

**TEXAS MUNICIPAL LEAGUE  
INTERGOVERNMENTAL RISK POOL**

Board of Trustees Meeting  
Fort Worth, Texas  
October 19, 2002

Trustees Present

Greg Ingham  
Byron Black  
Richard Browning  
Wayne Collins  
Don Dodson  
Makia Epie  
Andres Garza  
Mary Gauer  
Don Henderson  
Mike McGregor  
Leo Montalvo  
Pat Norriss

Staff Present

Marvin Townsend  
Carol Loughlin  
Hank Domeracki  
Tito Villegas  
David Reagan  
Mike Rains  
Mike Bratcher  
Allan Romer  
Floyd Schock  
Bill Snyder  
Scott Epperson  
Les Horne

Also Present

Tony Koriath, LOTK  
Olga Gilmore, LOTK  
Penny Haubold, AmGrip  
Rick Pokorney, Northern Trust

The meeting of the Board of Trustees of the TML Intergovernmental Risk Pool was called to order at 9:30 a.m. on Saturday, October 19, 2002 by Chair Greg Ingham.

Roll call and excused absences

Marvin Townsend noted the absence of Rickey Childers, Frank Sturzl, and Alex Bickley.

MOTION by Andres Garza, seconded by Don Henderson, to excuse the absence of Rickey Childers, Frank Sturzl, and Alex Bickley. Motion carried with unanimous approval.

Consideration of Minutes of July 20, 2002

MOTION by Makia Epie, seconded by Byron Black, to approve the minutes shown under Tab 2. Motion carried with unanimous approval.

Report on the Results of the Election of Trustees to Places 1, 2, 3 and 4

Tony Koriath reported the results of the election of Trustees to places 1, 2, 3 and 4 under Tab 3. The vote summary by place is as follows:

Place 1	Place 3	
Robert Herrera, unopposed	Wayne Collins	78
	Ruby White	75
Place 2	Place 4	
Makia Epie, unopposed	Rickey Childers, unopposed	

MOTION by Byron Black, seconded by Andres Garza, to accept the results of the Trustee election as presented under Tab 3. Motion carried with unanimous approval.

**NOMINATING COMMITTEE**

Don Dodson reported the Nominating Committee's recommendations regarding Places 7 and 1. The committee reported that it assumed Place 1 had become vacant due to Robert Herrera's announced resignation from the position of City Manager of the City of La Porte. The committee made the following recommendations:

Place 7	Larry Davolina	City Manager, City of Laredo
Place 1	Tom Adams	City Manager, City of San Angelo

MOTION by Don Henderson, seconded by Makia Epie, to accept the recommendation of the Nominating Committee for Places 1 and 7. Motion carried with unanimous approval.

The Nominating Committee recommended that Pat Norriss be elected to the position of vice-chair and that she assume the Chair position immediately.

MOTION by Don Henderson, seconded by Mike McGregor, to accept the Nominating Committee's recommendation to elect Pat Norriss to the position of Vice-chair and that she assume the Chair position immediately. Motion carried with unanimous approval. Pat Norriss asked immediate past Chair Greg Ingham to continue to chair the meeting.

The Nominating Committee then proposed that Leo Montalvo be elected vice-chair at the next meeting when the election of the Chair and Vice-chair would be posted on the agenda.

For election to Place 5 on the Board, the Committee nominated Don Dodson as the citizen member.

MOTION by Andres Garza, seconded by Makia Epie, to reelect Don Dodson as the citizen member in Place 5. Motion carried with unanimous approval.

The Nominating Committee nominated Tony Koriath to continue to serve as Secretary of the Board.

MOTION by Andres Garza, seconded by Mary Gauer, to reelect Tony Koriath to the position of Secretary of the Board. Motion carried with unanimous approval.

## **FINANCE COMMITTEE**

### Financial Statements as of August 31, 2002

Hank Domeracki presented the August 31, 2002 financial statements under Tab 5 and the updated figures for September 2002.

### Investment Report

Tito Villegas and Rick Pokorney of Northern Trust presented the “Investment Report” under Tab 6.

### Annual Review of the Investment Policy

Tito Villegas presented the “Annual Review of the Investment Policy” under Tab 7. The Texas Public Funds Investment Act requires the Board of Trustees review the Pool’s investment policy not less than annually. Staff recommended the following:

1. Update background section;
2. Include requirement that auditor verify the Pool is in compliance with the Public Funds Investment Act;
3. Update performance objectives;
4. Clarify calculation of return on investment; and
5. Approve the list of qualified brokers.

MOTION by Leo Montalvo, seconded by Mary Gauer, to adopt the resolution amending the Pool’s Investment Policy as presented under Tab 7. Motion carried with unanimous approval.

