

**BOARD OF DIRECTORS
MEETING
SEPTEMBER 25, 2020**



Board of Director Minutes

BOARD MEMBERS PRESENT:

Kristin Bennett, Kristen Colonell, David Crews, Mike Page, Tom Turrell and Stephanie Watson in person. Dave Eastin by Zoom Meeting.

BOARD MEMBERS ABSENT:

None

POOL STAFF PRESENT:

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

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:

Dave Crews called the meeting to order at 9:05 a.m.

III. Discussion Items

A. 2020 – 2021 Actuarial Loss Study – Select Actuarial, Thomas Meyer & Betsy Southworth (EL-7)
Mr. Meyer and Ms. Southworth presented the results of the June 30, 2020 reserve analysis. Net outstanding losses as of June 30th totaled \$19,506,000 consisting of \$10,503,000 in case reserves and \$9,003,000 in IBNR reserves. Forecast loss for the 2020-2021 fiscal period, net of Member deductibles, totaled \$26,139,000. The loss forecast is comprised of \$22,186,000 for Property, \$3,020,000 for SEL and \$933,000 for Auto Liability. Property losses continue to be the primary driver of incurred losses for the Pool with wind and hail losses as the largest contributing factor in Property losses.

B. *Region 8 Enviro v. Las Animas School District* – Hall & Evans, Nicholas Snow & Ryan Winter

***20-09 Resolution to convene into Executive Session**

Resolved, That the Board approved to recess for an Executive Session, at 11:10 a.m., to receive legal advice related to the pending litigation of Region 8 v. Las Animas S.D. as well as threatened litigation by another party in that suit, pursuant to CRS § 24-6-402(4)(b).

1st Stephanie Watson

2nd Mike Page

Unanimous approval by Board members

***20-10 Resolution to reconvene out of Executive Session**

Resolved, That the Board reconvene out of Executive Session at 12:00 p.m.

1st Stephanie Watson

2nd Dave Crews

Unanimous approval by Board members

C. Board Composition & Status of Director David Crews

Director Dave Crews provided the Directors with an update on his current employment status. His contract ended 7/31/20 and he is currently unemployed, although he is actively seeking employment. His current Board term ends 6/30/2023.

The Board Directors reviewed and discussed application of Article III, subsection 3.02 and 3.05 of the Pool Agreement. Including Mr. Crews, there are a total of three Directors on the Board, that are no longer employed by a Member of the Pool. In accordance with Article III of the Pool Agreement, all three Director terms end June 30, 2021.

IV. Agenda Approval

A. Additions & Deletions to Agenda

Action Item B. Resolution to Request Director Crews to Serve until June 30, 2021 is added to the Agenda.

1st Kristen Colonell

2nd Kristin Bennett

Unanimous approval by Board Directors.

V. Action Items:

A. *20-11 GP-3: Resolution to Approve June 4, 2020 Minutes

Resolved, that the Board approve the June 4, 2020 Minutes are approved as presented.

1st Mike Page

2nd Stephanie Watson

Unanimous approval by Board Directors.

B. *20-12 GP-3: Resolution to Request Director Crews to Serve until June 30, 2021 per Pool Agreement Article III. Board of Directors and Officers, Section 3.05.

Resolved, that the Board requests Director Crews to serve through June 30, 2021 per Pool Agreement Article III. Board of Directors and Officers, Section 3.05.

1st Stephanie Watson

2nd Kristin Bennett

Unanimous approval by Board Directors.

VI. Standing Reports:

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

1. Equity Rate Model Review

Tod Walkington and Steve Fast presented a summary review of the experience modifier that will be implemented in 2021 – 2022 rating process. An example of the modifier process was provided. The actual parameters of the experience modifier will be decided concurrently with the rates for 2021-2022.

2. 2020 – 2021 Reinsurance Placement Review

Mr. Fast provided the Directors with an update on the 2020-2021 Reinsurance Placement. He advised that the number of Property reinsurers increased to maintain Pool Limits of \$1B Per Occurrence. Despite the decrease in property exposures, due to Members that left the Pool on 6/30/20, property reinsurance expenses increased of 2.3%.

Mr. Fast advised that the casualty reinsurer, Old Republic, remains the sole and primary market for the casualty lines of coverage. Attempts to quota share the casualty risk with another carrier was not successful. Additional markets were unwilling to negotiate price or the application of a communicable disease exclusion on the policy. He shared that post-inception, Old Republic has placed a moratorium on writing new business in areas where

wildfires are present. This is not currently impacting the Pool as we are not quoting any new business in the wildfire zones.

Coverage has been bound with a new Pollution carrier, Allianz, with similar terms, conditions and premium as the former carrier. The incumbent carrier placed multiple last-minute restrictive terms and conditions on the policy related to the uncertainty of prolonged school closures last spring and through the summer.

Mr. Fast stated that the contract with our insurance broker, Arthur J. Gallagher (AJG) renewed on 9/1/20. AJG volunteered to waive the CPI price adjustment for 2020 – 2021.

3. 2020 – 2021 CSDSIP Entity Insurance Placement
Mr. Fast reviewed the CSDSIP Entity Insurance Placement which renewed 9/1/20. He advised that the program renewed with similar coverage structures, limits, terms and conditions. He has requested AJG to obtain quotes for excess cyber limits. If favorable quotes are received, mid-term adjustments may be made and will be within the overall entity insurance budgeted amount.
4. 2020 – 2025 Strategic Plan Update
Mr. Fast shared that he has reintroduced the Strategic Plan to staff. He has updated the teams for the committees and will provide the Directors with an update in November as to where we are with each committee including the team leads, staff, committee accomplishments and works in process.
5. Staff Succession Plan
Mr. Fast presented the Staff Succession Plan.

