

**TEXAS MUNICIPAL LEAGUE  
INTERGOVERNMENTAL RISK POOL**

Board of Trustees Meeting  
San Antonio, Texas  
July 23, 2005

**Trustees Present**

Pat Norriss, Chair  
Leo Montalvo, Vice Chair  
Alex Bickley  
Byron Black  
Richard Browning  
Rickey Childers  
Wayne Collins  
Larry Dovalina  
Makia Epie  
Andres Garza  
Mary Gauer  
Don Henderson  
Greg Ingham

**Staff Present**

Marvin Townsend  
Carol Loughlin  
David Reagan  
Hank Domeracki  
Mike Bratcher  
Les Horne  
David Longoria  
Mike Rains  
Allan Romer  
Tito Villegas  
Phil English  
Matt Jordan  
Debbye Mangum

**Also Present**

Pam Beachley, Legislative Consultant  
Scott Houston, TML (for Frank Sturzl)  
Bob Jones, Genesis  
Bob Kamm, Legislative Consultant  
Martha King, Ernst & Young, L.L.P.  
Bruce Norvell, Genesis  
Penny Wyatt, Schinnerer & Company

Chair Pat Norriss called the meeting of the Board of Trustees of the TML Intergovernmental Risk Pool to order at 7:35 a.m., Saturday, July 23, 2005.

**Roll Call and Excused Absences**

Marvin Townsend noted the absence of Don Dodson, Robert Herrera and Tim Vaughn and reported the reasons they were asking that their absences be excused. Robert Herrera was present for the Executive Committee meeting.

MOTION by Leo Montalvo, seconded by Makia Epie, to excuse the absences of Don Dodson, Robert Herrera, and Tim Vaughn. It was noted that Scott Houston attended the meeting in the absence of Frank Sturzl.

Consideration of Minutes of April 16, 2005 meeting in El Paso

Makia Epie corrected an error in the list of those present in the minutes of the April 16, 2005 meeting. Mr. Robert Browning was listed as present and Mr. Epie was not listed for the April meeting.

MOTION by Makia Epie, seconded by Leo Montalvo, to approve the minutes as corrected under Tab 2. Motion carried with unanimous approval.

Report of the Nominating Committee regarding the vacancy in Place 12

Greg Ingham reported that the Nominating Committee recommended Mr. Harold Dominguez to fill the vacant position in Place 12. Mr. Ingham also reported that Mr. Dominguez had been contacted about the position and was willing to serve.

MOTION by Greg Ingham, seconded by Rickey Childers, to appoint Mr. Harold Dominquez, City Manager of San Angelo, to Place 12 with a term expiring October 1, 2006. Motion carried with unanimous approval.

**FINANCE COMMITTEE**

Review of May 31, 2005 (8-month) Financial Statements

Tito Villegas presented an overview of the financial statements under Tab 4<sup>(1)</sup>.

Review of May 31, 2005 (8-month) Investment Report

Tito Villegas reported on investment income for the eight months ending May 31, 2005 under Tab 5.

Consideration of an amendment to the contract with Ernst & Young for auditing services for 2004-05

Hank Domeracki and Martha King presented an amendment to the contract with Ernst & Young, L.L.P. for auditing services which would provide additional compensation up to a maximum of \$15,000 if additional loss reserve auditing services are necessary. The additional services and compensation will be provided only upon written approval of the Executive Director.

<sup>1</sup>All references to "Tabs" in these minutes are references to the Tabs in the Board of Trustees Agenda packet.

MOTION by Byron Black, seconded by Andres Garza, to approve Amendment No. 1 to the contract with Ernst & Young, L.L.P. for auditing services. Motion carried with unanimous approval.

#### Consideration of the Proposed Budget for 2005-06

Hank Domeracki presented the proposed budget for 2005-06 under separate cover and proposed salary schedule for 2005-06 under Tab 7.

MOTION by Byron Black, seconded by Larry Dovalina, to approve the proposed budget and salary schedule for 2005-06 including a pay increase of 5% for the Executive Director. Motion carried with unanimous approval.

