

**TEXAS MUNICIPAL LEAGUE  
INTERGOVERNMENTAL RISK POOL  
Finance and Information Technology Committee  
Courtyard by Marriott at the John Q. Hammons Center,  
Cottonwood F Room  
210 East Stacy Road, Allen, Texas 75002  
October 20, 2017**

**Trustees Present**

George Shackelford (Chair)  
Carol Loughlin  
Leo Montalvo  
Pat Norriss  
Michael Smith

**Staff Present**

Hank Domeracki  
Tito Villegas  
Julie Nguyen  
Mike Raigosa  
Lindsey Fields  
Phil English

**Also Present**

None

**Trustees Absent**

Charles (CJ) Wax

George Shackelford called to order the Finance and Information Technology Committee of the Texas Municipal League Intergovernmental Risk Pool at 3:00 p.m. on Friday, October 20, 2017.

**Election of Committee Chair**

MOTION by Leo Montalvo, seconded by Carol Loughlin, to nominate George Shackelford as Chair and Charles (CJ) Wax as Vice Chair of the Finance and Information Technology Committee. Motion carried with unanimous approval.

**Consideration of minutes of July 21, 2017 committee meeting (Tab 3)<sup>1</sup>**

MOTION by Pat Norriss, seconded by Leo Montalvo, to approve the minutes of the Finance and Information Technology Committee meeting of July 21, 2017, as set forth under Tab 3. Motion carried with unanimous approval.

**Report on August 31, 2017 (11-month) Financial Statements and Presentation of Preliminary Year-End (September 30, 2017) Financial Statements (Tab 4)**

Julie Nguyen presented the financial statements for the 11-month period ending on August 31, 2017 under Tab 4 and gave an overview of the Pool's preliminary projected financial results as of September 30, 2017.

**Consideration of Workers' Compensation, Liability, Property, and Reinsurance Funds Ultimate Loss Selections (Tab 5)**

Mike Raigosa reviewed the loss trends in the Operating Funds and the Reinsurance Fund, and explained the actuary's ultimate loss recommendations for each of these funds.

MOTION by Carol Loughlin, seconded by Leo Montalvo, to recommend that the Board adopt the following ultimate loss and incurred but not reported (IBNR) recommendations as set forth under Tab 5:

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

1. Set the Ultimate Loss Selection for the Workers' Compensation Fund at \$45.3 million for the 2016-17 accident year and decrease prior accident years' selections by \$4.5 million and then establish a reserve redundancy balance of \$3.2 million. Fatality claims, amortization expense and other claim adjustments will result in a total loss of \$51.5 million.
2. Set the Ultimate Loss Selection for the Liability Fund at \$40.1 million for the 2016-17 accident year and increase prior accident years' selections by \$1.2 million, for a total of \$41.3 million. This selection maintains the existing redundancy reserve balance of \$1.3 million and increases the balance by \$1.2 million to \$2.5 million.
3. Based on the total property loss estimate of \$122.4 million, establish net incurred but not reported (IBNR) losses of \$1.9 million for non-Hurricane Harvey losses and \$5.3 million from Hurricane Harvey.
4. Set the Ultimate Losses Selection for the Reinsurance Fund to increase the IBNR balance from \$500,000 to \$750,000 for workers' compensation and liability losses assumed by the Reinsurance Fund.

Motion carried with unanimous approval.

Report on August 31, 2017 (11-month) Investment Results and Presentation of September 30, 2017 investment results (Tab 6)

Tito Villegas presented an overview of the Pool's investment results as of August 31, 2017 and the year-end projected results as of September 30, 2017.

Annual Review of the Pool's Investment Policy and Proposed Broker List, and consideration of adopting the Policy with amendments (Tab 7)

Tito Villegas reviewed the recommended revisions to the Pool's Investment Policy based on recent changes in the state law and the list of additions and deletions to the authorized brokers list as set forth under Tab 7.

