

# BOARD OF DIRECTORS MEETING APRIL 25, 2024 WORK SESSION MINUTES APRIL 26, 2024 MEETING MINUTES

## **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.

Board Directors Present: Kristin Bennett, Kristen Colonell, David Crews, David Eastin, Michael Page, Tom Turrell and Stephanie Watson.

Staff Present: Steve Fast, Craig Hein, Lawrence Mundy, Audrey Mauser, Andrea Leal, Mary Lee Gibson and Seng Tsin.

## **II. CALL TO ORDER:**

Director Turrell called the meeting to order April 25, 2024 - 11:06AM.

## **III. Board Work Session**

### **A. Strategic Plan Update – D. Romano, Romano Strategy Advisors**

Dubravka Romano presented “Charting a Path for Continued Success: Ideas for Today and Tomorrow” in continuation of the Board’s work to update the Strategic Plan. The presentation included a summary overview of the work completed by the Board in their February work session which included affirmation the Mission and Vision statements, affirming the Central Tenets of Coverage, Confidence, Education, Claims Administration, Board and Administration and staff.

The Board discussed the idea of replacing “insurance” in the Pool’s foundational documents thereby further signaling that CSDSIP is not a traditional transactional insurance company. The Board considered terms such a risk pool and risk services in place of an insurance reference. They will continue this discussion as they further refine the Strategic Plan, review Policy Governance and the Pool Agreement.

Themes that emerged from the Board’s work in February were reviewed and discussed. Themes include Coverage / Reinsurance, Service Delivery / Operational Excellence, Staffing / Talent Management and Board Governance. Strategic goals will be drafted based upon these themes and will be presented to the Board at the September meeting.

### **B. 2024 – 2025 Operational Budget Review – Lawrence Mundy**

Lawrence provided commentary of notable items in the draft operating budget, projected contributions, projected investment income and projected loss amounts for FY 2024 – 2025. The draft budget as presented was prepared using estimated costs received from vendors, general economic forecasts and management’s assumptions based upon CSDSIP’s outlook and organizational goals. The budget includes input from all CSDSIP departments. The draft budget was presented to and reviewed by the CSDSIP Finance Council, April 17, 2024, where the council moved to recommend that the CSDSIP Board of Directors adopt the budget as presented.

The proposed operating budget totals \$5,680,141 including \$3,225,534 for Payroll and Benefits. The Board approved the addition of 37.5 Vacation Hours to the employee vacation policy. The budget represents an overall 10% increase in Operating expenses compared to the previous FY.

**IV. Adjournment**

Director Turrell adjourned the work session at 3:47PM.

**V. Call to Order:**

Director Turrell called the meeting to order April 26, 2024 - 9:06AM.

Board Present: Kristin Bennett, Kristen Colonell, David Crews, David Eastin, Michael Page, Tom Turrell and Stephanie Watson.

Staff Present: Steve Fast, Craig Hein, Lawrence Mundy, Audrey Mauser, Andrea Leal, Mary Lee Gibson, Kristin Arnall.

**VI. Action Items:**

**A. 24-16 EL-7: Resolution to approve the FY2024-2025 CSDSIP Operating Budget**

**1<sup>st</sup>:** Director Watson

**2<sup>nd</sup>:** Director Colonell

The Board thanked Lawrence for the detailed presentation of the budget and complimented his thorough review. The Board expressed their appreciation for including budgeted expenses related to priorities identified in the Strategic Plan, especially for those line items related to the training, development and retention of staff. They acknowledged the importance of the Finance Council's review and input into the budget process.

Unanimously approved.

**B. 24-XX GP-3: Resolution to approve the February Meeting Minutes**

**1<sup>st</sup>:** Director Eastin

**2<sup>nd</sup>:** Director Bennett

The minutes were reviewed and modification to Section VII. B. was suggested to add the correct Resolution number, 24-15.

Unanimously approved.

