

**P.O. Box J, Prague, Oklahoma 74864**  
1023 North Jim Thorpe Boulevard

## **ASSOCIATION OF GOVERNMENTAL RISK POOLS**

### **Minutes**

#### **Board of Directors Meeting**

**March 13, 2011**

**Palm Boardroom**

**Hilton**

**Clearwater Beach, FL**

(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 Bubb called the meeting to order at 3:00 p.m. on Sunday, March 13, 2011.

Directors present were:

President Shawn Bubb, Montana Schools Group Insurance Authority  
Vice President David Brooks, County Commissioners Association of Ohio  
Donna Abersman, Alliance of Schools for Cooperative Insurance Programs (CA)  
Steven James, Maryland Association of Boards of Education  
Johnnie Miller, Utah Counties Insurance Pool  
Terry Norwood, Midwest Public Risk (MO)  
Michael Rhyner, Michigan Municipal Risk Management Authority  
Robyn Sykes, Minnesota Counties Intergovernmental Trust  
Jonathan Woods, Oklahoma Municipal Assurance Group

Also present was AGRiP CEO Harold Pumford.

### **Approval of Agenda**

Mr. James, seconded by Mr. Rhyner, moved to approve the Agenda as presented. The motion carried.

### **Consent Docket**

Mr. Miller, seconded by Mr. Brooks, moved to approve the Consent Docket consisting of the Minutes of the January 24-25, 2011 meeting. The motion carried.

It was noted that Mr. Pumford will revise the minutes to reflect the discussion at the meeting regarding the need to re-write Executive Limitations policies with a more positive or affirming tone.

### **CEO Organizational Report**

Mr. Pumford said he did not prepare a separate CEO Organizational Report since all reportable issues are addressed in other scheduled agenda items.

## **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/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. James, seconded by Mr. Rhyner, moved that the CEO has achieved Substantial Compliance regarding EL-2 on Emergency CEO Succession. The motion carried.

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

Mr. James, seconded by Mr. Norwood, moved that the CEO has achieved Substantial Compliance regarding EL-10 on Communication and Counsel to the Board. The motion carried.

Mr. Miller, seconded by Ms. Sykes, 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 Mr. James, moved that the CEO has achieved Exemplary Performance regarding E-2 on Effective Governance/Management. The motion carried.

At this point discussion turned to Jenny Emery who recently retired from full-time work with Towers Watson and the positive impacts she has had on public entity risk pooling during her long career as a consultant and broker since leaving public entity risk management. Ms. Abersman volunteered to draft a board resolution to recognize her service, which was considered later in the meeting.

Ms. Abersman moved, seconded by Mr. Rhyner to approve a resolution honoring Jenny Emery. The motion carried. A copy of the resolution is attached to these minutes.

It was agreed that the President would make a presentation of the resolution to Ms. Emery on Tuesday morning of the AGRiP 2011 Spring Conference following this meeting; and that a plaque containing the text of the resolution would also be prepared and presented to her.

### **Report of the Board Committee to Study Issues Related to Designated Representatives**

Mr. James, on behalf of committee members Brooks and Woods, presented a written report reviewing a study of the By-Laws in regard to the provisions related to member Designated Representatives. The report noted that the committee considered if changes in the By-Laws or policies regarding Designated Representatives were needed as to who could serve on the board. He said the committee decided to recommend that no changes were needed to the Bylaws or policies on who may be a Designated Representative or who may serve on the board.

### **Report of the Board Audit Committee on the Calendar Year 2010 Financial Audit**

Mr. Bubb, as committee chairman, reported that audit committee members James and Norwood and he met via a conference call with Nate Atchison of the Finley & Cook audit firm to review the audit prepared by the firm. He noted that Mr. Atchison conveyed to the committee that good cooperation was received from staff and that the firm issued a clean opinion with no indications of fraud and no material findings. The audit reported \$1,034,732 in Revenues and \$949,143 in Expenses, for a year change in net assets of \$85,589. As of year-end, the association had \$1,060,297 in total assets with \$419,789 in current liabilities and \$640,508 in unrestricted net assets. He said the auditors did not identify any issues that warranted reporting in a Management Letter. Mr. Bubb noted that the Finley & Cook firm is engaged to do the annual audits through 2011. The committee then recommended acceptance of the 2010 audit report as prepared by the firm of Finley & Cook. There being no objection, the President declared the report accepted.