#### Consideration of a Revision to the Large Loss Fund Payment Guidelines

Hank Domeracki presented the recommendation under Tab 8 to modify the purpose of the Large Loss Fund to provide that it reimburse the Workers' Compensation, Liability, Property and Reinsurance Funds for any one loss any amount in excess of \$5,000,000 to offset the increased risk in the Reinsurance Fund.

MOTION by Byron Black, seconded by Wayne Collins, to modify the Large Loss Fund payment guidelines as recommended under Tab 8. Motion carried with unanimous approval.

#### Consideration of Disposal Procedures for Replaced Computer Equipment

Hank Domeracki presented a proposal under Tab 9 to amend the Pool's asset disposal policy. It was proposed that old equipment, such as computers, printers, monitors, etc., that have no further useful value to the Pool be sold at public auction or be sold to a Pool member or charitable organization.

MOTION by Byron Black, seconded by Makia Epie, to approve the amendment to the Pool's asset disposal policy as set forth in Tab 9. Motion carried with unanimous approval.

#### Request for Proposals for Investment Custody and Consulting Services

Tito Villegas presented the recommendation under Tab 10 to authorize the Pool to request proposals for investment custody and consulting services for purchasing, selling, holding and safeguarding cash, securities, and other property.

MOTION by Byron Black, seconded by Don Henderson, to authorize the Pool to request proposals for investment custody and consulting services as set forth under Tab 10. Motion carried with unanimous approval.

Management Information Report

David Longoria presented the “Management Information System Report” under Tab 11.

**UNDERWRITING AND CLAIMS COMMITTEE**

Report from Genesis Underwriting Management Company representatives

Bruce Norvell and Bob Jones from Genesis Underwriting Management Company gave a report to the Board concerning Genesis’ operations and relationship with other reinsurers.

Consideration of Boiler and Machinery Coverage for 2005-06

Carol Loughlin presented the recommendations under Tab 12 (1) that the Pool retain 100 percent of Boiler and Machinery losses with the exception of losses occurring at facilities that generate electricity; (2) that the Pool continue to obtain Boiler & Machinery reinsurance for members that have facilities that generate electricity; (3) that the Property Fund continue to retain the first \$100,000 of each Boiler and Machinery loss, and the Property Fund and Reinsurance Fund equally share any losses above \$100,000; and (4) that the Property Fund transfer \$100,000 to the Reinsurance Fund to transfer this risk. She further recommended that the Pool work with Texas Department of Licensing and Regulation to perform boiler inspections and pay the costs of such inspections beginning October 1, 2005.

MOTION by Byron Black, seconded by Leo Montalvo, to approve the recommendations set forth under Tab 12. Motion carried with unanimous approval.

Consideration of Victor O. Schinnerer & Company, Inc. contract for 8/1/05 through 7/31/06

Carol Loughlin presented the recommendation under Tab 13 concerning the fees to be paid under the contract with Victor O. Schinnerer & Company, Inc. during the second year of the contract for specified underwriting services and reinsurance brokerage services. It was also recommended that the contract be amended to include a special project involving the analysis and development of recommendations to refine the Pool’s property-rating process for a fee of \$73,500.

MOTION by Mary Gauer, seconded by Byron Black, to approve the recommendations under Tab 13 concerning the Victor O. Schinnerer & Company, Inc. contract. Motion carried with unanimous approval.

Consideration of Workers' Compensation or Other Benefits for Volunteer Firefighters and Volunteer Emergency Medical Technicians

Marvin Townsend presented the recommendations under Tab 14 concerning the integration of workers' compensation income benefits based on multiple employment with the increased income benefits selected by Pool members for volunteers.

It was recommended for volunteers (1) that the Pool pay any difference between the weekly income benefit based on application of the multiple employer provision and the weekly income benefit selected by the Pool member, (2) that the contribution payment for the volunteer classifications for members who select benefit levels higher than \$81 be reduced by 30% from the current schedule, and (3) that the Pool's maximum weekly optional income benefit be reduced from \$537 to \$375.