### Management Information System Report

Hank Domeracki presented the “Management Information System Report” under Tab 8.

## **UNDERWRITING AND CLAIMS COMMITTEE**

### Status of Major Claims

David Reagan provided “Status of Major Claims” under Tab 9.

### Reinsurance Recommendations

Penny Haubold reviewed “Reinsurance Recommendations” as presented under Tab 10. The Executive Committee met on September 24, 2002 to consider recommendations for the purchase of property and workers’ compensation reinsurance. Their actions regarding reinsurance matters were presented for ratification with minor changes.

### **Property**

The property reinsurance program outlined under Tab 10 was approved by the Executive Committee subject to the confirmation that the Lloyd’s of London Syndicates each carry financial ratings of not less than “A-“. AmGrip has confirmed that a Standard & Poors rating of “A” applies to all of the Lloyd’s syndicates being recommended.

MOTION by Don Henderson, seconded by Andres Garza, ratifying the action of the Executive Committee regarding property reinsurance and removing any companies with a Standard & Poors rating of less than “A-“. Motion carried with unanimous approval.

### **Workers’ Compensation**

Subsequent to the September 24, 2002 Executive Committee meeting, it was discovered that the estimated reinsurance premium had been understated by \$15,185. This additional premium is the additional cost of coverage above \$10 million up to statutory limits, which is provided 100 percent by CNA.

MOTION by Makia Epie, seconded by Don Dodson, to ratify the action of the Executive Committee regarding workers’ compensation reinsurance, including the \$15,185 increase. Motion carried with unanimous approval.

### Significant Cases and Legal Developments

David Reagan presented a report on “Significant Cases and Legal Developments” under Tab 11.

## **GENERAL COUNSEL'S REPORT**

Tony Koriotoh presented an update of election races and legislative matters of importance. He also discussed the need to communicate in advance with the Texas Municipal League concerning legislation or resolutions the League supports which directly effect the Pool and its legislative objectives.

## **EXECUTIVE COMMITTEE REPORT**

### Consideration of Changes to the Pool's Participation in the Texas Municipal Retirement System

Allan Romer presented proposed changes to the Pool's participation in the Texas Municipal Retirement System under Tab 18. Specific changes explained were 1) buy-back of previously forfeited service, and 2) increased benefits to retirees. Staff recommended that the pool adopt a resolution to allow eligible employees to purchase back previously forfeited service with the Texas Municipal Retirement System and to allow an increase in retirement benefits in future years equal to 70% of the Consumer Price Index times the retirees benefit at the time of retirement for current and future retirees.

MOTION by Andres Garza, seconded by Byron Black, to amend the Pool's participation in the Texas Municipal Retirement System as recommended under Tab 18. Motion carried with unanimous approval.

### Lawsuits in which the Pool is a Party

David Reagan presented "Lawsuits in which the Pool is a Party" under Tab 19. Specifically discussed was a proposed lawsuit against the Texas Property & Casualty Guaranty Association. A workers' compensation claim has been filed for injuries arising from a motor vehicle accident which occurred in the scope and course of the worker's employment with the City of Stafford. The Pool asserted a subrogation claim against the other driver. The other driver's insurance carrier became impaired and the Texas Property & Casualty Guaranty Association assumed responsibility for the claim. The Guaranty Association refused to honor the Pool's subrogation rights and settled with the claimant without satisfying the Pool's workers' compensation lien. Staff recommended that the Pool file suit against the Guaranty Association for wrongful settlement and for injunctive relief to prevent the Guaranty Association from refusing to honor the Pool's claims in the future.

MOTION by Leo Montalvo, seconded by Mary Gauer, authorizing the Pool to file suit against the Texas Property & Casualty Guaranty Association as presented under Tab 19. Motion carried with unanimous approval.

## **MEETING SCHEDULE**

Marvin Townsend reviewed the schedule of meetings under Tab 22. It was decided that the September 26-27, 2003 meeting would be held at the Omni Bayfront in Corpus Christi.

MOTION by Andres Garza, seconded by Don Henderson to adjourn the meeting. Motion carried with unanimous approval.

Meeting adjourned at 11:01 a.m. with consent.

### Supplemental Information

(After adjournment, on October 31, 2002 Bob Herrera advised the Board by letter that he had been appointed to the La Porte Area Water Authority, a Pool member, on October 25, 2002 by the La Porte City Council and that final action regarding his resignation from the position of City Manager of La Porte was taken by the La Porte City Council on October 28, 2002. Thus, Bob Herrera's service on the Board was not interrupted and he remains on the Board in Place 1 and became Chair on October 1, 2002.)