MOTION by Pat Norriss, seconded by Carol Loughlin, to recommend that the Board approve the resolution adopting the Pool's investment policy with the recommended changes and authorizing the list of brokers presented in Appendix C of the investment policy

Consideration of setting discount rate for workers' compensation lifetime and death indemnity benefits claims (Tab 8)

Hank Domeracki provided information on the Pool's Workers' Compensation Reserve Discounting Policy, the recent change in the law with regards to surviving spouses of first responders, and the recommendation for setting the discount rates as set forth under Tab 8.

MOTION by Leo Montalvo, seconded by Carol Loughlin, to recommend that the Board approve, effective October 1, 2017, the discount rate be set at 3.9% for qualifying lifetime income benefit reserves and death benefit reserves established for the surviving spouse of a non-first responder; and the discount rate be set at 3.0% for death benefit reserves established for the surviving spouse of a first responder. Motion carried with unanimous approval.

Consideration of revising the TMLIRP Purchasing Policy to authorize the Executive Director to modify and amend contracts up to and including 25% of the initial contract amount (Tab 9)

Based on the Board’s request in July 2017, Hank Domeracki presented the proposed amendment to the Pool’s Purchasing Policy concerning the Executive Director’s authorization to revise or amend contracts under certain limitations as set forth under Tab 9.

MOTION by Leo Montalvo, seconded by Carol Loughlin, to recommend that the Board Amend the Pool’s Purchasing Policy to include the following provisions:

Change Orders

If changes in plans or specifications are necessary after the execution of a contract or it is necessary to decrease or increase the quantity of the work to be performed or of services, materials, equipment, or supplies to be furnished, the Executive Director may approve change orders making such changes with the following limitations:

1. The change set out in the change order must directly relate to the scope of the work of the original contract;
2. The total cost of all change orders to the original contract may not increase or decrease the original contract price by more than twenty-five percent (25%);
3. The total cost of all change orders to the original contract may not increase or decrease the original contract price by more than \$50,000; and
4. The total contract price may not be increased because of the changes unless additional money for the increased cost are included within the funds budgeted for that purpose or funds otherwise appropriated for that project.

Motion carried with unanimous approval.

Consideration of updating governmental purchasing cooperative agreements (Tab 10)

Hank Domeracki reviewed the recommendation to certify and authorize the use of the designated governmental cooperative purchasing entities as set forth under Tab 10.

MOTION by Carol Loughlin, seconded by Leo Montalvo, to recommend that the Board certify the listed governmental purchasing cooperatives and authorize the Pool to utilize the services that each of these entities provides as set forth under Tab 10. Motion carried with unanimous approval.

Consideration of Medical Bill Review Project consisting of:

1. Authorization of Inception, Design, and Development Phases by clearing “Proceed” and “Commit” gates of the Pool’s Project Execution Framework, and;
2. Authorization of Executive Director to enter into an Agreement with Mitchell International for Medical Bill Review Software Services (Tab 17)

Phil English provided an overview of the Medical Bill Review system software services proposal, project budget, and recommendations. The Committee noted that this recommendation would be brought forth by the Underwriting and Claims Committee.

Report from Office of Project Management and Analytics, including report on Progress for Business Application & IT Road Map (Tab 11)


Mike Raigosa and Lindsey Fields updated the committee on the status of the Office of Project Management and Analytics initiatives set forth in the report under Tab 11, including Business Application & IT Roadmap projects that are underway and under review, and the system dashboards that are being built.

Information Technology report on status of hardware and software updates to the computer systems (Tab 12)

Hank Domeracki provided an update on the status of hardware and software installation projects.

Leo Montalvo, in the absence of the Chair, adjourned the meeting at 4:45 p.m. on October 20, 2017.

Approved by the Finance and Information  
Technology Committee  
on January 26, 2018

  
Henry S. Domeracki  
Chief Financial Officer