

**TEXAS MUNICIPAL LEAGUE
INTERGOVERNMENTAL RISK POOL
Board of Trustees Planning Session Meeting
The W Hotel, Great Room C
200 Lavaca Street, Austin, Texas 78701
January 26, 2018**

Trustees Present

Peter Vargas, Chair
Byron Black
Rickey Childers
John Fullen
Andres Garza
Mary Gauer
Robert Herrera
Carol Loughlin
Larry Melton
Leo Montalvo
Pat Norriss
George Shackelford
Michael Smith – (Arrived at
10:30 a.m.)
Michael Talbot
Charles Wax
Henry Wilson

Staff Present

Jeff Thompson
Bob Haynes
David Reagan
Susie Green
Hank Domeracki
Atul Poladia
Lindsey Fields
Irvin Janak
James Kaltman
Lisa Kutch
Tammy Lesak
Paula Marr
David Nix
Mike Raigosa
Mike Rains
Allan Romer
Tito Villegas

Also Present

Ron Cox, Ron Cox Consulting

Chair Peter Vargas called the meeting of the Board of Trustees of the Texas Municipal League Intergovernmental Risk Pool Planning Session to order at 8:30 a.m. on Friday, January 26, 2018.

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

Jeff Thompson reported the absences of Randy Criswell, Bennett Sandlin, and Michael Smith. Mr. Thompson indicated that Michael Smith may be able to attend the meeting later in the day.

MOTION by Charles Wax, seconded by Mary Gauer, to excuse the absences of Randy Criswell, Bennett Sandlin, and Michael Smith. Motion carried with unanimous approval.

2. Consider goals and objectives for the operation of the Texas Municipal League Intergovernmental Risk Pool, which includes consideration of the results of a survey on Board logistics and governance, the Pool's target equity, proposed Pool's personnel

¹ All references to "Tabs" in these minutes are references to the Tabs in the Board of Trustee Planning Session Agenda packet.

initiatives, recent results in the property line of business, preventing disputes and litigation with Members on property claims, and the status of the Pool's development of technology.

Ron Cox, of Ron Cox Consulting, facilitated the Planning Session of the Board of Trustees.

Board Survey Results

There was a review of the results of a survey that was previously presented to the Board for this meeting. The Board discussed having a concerted effort to present the Pool's story to elected officials at various forums, including regional meetings. There was also discussion of the need for the Board to have more workshops on certain topics of importance to the entire Board, such as the annual budget and the establishment of rates. The Board also discussed whether the Executive Committee of the Board should meet on an "as needed basis" instead of at every Board meeting. When the Executive Committee did not meet at a Board meeting, the Executive Committee members could attend either the Finance and Information Technology Committee's meeting or the Underwriting & Claims Committee meeting.

Chair Peter Vargas called a recess at 9:30 a.m.

Chair Peter Vargas reconvened the meeting at 9:40 a.m.

Target Equity

The staff made a presentation concerning the history and current state of the target equity funding and the various methodologies that were previously applied and could be applied in the future. The staff will prepare for the Board's consideration at its April 28, 2018, meeting a recommendation for a 50/50 blend of two methodologies of establishing a target equity.

Chair Peter Vargas called a recess at 10:15 a.m.

Chair Peter Vargas reconvened the meeting at 10:25 a.m.

There was a discussion by the Board of how often there should be a Board workshop reviewing the methodology and modeling used to establish the target equity. After discussion by the Board, the staff indicated that it appeared to be the consensus that there should be a review every three to five years or sooner if necessary.

Staff Recognition

The Board recognized and expressed its appreciation to the Property Claims staff of the Pool for their hard and diligent work on claims resulting from Hurricane Harvey.

Chair Peter Vargas called a recess at 11:34 a.m.

Chair Peter Vargas reconvened the meeting at 12:10 p.m.

Property Coverage Discussion

The staff made a presentation and led the discussion on recent results of the Pool's property line of business and ways of preventing disputes and litigation with Members on property

claims. The staff presentation focused on the loss of Member equity in the Property Fund and Reinsurance Fund from the 2016 hailstorms and the 2017 hurricane. The presentation focused on the impact that the events in 2016 and 2017 would bear on the level of coverage, the Property Fund rate to Members, and the future costs of reinsurance. These issues are to be addressed at the April 28, 2018, Pool Board meeting.

Chair Peter Vargas presented the report from the Ad Hoc Committee on Member property disputes. The recommendation of the Ad Hoc Committee is on the agenda for consideration by the Board at its meeting on January 27, 2018.

Chair Peter Vargas recessed the Board meeting at 1:20 p.m.
Chair Peter Vargas reconvened the Board meeting at 1:33 p.m.

Personnel Initiatives

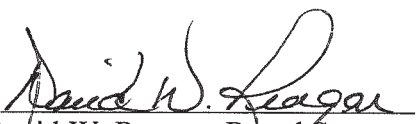
Jeff Thompson reviewed with the Board the staff training and leadership initiatives for managerial staff as a part of succession planning for the Pool.

Allan Romer presented alternatives to be considered by the Board to address the Internal Revenue Service yearly maximum on retirement plan contributions. Of the alternatives considered, the plan that the staff believed best addressed the Pool issue is a program approved by the IRS and offered by the International City Management Association-Retirement Corporation (ICMA-RC).

Allan Romer also verbally presented plans that would allow conversion of accumulated sick leave above 720 hours to a retirement health savings plan. Retiring employees would also be allowed to convert an additional 400 hours upon retirement. The plan to offset the IRS cap on retirement offered by the International City Management Association-Retirement Corporation and the conversion of sick leave to a retirement health savings plan will be placed on the agenda for the Board meeting on April 28, 2018.

Chair Peter Vargas adjourned the Board Planning Session meeting at 2:18 p.m.

Approved by the Board of Trustees
on April 28, 2018


David W. Reagan, Board Secretary