

P.O. Box J, Prague, Oklahoma 74864
909 North Jim Thorpe Boulevard

ASSOCIATION OF GOVERNMENTAL RISK POOLS

Minutes
Board of Directors Meeting
March 11, 2007
Palmero Room
Hyatt Regency La Jolla
San Diego, California

(Note. Consistent with Board Governance Policy 5.6, votes that are unanimous among those voting are recorded as “carried” or “failed. If there is a “split vote” it is recorded by noting the number of votes “for”, “against”, “abstained” or “absent” among those otherwise reflected as “present”; unless a roll call vote is taken, wherein the vote of each Board member is recorded the same as in a “split vote”).

President Rhyner called the meeting to order at 3:05 p.m. Pacific Daylight Savings Time on Sunday, March 11, 2007.

Directors present were:

President Michael Rhyner, Michigan Municipal Risk Management Authority
President-elect John Sallade, County Commissioners Association of Pennsylvania
Vice President-elect Cheryle Mangels, Colorado School Districts Self Insurance Pool
Donna Abersman, Alliance of Schools for Cooperative Insurance Programs (CA)
Shawn Bubb, Montana Schools Group Insurance Authority
Ken Horner, Cities and Villages Mutual Insurance Company (WI)
Steven James, Maryland Association of Boards of Education
Lester Nixon, Utah Counties Insurance Pool

Also present were AGRiP CEO Harold Pumford and Director of Membership Services Bill Tackett

Absent was Director Brent Wilkes, Public Employer Risk Management Association, Inc. (NY).

Approval of Agenda

Mr. Horner, seconded by Mr. James, moved to approve the Agenda as presented with the addition of discussion as to location for the 2008 board retreat and the June linkage meeting with the board of the Public Risk Management Association to “Board Member Questions and Discussion”. The motion carried.

Consent Docket

Mr. Sallade, seconded by Ms. Mangels, moved to approve the Consent Docket items as presented. The motion carried.

Consent items approved were:

- a) Minutes of the January 29-30, 2007 meeting, and
- b) Receive Financial Statements for the period ended January 31, 2007.

President's Report

President Rhyner noted that Mr. Pumford was invited and gave presentations on issues and trends in pooling and board governance at the recent MMRMA Winter Workshop. He advised that MMRMA had added more educational content to the workshop this year. He noted that the CEO did a fantastic job in presenting information and representing pooling.

CEO Organizational Report

Mr. Pumford distributed and reviewed his CEO Organizational Report and reviewed the numbers of members by various categories included in the report. His report also reviewed the registration and program details for the 2007 AGRiP Spring Conference that will begin with a reception after the board meeting.

He also reviewed a recent request for AGRiP membership by United Educators Insurance Company, which is organized as a Risk Retention Group of public and private schools and institutions of higher education. He said he had advised that they qualified for membership as a pool, although they were interested in Partner membership as they consider themselves, in part, to be a reinsurer for pools. He advised that he believes a review is needed of the criteria for the various membership categories, especially as to "pools".

Mr. Sallade suggested that a Board committee study the question of membership categories and for the Board to further consider this question. President Rhyner appointed directors Sallade, Nixon and Abersman as a committee to review the membership criteria for pools. He suggested that the committee meet at the June PRIMA Conference in June with a goal to have a report to the Board at the August meeting.

Evaluation of CEO Monitoring Reports

The board next took up the evaluation of the CEO, pursuant to BSR-4 Monitoring Method and Frequency, as to Monitoring Reports filed for:

1. Executive Limitation Policy 2 –*Emergency CEO Succession*
2. Executive Limitation Policy 3 – *Treatment of Members/Others*
3. Executive Limitation Policy 10 – *Communication and Counsel to the Board*
4. Executive Limitation Policy 11 – *Conduct of Board Elections, Appointments and Certification of Eligibility*
5. Ends 2 – *Effective Governance and Management*

The Board members reviewed and discussed with Mr. Pumford each Monitoring Report. Following a review of each report the following actions were taken:

Mr. Horner, seconded by Ms. Mangels, moved that the CEO has achieved Substantial Compliance regarding EL-2 on Emergency CEO Succession. The motion carried.

Mr. Horner, seconded by Mr. James, moved that the CEO has achieved Substantial Compliance regarding EL-3 on Treatment of Members/Others. The motion carried.

President Rhyner called for a break at 4:30 p.m.

President Rhyner reconvened the meeting at 4:40 p.m.

While reviewing his Monitoring Report for EL-10, Mr. Pumford noted an error in his response to EL-10 11, in that the October 2006 minutes were not provided to the board until one day after the "15 working days" requirement of the policy. Thereafter, Ms. Mangels, seconded by Mr. James, moved that the CEO has achieved Substantial Compliance regarding EL-10 on Communication and Counsel to the Board. The motion carried.

Mr. Sallade, seconded by Mr. James, moved that the CEO has achieved Substantial Compliance regarding EL-11 on Conduct of Board Elections, Appointments and Certification of Eligibility. The motion carried.

Ms. Abersman, seconded by Ms. Mangels, moved that the CEO has achieved Exemplary Performance regarding E-2 on Effective Governance and Management. The motion carried.

Report of the Board Audit Committee on the Calendar Year 2006 Financial Audit

Mr. Sallade, as chairman, reported that he and audit committee members James and Bubb met with Nate Atchison of the Finley & Cook audit firm via a conference call. He noted that Mr. Atchison conveyed to the committee that good cooperation was received from staff, especially since this was the first year for the firm to conduct the audit. The firm issued a clean opinion with no indications of fraud and no material findings. Mr. Sallade noted that the auditor reported one Management Letter comment regarding failure to defer credit card payments the same as cash payments. Mr. Pumford advised that this was corrected once brought to his attention. Mr. Sallade noted that the reported \$16,000 net loss for the year was primarily due to the Governance and Leadership Conference in New York City where net income was less than budgeted, as Mr. Pumford previously advised.

Mr. Horner, seconded by Ms. Mangels moved to accept the 2006 audit report as prepared by Finley & Cook, PLLC, CPAs. The motion carried.

Consider recommendations from the CEO to establish a dues category for Pool-Regular and Pool-Affiliate members that have only health benefits programs.

Mr. Pumford advised that he had no recommendation at this time and that he requested that the item be withdrawn.

Board Monitoring of Performance

The Board next monitored its process and performance for the meeting under standards reflected in the GP and B/SR Policies, especially as to comparison of actual board activity and discipline. (GP-2, 8 and GP-8, 4.a.). While the general consensus was for exemplary compliance, no formal motion was offered

Board Member Questions and Discussion.

In reviewing actions required to prepared for the August meeting it was determined:

1. To include renewed discussion of a CEO Succession Plan as requested by Mrs. Abersman.
2. CEO to prepare Monitoring Reports.
3. CEO to prepare further recommendations on dues structure for pools that provide only a health benefits program.

The Board also discussed the June linkage meeting with the PRIMA Board. As PRIMA has a new executive director this is deemed an ideal opportunity to discuss the pooling track for the PRIMA annual conference and future cooperative efforts between the two organizations. Prior to the meeting Mr. Pumford is to send to the board a copy of the Memorandum of Understanding between PRIMA and AGRiP along with a list of the PRIMA Board members.

As this was the last meeting for Mr. Rhyner to serve in his current term as President, board members expressed their appreciation for his work and leadership the past two years.

Mr. James, seconded by Mr. Horner moved for adjournment. Motion carried. Meeting adjourned at 5:59 p.m.