MOTION by Mary Gauer, seconded by Leo Montalvo, to approve the recommendations set forth under Tab 14. Motion carried with unanimous approval.

Significant Cases & Legal Developments

David Reagan presented a report on "Significant Cases and Legal Developments" under Tab 15.

Liability Claims Report

Mike Rains presented the "Liability/Property Claims Report" under Tab 16.

Status of Major Claims and Related Action

David Reagan presented the "Status of Major Claims and Related Action" under Tab 17. He presented the status of the *Rodriquez, et al. v. City of Harlingen* (Border Patrol case) and recommended settlement of \$1,000,000 plus court costs in the amount of \$14,361.21.

MOTION by Mary Gauer, seconded by Leo Montalvo, to approve settlement authority in the amount of \$1,014,361.21 for *Rodriquez, et al. v. City of Harlingen*. Motion carried with unanimous approval.

Workers' Compensation Claims Report

Mike Bratcher presented "Workers' Compensation Claims Report" under Tab 18.

### Underwriting Report

Matt Jordan presented the “Underwriting Activity Report” under Tab 19.

### Loss Prevention Report

Les Horne presented the “Loss Prevention Board Report” under Tab 20.

### Field Services Report

Carol Loughlin presented the “Field Services Report” under Tab 21.

### General Counsel’s Report and Legislative Update

David Reagan presented the “General Counsel’s Report and Legislative Report” under Tab 22.

### Consideration of Continuing Employment of Outside Legislative Consultants regarding Legislation and New Workers’ Compensation Act

David Reagan recommended renewing the Legislative Consultant Agreements with Bob Kamm and Pam Beachley for an additional term of August 1, 2005, through July 31, 2006, under Tab 23.

MOTION by Leo Montalvo, seconded by Mary Gauer, to authorize the renewal of the Legislative Consulting Agreements with Bob Kamm and Pam Beachley to be renewed for an additional term of August 1, 2005, through July 31, 2006, at a monthly fee for each consultant of \$6,000. Motion carried with unanimous approval.

### Comments By Ex-Officio Members From and To TML And Employee Benefits Boards

Scott Houston from TML reported on the special sessions of the Legislature. The first special session ended with no resolution of the school finance issue and the second special session was called immediately thereafter. Five issues were part of the call during the first session and were school finance, telecommunications reform, judicial pay, eminent domain, and tuition revenue bonds. Although school finance is the only issue currently in the call for the second session, it is expected the Governor will add the other issues. Bills passed on these issues will have a direct impact on cities except for tuition revenue bonds.

Richard Browning, Board Trustee, reported on the Texas Municipal League Intergovernmental Employee Benefits Pool. The Board met in June and it was a re-rate meeting and budget meeting. Health screening and testing are costing more than expected. Medical trends are up 12%-14%. Claims are higher and loss ratios are probably over 90%. Rate increases are between 10%-40%. The Texas Association of School Boards (TASB) transition is going very well.

## **EXECUTIVE COMMITTEE REPORT**

### Litigation in which the Risk Pool is a Participant

David Reagan presented “Litigation in which the Pool is a Participant” under Tab 24.

### Personnel Report

Allan Romer presented the “Quarterly Personnel Report” under Tab 25.

### Application for Renewal Recognition by the Association of Governmental Risk Pool

Marvin Townsend presented the application for renewal for recognition by the Association of Governmental Risk Pools (AGRIP) under Tab 26. The Executive Committee endorsed submittal of the application.

### Meeting Schedule

Marvin Townsend reviewed the “Schedule of Meetings” and “Board Continuing Education” under Tab 27. It was recommended that the Board meet in January 2007 at The Woodlands, April 2007 at the Gaylord Texan Resort and Convention Center, Grapevine and July 2007 at the Hyatt Regency Hill Country, San Antonio.

MOTION by Andres Garza, seconded by Byron Black, to approve the above recommended meeting sites. Motion carried with unanimous approval.

MOTION by Rickey Childers, seconded by Makia Epie, to adjourn the meeting. Motion carried with unanimous approval.

Meeting adjourned at 11:00 a.m.