

BOARD OF DIRECTORS MEETING

SEPTEMBER 25, 2024 WORK SESSION MINUTES

SEPTEMBER 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.

GP-3-6. Board Monitoring Report: The Board will monitor its process and performance at each meeting. Self-monitoring will include a comparison of Board activity and discipline to policies in the Governance Process and Board-Staff Relationship categories.

II. WORK SESSION

III. Call to Order

Chairperson Turrell called the work session to order at 1:00 PM.

Board Members Present: Tom Turrell (Chair), Kristin Bennett, Kristen Colonell and Stephanie Watson in person. David Eastin (Treasurer) over zoom.

Board Members Absent: Mike Page (Vice Chair), Dave Crews (Secretary).

Staff Present: Ken Canning, Audrey Mauser, Mary Lee Gibson, Lawrence Mundy, and Andrea Leal. Peggy Espinosa and Seng Tsin until 1:30pm.

Guests Present: Dubravka Romano, consultant.

- IV.** The Finance team met with the Board and shared a presentation illustrating the operations of the Finance department. This included information on various accounts receivable/payable responsibilities, general ledger accounting reconciliation activities, reporting requirements and the external vendors that the Finance Department routinely works with.
- V.** Dubravka Romano of Romano Strategy Advisors was back for her third visit to present her final report. Ms. Romano provided a summary of her work for the Board and presented a list of eight strategic goals/focus areas for the Board to consider.
- VI.** Ken Canning discussed the results of the AGRiP Culture Assessment Survey that CSDSIP participated in back in June. The Culture Assessment was the main topic of the August AGRiP CEO Institute that Canning attended. Ken discussed the trends that were identified by the survey and CSDSIP's employees net promotor score. Ken discussed the approach the leadership team will take to develop the desired company culture going forward.

VII. Ken discussed Measures that Matter, a method that we will begin to employ to develop, measure, monitor and report on key performance indicators that can help drive organizational success. This will also complement and support our strategic planning and focus on goal execution.

VIII. Ken discussed AGRiP's Financial Benchmarking Initiative (FBI). CSDSIP participates in this program and AGRiP receives and analyses all participating Pools' financial statements on an annual basis. They then calculate various Insurance Regulatory Information System (IRIS) financial ratios. This is a great data tool that we can use to compare how we match up against a cohort of Pools nationally, regionally, or within Colorado specifically. For example, a review of the expense ratio showed that CSDSIP is considerably below the average for public entity risk pools.

IX. Adjourn

The Work Session Adjourned at 4:24 PM.

X. BOARD MEETING

XI. Call to Order:

Chairperson Turrell called the meeting to order at 9:02 A.M.

Board Members Present: Tom Turrell (Chair), David Eastin (Treasurer), Kristin Bennett, and Stephanie Watson in person. Kristen Colonell over zoom. Michael Page (Vice Chair) and David Crews (Secretary) joined over Zoom at 10:34 AM and left at 11:50 AM.

Staff Present: Ken Canning, Audrey Mauser, Mary Lee Gibson, Lawrence Mundy, Whitney Holland in person. Andrea Leal over zoom.

Guests Present: Jeanette O'Dell Member Cherry Creek and Elisabeth Rosen, Lobbyist

XII. Approve Minutes

Director Eastin moved to approve the minutes of The April 24-25, 2024 Work Session and Board Meeting and the July 2, 2024 Work Session. Seconded by Director Bennett. Motion passed unanimously.

XIII. Resolution to appoint Ken Canning as CSDSIP's designated AGRiP Representative

Director Watson moved that the Board appoint Executive Director Ken Canning as CSDSIP's designated representative to AGRiP (Association of Governmental Risk Pools). Seconded by Director Colonell. Motion passed unanimously. All Directors present signed a resolution to be presented to AGRiP.

XIV. Staff Reports:

A. Claims – Andrea Leal, Manager of Claims Services

Andrea announced while Clark is out on medical leave from August 20th – October 7th, we have contractually agreed to have Chris Rand from Eberl handle his desk while he is gone. Chris has extensive claims experience and is serving our member's well in Clark's absence.

In response to a Member's request for options for hail damaged roofs, we have added a new Appearance Allowance settlement choice for members whose metal roofs and components are still structurally sound and fully functional but sustained only cosmic damage.

Andrea discussed that a Member has asked that CSDSIP allow them to handle their own claims that fall within their deductible. While we don't currently offer a Self-Insured Retention Program, we have advised the Member that CSDSIP is willing to do this on a trial basis, with clear parameters, to see if we can meet their needs. We also learned that other Members may be doing this already without our knowledge. If this pilot is successful, we would like to formalize the practice and roll it out to more Members if appropriate.

B. Underwriting – Audrey Mauser, Manager of Underwriting

Audrey updated the Board on the current search to fill one of two open Underwriting positions. We received 80+ applicants, and completed 17 intro calls, 5 first round interviews, and 3 second round interviews. We are in the process of evaluating the finalists making a final decision and job offer.

Audrey briefly discussed the external Underwriting Audit that was conducted last year by iCRMS. We are in the process of reviewing the report in greater detail and plan to present results to the Board at the December Board Meeting.

Audrey discussed another completed project involving building appraisals. We have received the final reports from HCA who conducted onsite physical building appraisals of

approximately 9 Member locations. We're in the process of reviewing the reports in greater detail and plan to present the results to the Board at the December Board Meeting.

C. Risk Control - Mary Lee Gibson, Risk Control Supervisor

Mary Lee discussed the Bi-annual Member conference that took place in July 2024. Mary Lee advised that the McGrath Response system for Title IX investigation training is a success with members.