**VII. Standing Reports:**

**A. Executive Director's Report - Steve Fast (EL-10)**

1. 2024 Reinsurance Renewal and Market Updates (EL-10)

Steve advised the Board that apart from the Property Annual Aggregate increase to \$27M, the 2024 renewal strategy is to maintain existing terms and conditions and hold rates as low as possible. Adverse loss experience in both Property and Casualty is expected to drive rate increases in those lines. Steve advised the Board that he and Craig Hein met with 42 Property markets in London, Atlanta and Bermuda. They proposed the \$27M Annual Aggregate to the markets and suggested that the increased retention offset some of the projected rate increase.

Steve shared Market Quotes, as of April 26, 2024, that includes not-to-exceed numbers for Property. The quotes, in general, reflected a more modest increase in rate than was anticipated in the rating model adopted by the Board at its January meeting.

Steve advised that the renewal team would continue to work with the markets to explore additional cost savings. It was mentioned that a request had been made of the Cyber market to quote reduced Member deductibles and reduced CSDSIP Retentions. Additionally, a quota-share and/or excess Casualty market is being explored to diversify the casualty placement.

2. Board Director Term Expirations (Pool Agreement Article III – Directors & Officers)

Steve advised the Board that terms for Director Watson and Director Colonell expire June 30, 2024. Both Director Watson and Director Colonell have expressed their willingness and desire to be reappointed for an additional term. Director Watson clarified that she would willingly step down if there were other interested candidates to fill the position. The Board acknowledged her offer and affirmed that continuity at the Board level is preferred during this time of leadership change.

The Board revisited their decision to hold at the current seven directors. There was consensus that seven directors continue to be appropriate. It was expressed that if there were to be an expansion of the Board; it would be desirable to have representatives from the western portion of the state who have finance or risk management backgrounds.

The Board asked Steve to draft the Board Director Notification to Members with a statement including the Board's desire to attract more Member participation in the Councils to improve depth of potential Board candidates.

3. Policy Governance Review – Governance Process (Executive Limitations (EL-1 ~ EL-10) and Ends (E-1 ~ E-4)

The Board and Management Team reviewed Executive Limitations and Ends. Discussion ensued about the application of Staff Evaluation EL-6 and possible opportunities for improvement. It was agreed that the Performance Evaluation system needs updating to reflect the change in compensation philosophy, new job titles and include more

qualitative metrics. Steve advised that the Management team has been working on revisions but is behind due to staffing and other projects.

Additionally, Craig pointed out that both EL-7 and EL-8 included financial expenditure limitations of \$50,000. Craig recommended that these be increased to \$100,000. EL-9 needs to be administratively corrected in Annex I and IV to reflect correct position titles and depositories. EL-10 includes a \$50,000 claim value as a notification trigger. Craig suggested that the dollar value be struck and reword the trigger to reflect notifying the Board of major or significant claims.

The revisions will be brought back to the Board in September for review and adoption.

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

### **1. Renewal and Member Update**

Audrey reported the Team's activities to reach out to as many Members as possible to share the 2024 Rate Message which include 14 Renewal Meetings, 6 Superintendent Accountability Committee (SAC) Meetings, and other meetings with more than 105 Members in attendance. Members have received the message as well as possible with many understanding why and what is driving the rate, while still expressing their disappointment. Many Members have passed along positive comments about the new application system and in-person meetings.

Audrey updated the Board with the Team's progress in preparation of releasing Renewal Proposals by May 1<sup>st</sup> for those Members who successfully met the March submission deadline. Those who did will receive a Renewal Proposal by the end of the week (May 3<sup>rd</sup>).

She provided the Board an update of 9 "At-Risk" Members, Members who are doing their due diligence this year due to the expected large increase in contribution. She also shared that we have been contacted by a handful of former Members and prospects who are interested in quotes for the 2024 policy period. As we have a temporary pause on new Membership, she is starting the process to consider new Membership for the 2025 policy period.

She also provided the Board with an update of the flood zone project which is 95% completed, the onsite building appraisals, and Risk Programs External Audit.

### **2. 2024 Coverage Form Changes**

Audrey advised the Board that there are no substantive changes to the coverage documents at this time. Audrey commented that in addition to minor clean up that is needed, adjustments to the definitions of Builders Risk and Armed Personnel are being considered. If adjustments are made, they will not change the scope of the coverage but would be to clarify the terms used in the coverage grants.