B. Finance Report: T. Walkington (EL-7, EL-9)

1. Interim Financial Statements Review
Mr. Walkington provided the Directors with the June 2020 Financial Statements. Net income is expected to end up a little less than \$6,000,000 for the 12 months ending June 30, 2020. Several factors contributed the positive outcome including conservative estimates in the rate setting process. The positive 2019-2020 results largely offset the large negative net income from the prior fiscal year but it does not entirely replace the Surplus that was used over the last two fiscal periods.

Discussion was held with regard to \$18.5M Property Aggregate to the 2019 – 2020 policy which increased to \$22M for 2020 – 2021.

2. Investment Policy Compliance Report
Mr. Walkington advised the Board that we are in compliance with the Investment Policy. He stated that we are often bumping up against the mortgage-backed securities cap, which may be something that the Board would like to look at in the future.

C. Claims Report: S. Armstrong (EL-10)

1. Claims Activity & Status Report
Steve Armstrong provided the Directors with an update of claims activity. Overall claims activity is low, which is largely due to School just starting up and many Members holding remote learning due to COVID. Mr. Armstrong reviewed claim inventory and activity comparing year end and year to date activity for Property, SEL and Auto claims.

Mr. Armstrong reviewed particular claims of interest including the June 6th Property Derecho winds claims for six Members, six SEL claims highlighting updated status, exposure changes and claim plan of action, and one auto liability loss that involves significant injury and exposure

for one Member. He advised that we have received four COVID related Property/Extra Expense claims to date.

Mr. Armstrong reviewed multiple ongoing claim projects including updated Medicare reporting requirements, Member & Staff Lunch and Learn series, internal claim audits, development of Risk Referrals and updated litigation guidelines and rates for panel counsel.

Mr. Armstrong also provided the Directors with a sample of the Auto Accident Reporting cards that are in process of sending to all Members to enhance first notice reporting from claimants. Stephanie Wright, from our Risk Control Team, put together a video to show our Members how to fill out the forms.

D. Risk Programs Report: A. Mauser (EL-10)

1. 2020 – 2021 Policy Issuance Update

Audrey Mauser advised the Directors that all of the 2020 – 2021 Member Coverage Packets have been sent out to the Membership as of September 25th. The Member Coverage Packets do not include the Supplementary Coverages for Cyber, Pollution or Excess Crime Policies as we are awaiting those policies from the various carriers.

Our Risk Programs Team is now working on completing our post-inception endorsements and is starting to plan for 2021 Renewal.

E. Risk Control Report: M.L. Gibson (EL-10)

1. Human Resources Symposium Update

Mary Lee Gibson advised the Directors that Breahna Miller has set up four 90 minute Human Resources (HR) sessions that will be provided each Wednesday morning in October. Membership response has been strong. Topics are:

- Fair Labor Standards Act (FLSA)
- Family Medical Leave Act (FMLA)
- Reasonable Accommodations
- Sexual Harassment – Define the Line

2. Basic Digital Threat Assessment (DTA)

On September 22nd & September 23rd we hosted remote DTA. Each training had 20 Members attend. We are currently waiting for surveys to be completed and returned.

3. Quick-Access Training & Commercial Roof Maintenance Video

Ms. Gibson provided the Directors with an update as to their training. When some of their in-person training for the Fall had to be cancelled due to COVID regulations, the Risk Control Team shifted gears and shared with those Members by setting up cloned pages for two of our highly requested trainings for "Quick-Access" protecting them with just a simple password instead of a traditional log-in. Due to the success of the quick-access process and Member requests for program expansion, the Risk Control Team began work to streamlining the process while expanding training offerings. This need created our Quick-Access Training to help fill our Membership's training needs.

Risk Control staff is currently developing a roof maintenance video. There will be four sessions in the series:

- Anatomy of a roof
- Early signs of failures and some basic industry best practices regarding prevention
- Common roof losses
- Importance of having roof maintenance program

F. Legal Resources Report: C. Hein (EL-10)

1. Legal Resources Update
Discussion was had with regard to COVID and the mask requirement.
2. National Special Education Litigation
Special Education lawsuit named every school in the nation. Colorado schools should expect to be dropped.
3. Legislative Update
No updates as preliminary legislative discussions have been focused on funding.
4. Operations Advisory Council (OAC) Update
We will be reconvening OAC and the Directors were asked for suggestions for Members who could be on the committee. Mr. Hein shared that OAC will be focused on online training as Safe Schools has expressed interest to assist us with allowing us to share our training videos with our Members which would be trackable as to who has watched the video and when. Also, OAC will be focus on looking at what the Membership would like if we decide to go with a new technology platform.

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

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

VII. Information Items:

A. Sample Master Builders Risk Program

Mr. Fast stated that he provided the Directors with a sample Master Builders Risk Program as when he worked through reinsurance renewal this year the carriers pushed strongly to place this outside of our traditional program. This year there are a lot of Members who are trying to pass bonds in the general election so it might make sense to put this together if we have a lot of bonds that pass. He will provide an update at the November Board Meeting.

VIII. Future Meeting Dates:

November 20, 2020 – Meeting

IX. Adjournment

The meeting was adjourned at 2:58 p.m.