Mary Lee advised that we are currently seeking to fill an open Risk Consultant position and have received over 70 applications, of which approximately 6 that seem viable for consideration.

Risk Control is doing research for members on topics like Guardian caps.

Mary Lee discussed Vector solutions. 57 CSDSIP Members have not signed up. Mary Lee has visited Members and made phone calls to get members to sign up. If Members want to be compliant with cyber, they need to do training through Vector Solutions. Mary Lee stated that sign up has improved and cites Members being short staffed as a reason why they haven't signed up. Public school works is used other than vector. Although CSDSIP does not have every Member on Vector Solutions, every Member has an adequate platform.

D. Finance – Lawrence Mundy, Manager of Financial Services

Lawrence presented a Financial Report to the Board. It was mentioned that the the Finance team has been primarily focused on providing CSDSIP's external auditors, Plante Moran, with requested information as part of the financial audit for the year ended June 30, 2024. Additionally, the Finance Department provided CSDSIP's external actuaries, Select Actuarial Services, with the necessary loss run and exposure files to complete the reserve study for June 30, 2024. It was explained that this information will also be used in the upcoming forward-looking loss projections which are an important driver in the Board's rate options sheet that Management expects to present to the CSDSIP Board in January 2025 for the 25-26 policy period. Additionally, this information to be used for the upcoming capital adequacy study. The last adequacy study was completed on December 30, 2021.

Lawrence reported on CSDSIP's investment portfolio. Lawrence commented that this time of year is always very busy from a treasury management standpoint due to member renewal contributions and large outgoing reinsurance premium payments. There has been increased coordination with CSDSIP's investment manager, RBC, to manage the timing of investing activities to ensure adequate cash is in place to settle large claims and pay reinsurance premiums for the current policy year. Cash management strategies aim to ensure that any monies invested according to the Board's investment policy do not

immediately result in a subsequent need to sell securities to raise cash. A notable portion of the Pool's investments are in short-term securities to manage cash needs.

Lawrence provided an overview of the preliminary year-end results for FY 23-24 with comparative data through FY 22-23. Lawrence mentioned the addition of selected Financial Ratios from AGRiP's Financial Benchmarking Initiative (FBI) were added to the Finance report. Discussion ensued about adding contextual information to this schedule showing how CSDSIP's compares specified ranges and suggested targeted levels discussed in the FBI.

Lawrence provided a recap of estimated actual operating expenses compared to the budgeted expenses for FY 23-24. For payroll expense, it was explained that actual expenses for several departments were projected to be below budget due to unfilled positions and turnover during the year. Other estimated operating actual-to-budgeted results were presented.

Lawrence presented a new series of charts in the Finance report summarizing Claim losses for FY 23-24. These charts included a breakdown of claim activity by indemnity, expense, member deductible and reinsurance activity by lines of business. Information was also provided on specific property claims over \$1 million dollars occurring for FY 22-23 and information summarizing amounts incurred in the Property Aggregate program since FY 18-19. Charts summarizing certain claim statistics for School Entity Liability and Auto Liability were also discussed.

IX. Executive Session

Begin Recording: Director Eastin motioned: *I move the board go into executive session for the purposes of discussing two personnel matters pursuant to Colorado Revised Statute 24-6-402(4)(f), the first matter relating to a complaint filed against employee Craig Hein, and the second matter relating to contract negotiations of the Executive Director employment contract for Ken Canning.* Seconded by Director Watson. Motion passed unanimously and the Board entered Executive Session at 10:35AM.

Director Crews moved the Board exit Executive Session. Seconded by Director Bennett. Motion passed unanimously and the Board exited Executive Session at 11:18 AM. Recording Stopped.

No subsequent action taken.

X. Legislative Update

Elizabeth Rosen of Political Advocacy, Inc., our contracted lobbyist presented a legislative update to include a summary of the last legislative session and a preview of potential bills of interest that may be introduced in the upcoming legislative session.

XI. Assistant Executive Director's Report – Craig Hein

While out on intermittent Family Leave, Craig continues to work approximately one day per week and has submitted a written report updating the Board on his areas of responsibility.

XII. Executive Director's Report – Ken Canning

Ken provided the Board with an update of his activities to improve office culture since joining the organization in June. Ken provided updates on several items including the initiative to allow employees to telecommute one day a week in accordance with the Employee Handbook and revised Telecommuting Agreement and Assignment form.

Ken informed the Board that the Risk Programs Department has changed its name to Underwriting to better reflect its activities.

Ken provided an update on the implementation of the PCIS ClaimsVision RIMS software program. The data conversion is progressing and PCIS will be onsite in October to review the progress made to date and recast a timeline to go-live with the new system.

Ken discussed a new approach to handling cosmetic-only damage to metal roofs. We anticipate this approach will reduce the cost of hail claims going forward.

Ken advised that we will be enrolling all staff in AGRiP's online learning platform – Pooling Academy. This will help to build a common understanding of public entity risk pooling and develop a positive cohesive culture going forward.

XIII. Information Items:

Canning advised the Board that we need to install fire alarm/strobe light notifiers throughout the building to bring CSDSIP's current fire alarm and detection system up to code. We were previously grandfathered by the local fire department having jurisdiction.

XIV. Future Meeting Dates:

December 12 & 13 – Work Session and Board Meeting

January: To be determined by the Board in December

XV. Adjournment

Motion to adjourn the Board Meeting at 12:57 P.M.

Motion moved by Director Watson, seconded by Director Bennett. The motion passed unanimously.