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

Craig reported that the project is on track and progressing as expected. Craig advised that we are in the data mapping and conversion process. Craig shared that we are deliberately moving at a cautious pace so to ensure that we are collecting the most complete set of our data and have accurately mapped it to the new system. Craig remarked that the process requires the input of both our legacy system programmers as well as the new system programmers adding more time and effort to the project.

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

1. Legislative Session Update

Craig notified the Board that the referred measure bill amending the statute of limitations, the Open Meetings revisions and the modification of armed school personnel all failed. These three pieces of legislation had been a primary focus for Craig this year. Craig reported that as the session is nearing its end, he does not expect any last minute surprises.

**E. Claims Report – (EL-10)**

Andrea Leal introduced herself to the Board. Andrea provided a brief summary of her career experience and most recent position. Andrea is very excited about joining CSDSIP and working with the Membership. Andrea shared that a first priority is to meet the Membership beginning with those who are the most frequent producers of claim activity followed by those who have expressed service concerns or who have asked for more claim assistance.

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

1. Interim Financial Report

Lawrence reviewed interim financial statements, as of February 29, 2024, with the Board. At the conclusion of the first seven months of the year, reserves for losses are up significantly from the prior year mostly attributed to the summer storm losses. The statements show that a positive net income, \$4.8M, for the time period. Lawrence reminded the Board that we are just approaching the storm season so results may change by year's end.

2. Finance Council Update

Lawrence reported a summary of the Finance Council's meeting April 17, 2024. In addition to the review of the budget, Lawrence reported the Council received and discussed updated information concerning possible investment policy changes from the Pool's investment manager. This included a report depicting the Pool's portfolio as if the Pool's investment policy included a longer duration of treasury bills and permitted a portion of the portfolio to invest in corporate bonds with a maturity less than three years. These investment policy changes would provide the investment manager with a degree of additional latitude to manage the portfolio and may provide added diversification within the portfolio. The Council considered these changes along with the possibility of increased yield, but concluded that the additional risk associated with the changes did not support making a recommendation to change the investment policy at this time.

The Board thanked Lawrence and the Council for their work and review of the policy options. The Board discussed the proposed changes and agreed with the Council that now was not the right time to make a change. They asked Lawrence, and by extension the investment manager, to continue to explore and propose changes and options.

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

Mary Lee provided the Board with updated Vector Solutions implementation and activity numbers. Mary Lee shared with the Board that the learning management system is very much appreciated by those who have implemented it, and the Risk Control Team is continuing to promote the program to those who have not yet signed up. Director Turrell shared how easy the system is to use and how much it has improved efficiency in their school district training and documentation.

Additionally, Mary Lee provided an overview of the Risk Control Team's training and Member consultation. Mary Lee thanked the Board for continuing to support Vector and for approving the training budget. The Team will now be able to move forward with scheduling programs for the upcoming year. Mary Lee shared that programs under consideration include school safety with the I Love U Guys foundation, Title IX updates, and McGrath investigations.

**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.

During the monitoring report discussion, the Board expressed a desire to look at modifying upcoming meeting agendas to allow for more discussion on strategic objectives and emerging issues. They would like to explore modifying Department Reports to vary them in order, limit to one Department per meeting allowing that Department more time to dive more deeply into their activities and to allow all the members of the Department to join in the presentation.

**IX. Information Items:**

**A. 2024 AGRiP Leadership Conference Presentations**

The Board instructed Management to register for the AGRiP Culture Assessment survey and to provide updates as the assessment process progresses. Similarly, they asked that the subjects of Pool Governance and "Hug Your Haters" be brought back as work session discussion topics at future meetings as well.

**X. Future Meeting Dates:**

June 30 – July 2 – CSDSIP Membership Conference

Board asked to tentatively hold the afternoon of July 2 for a Board work session.

September 19 & 20 – Work Session and Meeting  
The Board changed the meeting dates to September 25 & 26

December 12 & 13 – Work Session and Meeting

**XI. Adjournment**

Board Chair adjourned the meeting at 12:07PM.