

BOARD OF DIRECTORS MEETING APRIL 28 & 29, 2022



BOARD MEMBERS PRESENT:

Kristin Bennett, Kristen Colonell, David Crews, Mike Page, Tom Turrell, Stephanie Watson, Jeff Gatlin, Siri Vensel, and Brad Ray

BOARD MEMBERS ABSENT:

None

POOL STAFF PRESENT:

Steve S. Fast, Tod Walkington, Craig Hein, Audrey Mauser, Mary Lee Gibson, and Lawrence Mundy

POOL STAFF ABSENT:

None

I. Ground Rules:

GP-11 Board Director Covenants: All members will participate and contribute. We will be solution oriented, action oriented and take risk. We will stay open, restate closure and adhere to timelines.

II. Call To Order:

The work session was called to order on April 28, 2022, at 1:00PM with all Board Directors present.

III. Board Work Session

- A.** Board & Staff Succession Planning – S. Fast & Board
Mr. Fast reviewed Board & Staff Succession plans with the Board. The Board discussed a tentative plan to seek and interview potential Board Director candidates to fill the upcoming vacancy. Additionally, Mr. Fast presented two Assistant Executive Director (AED) models to fill the vacancy created by the recent retirement of the current AED.
- B.** Colorado Paid Family and Medical Leave Insurance Act (FAMLI) – S. Fast & Board
Mr. Fast provided a summary review of the Act and the potential fiscal and staffing impact the Act may have should it be determined that CSDSIP participate in the program. The management team will develop participation options for the Board and present them at the Board's Summer Work Session.
- C.** 2022 - 2023 Operational Budget Review – including payroll & benefits and revenue projections – L. Mundy, T. Walkington & S. Fast
Mr. Mundy presented the FY2022 Operating Budget, including an overview of the FY2022 Budget actual expenditure to date, projected payroll & benefits, Actuarial projections, estimated exposure changes, projected reinsurance costs, and projected Member contributions. The proposed budget includes a replacement RMIS. Mr. Mundy advised that the draft budget had been shared with the CSDSIP Finance Advisory Council who recommended approval to the Board.

IV. Adjournment

The Work Session was adjourned at 3:37PM.

V. Call to Order:

The Board Director Meeting was called to order on April 29, 2022, at 8:57AM with all Board Directors present. CSDSIP staff present included Steve Fast, Tod Walkington, Audrey Mauser, Craig Hein, Mary Lee Gibson, Lawrence Mundy, and Matt Comar.

The Agenda was modified in order. The Salary Compensation presentation preceded the Action Items and the Self-Insured Retention Model / Prospective Member Analysis presentation was delivered in conjunction with the Risk Programs standing report – Prospective Member Overview.

Commented [AM1]: I don't have any notes that show that Matt was at this meeting.

VI. Guest Presentations

A. Salary Compensation Study Overview – L. Lazo, Employers Council

Mr. Lazo presented an overview of the Employers Council Salary Compensation Study process for the Board. Mr. Lazo highlighted the scope of the services included in the study along with the process to be employed in the study to identify and match current CSDSIP positions, classifications, and compensation ranges. Mr. Lazo described the post-COVID effects on compensation and the disparate changes in the labor market for wage earners making less than \$30/hr.

VII. Action Items:

A. 22-03 EL-7: Resolution to approve the FY2022-2023 CSDSIP Operating Budget

Be it resolved, that the Board of Directors approved the FY2022-2023 Operating Budget of \$4,569,347 inclusive of \$2,553,342 Payroll and Benefits. The approved budget includes in the addition of staff – one Assistant Executive Director and the estimated purchase and related implementation cost of \$850,000 for the new RMIS.

1st: Stephanie Watson

2nd: Mike Page

Unanimous approval by the Board of Directors

B. 22-04 GP-3: Resolution to approve the January 28, 2022 Meeting Minutes

Be it resolved, that the Board Minutes of January 28, 2022, be approved as amended to correct typographical errors.

1st: Kristen Bennett

2nd: Tom Turrell

Unanimous approval by the Board of Directors

VIII. Standing Reports:

A. Risk Programs Department – A. Mauser (EL-10)

1. Prospective Member Overview – A. Mauser, C. Hein and T. Meyer – Select Actuarial Services. Ms. Mauser, Mr. Hein and Mr. Meyer presented the evaluation of a prospective new Member, Jefferson County School District (JeffCo), and a Self-Insured Retention (SIR) model for CSDSIP and its Membership. The presentation team provided an in-depth comparison of JeffCo to existing Members of the Pool along with the Pool's overall

experience in three core coverage lines of School Entity Liability, Auto Liability and Property. The comparative analysis included actuarial projections of JeffCo based upon their own loss experience as well as applying CSDSIP Membership experience factors. The team concluded that JeffCo's modeled experience and actuarial analysis supported the further development of a Membership rating model for the prospective Member.

Additionally, the team reviewed CSDSIP traditional rate modeling format as it would apply to JeffCo. The team concluded that an SIR structure that more closely replicates the insurance models JeffCo is currently underwritten within and that would more comfortably share the risk variability with JeffCo.

The Board agreed with the team's recommendation to move forward with the further development of a Membership quote for JeffCo and the implementation of the SIR model.

2. 2022 Coverage Form Changes

Ms. Mauser reviewed 2022 Policy Year Coverage Form changes. She advised that the Common Policy Declarations page would be modified to further distinguish CSDSIP's core coverages from the Supplementary Coverages. She reviewed the changes being required by the casualty reinsurers that include the addition of a cannabis and cyber exclusion. She advised that the communicable disease exclusion will be moved from the endorsement used last year to the base School Entity Liability (SEL) Coverage Form. She advised that the core coverage forms were being reviewed with the intent to standardize the use of locations in place of buildings.

