepared for the upcoming legislative session. This year's Chair of the Policy Summit is Leander mayor, Christine Delisle, and Vice-Chair is Waco councilmember, Andrea Barefield. The three topics likely to come before the legislature are (1) taxpayer funded lobbying, (2) zoning density, and (3) erosion of the extraterritorial jurisdiction of cities. The City Financial Services Program has been launched and five boot camps have been set up.

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

Allison Heyward, Texas Municipal League Board of Directors Member and President-elect, had nothing to add to what had already been reported.

Bennett Sandlin, Executive Director of the Texas Municipal League and Ex-officio Member of Board of Trustees, had nothing to add to what had already been reported.

12. General Counsel's Report on Legislative Activities

David Reagan reported that in the Republican primaries, enough new Republican House members, if elected in the general election, had been gained to pass a bill on school vouchers, which probably means the House will also pass a bill prohibiting tax payer funded lobbying this next session.

Chair Mary M. Dennis announced it was 10:49 AM and the Board of Trustees would go into Executive Session to discuss claims and lawsuits under Agenda Items 13.a., 13.b., and 13.c. under Texas Government Code Section 551.071.

13. 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.

Chair Mary M. Dennis reconvened the meeting of the Board of Trustees in open session at 11:31 AM.

14. Meeting Schedule and Board Continuing Education (Tab 30)

a. Select a location for the July 30-31, 2026 Board Meeting

Recommended: San Antonio

MOTION by Bert Lumbreras, seconded by J.W. "Buzz" Fullen, to approve San Antonio as the location for the July 30-31, 2026 Board Meeting. Motion carried with unanimous approval.


b. Next Board Meeting: October 24-25, 2024
Barfield Hotel
Amarillo, TX

15. Adjournment

Chair Mary M. Dennis asked for a motion to adjourn the meeting of the Texas Municipal League Intergovernmental Risk Pool Board of Trustees.

MOTION by Opal Mauldin-Jones, seconded by Allison Heyward, to adjourn the meeting of the Texas Municipal League Intergovernmental Risk Pool Board of Trustees at 11:33 AM. Motion carried with unanimous approval.

Approved by the Board of Trustees on
October 25, 2024


David W. Reagan, Board Secretary