Ms. Mauser briefly described the Risk Programs Team's renewal activities for the past quarter and current status of the renewal process.

B. Executive Director's Report - S. Fast (EL-10)

1. Compensation Study Overview (EL-7)

Mr. Fast compared and contrasted the Employers Council Compensation Study with the alternate quote provided by Gallagher. Mr. Fast concluded that while the Gallagher study may provide for a more customized approach, the additional expense associated with the study did not warrant their selection. The Board agreed to move forward with the Employers Council study, Fall of 2022, and Board Directors Bennett, Gatlin and Vensel agreed to participate with Management throughout the study process.

2. 2022 Reinsurance Renewal and Market Updates (EL-10)

Mr. Fast reviewed the 2022 reinsurance renewal as of April 27, 2022. He advised that the Property and Casualty quotes have come in as expected. Property includes a rate and exposure increase, and Casualty experienced a rate increase as well. Mr. Fast advised that the Supplementary Coverage quotes were mostly coming in as expected except for Equipment Breakdown and Cyber. Equipment Breakdown is coming off a three-year rate guarantee and losses have increased. The Cyber market is volatile and Cyber carriers are looking to drop their capacity, increase SIRs and increase rate. Mr.

Fast has instructed the brokers to continue to market both coverages in search of alternative quotes. Mr. Fast advised that as of April 27, 2022, utilizing the higher quotes for both Equipment Breakdown and Cyber, the overall increase in reinsurance cost is slightly higher than the budgeted increase.

3. Policy Governance Review – Governance Process (Executive Limitations (EL-1 ~ EL-10) and Ends (E-1 ~ E-4)
Mr. Fast and the Board reviewed Policy Governance Executive Limitations and Ends. The only modification or change is limited to Executive Limitation – Emergency Executive Director Succession – EL-2. Audrey Mauser and Craig Hein will be designated to assume duties in the event the Executive Director is incapacitated.
4. July 9, 2022 Work Session
Mr. Fast reviewed the agenda with Board. It was agreed that the Work Session would be held late morning / early afternoon of July 9 and if needed, could be resumed the morning of July 10.

C. RMIS Project Update – C. Hein (EL-10)

Mr. Hein provided an overview of the RFP process and status update. The Board was provided with high-level pricing and RFP scoring as developed by Red Hand Advisors. He advised that management has received a presentation from each of two finalists and have asked for supplemental information from each. He anticipates additional presentations from candidates mid-May with a selection being made by end of month.

D. Legal Resources Report – C. Hein (EL-10)

Mr. Hein provided a brief update on a coverage dispute with a Member that resulted in a court decision. He advised that the impact of the decision is dependent on how things proceed in the underlying matter. CSDSIP may re-evaluate coverage depending on how that lawsuit proceeds.

Additionally, Mr. Hein provided a summary of ongoing activity at the legislature and his involvement providing feedback on a variety of proposed bills. He summarized his activity with Members over the past quarter including both training and consultation.

E. Claims Report – S. Fast (EL-10)

Mr. Fast provided the Board with a high-level summary of claim activity over the past quarter. He focused on areas including a pedestrian fatality, revival claims, December 2021 wind & fire, hail claim development and a contractor issue.

F. Finance Report – L. Mundy (EL-7 /EL-10)

Mr. Mundy reviewed the interim Financial Statements as of February 2022 with the Board. He advised that we are nearly three fourths through the year and showing a slight negative net income of -\$8,063. Year-end numbers are highly dependent on the spring storm

activity and overall loss development. Mr. Mundy advised that the investment portfolio is in compliance with the investment policy.

Mr. Mundy provided an overview of the presentation delivered by RBC Global Asset Management (RBC) to the Finance Advisory Council. The presentation covered basic finance terms, our portfolio composition as well as the risk / liquidity position of the portfolio. Management has asked RBC to review the Pool's current investment policy and make recommendations for any updates or changes. RBC will be subsequently asked to present their recommendations and rationale to the Finance Advisory Council prior to be reviewed with the Board.

G. Risk Control Report: ML Gibson (EL-10)

Ms. Gibson provided a Risk Control services update and overview for the Board. She advised the Board of the open Communications Specialist position and the steps being taken to review and revise the position objectives prior to posting. She shared Member feedback and experiences related to recent training activities for Human Resources and Cyber. She stated that Members were pleased to be back in person and had requested more training related to the hiring / firing of certified staff. Ms. Gibson provided a Member Conference update as well as the current activity status of the Vector training platform. She described staff's participation in the renewal meetings and their upcoming training at the Colorado Association of School Business Officials (CASBO).

H. GP-3-6. Board Monitoring Report:

The Board will monitor its process and performance at each meeting. Self-monitoring will include comparison of Board activity and discipline to policies in the Governance Process and Board-Staff Relationship categories.

IX. Information Items:

A. Board Director Appointment and Vacancy Notice to Membership

Mr. Fast advised that the vacancy notice would be sent to Members the first week of May with a request for nominations to be returned in two weeks. Candidate interview dates may be scheduled the first week of June.

X. Future Meeting Dates:

July 9	Board Work Session (Keystone, CO)
July 10 – 12	CSDSIP Member Conference (Keystone, CO)
September 23	Board Meeting
December 16	Board Meeting

XI. Adjournment

The meeting was adjourned at 1:06PM.