### **Set Monitoring Method and Schedule for End 5 on Service Awards**

Mr. Brooks, seconded by Mr. James, moved to specify "Internal Report" as the monitoring method and "Annually at the Spring Conference" as the monitoring frequency for the new End Policy 5 on Service Awards that was adopted at the January meeting. The motion carried.

### **Revisions to the Advisory Standards**

Mr. Pumford noted that in mid-2009 he asked the Membership Practices Committee to review state audits of the Kentucky League of Cities and the Kentucky Association of Counties for any revised or new best practice standards that should be considered for the AGRiP Advisory Standards. He noted that both audits dealt with various aspects of the role of each of the two associations as contract administrators for their associated pools that were essentially managed as service programs of the association; rather than as an independent contractor. He noted that the committee had extensive discussion through email and in-person meetings, of possible additions to the Advisory Standards based on findings in these audits. Mr. Pumford said he was recommending most of the changes suggested by the committee in the formal written report he presented with the agenda. There was an extensive discussion of the proposed additions and revisions to the Standards as presented by Mr. Pumford. Mr. Woods, seconded by Ms. Sykes, moved to adopt the revised Advisory Standards as presented, with these further changes:

1. rephrase III-F to read, "The pool utilizes a transparent, competitive selection process";
2. rephrase III-G to read, "The pool board has arranged for independent legal advice (general counsel to the pool governing board) regarding governance and operational issues";
3. rephrasing VII-A to add the second sentence as a new VII-B to read, "The governing board or its designated committee reviews budget to actual expenditures detail reports regularly to assure expenditures are appropriate" and to renumber the remaining VII standards accordingly;

4. rephrase the original VII-G (now VII-H) to read, “The audit includes an independent auditor’s report on internal controls that provide a report on the status of previous year’s recommended actions which is distributed to the board”;
5. rephrase VII-I (now VII-J) to read, “Financial reports of the pool are distributed to or otherwise made available to pool members at least annually;
6. rephrase XI-A to read, “The pool governing board assures that board members receive a regular orientation program”, and
7. rephrase XI-F to read, “The governing body has a policy in regard to how they are to receive reports on/or from executive staff, key functional areas and service providers”

The motion carried.

#### **Consideration of written nominations for Honorary Lifetime Associate Membership**

Mr. Pumford advised that there were no written nominations.

#### **Clarifying motions on establishing a permanent headquarters in Austin, Texas**

Under the agenda items for “Board Member Questions and Discussion” and “Other Business”, Mr. Norwood proposed to further clarify the intent of the board expressed in January to establish a permanent headquarters in Austin as there seemed to be some anxiety among staff as to the timing of such a move and how selection of contract management for functions of the CEO might affect such a move. Mr. Pumford said he may have wrongly lead the staff to believe that should a contract management organization be selected he thought it was likely that the office would probably be located at the home base of the management organization. He also noted that he was looking into the prospect of establishing an office in Austin before his retirement.

After further discussion, Mr. Woods, seconded by Mr. Rhyner, moved that the AGRIP headquarters office be moved to Austin, TX, no later than six months after Mr. Pumford’s retirement. The motion carried.

Next, Mr. Woods, second by Mr. Rhyner moved that any contract scheme used to manage the association would include utilization of the then existing association staff. The motion carried.

#### **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.). The general consensus was that the board process and performance was good, and that there had been very honest and open discussion on various views expressed by board members; however, no formal motion was offered.

#### **Review Required Actions to Prepare for the Next Meeting**

In reviewing actions required to prepare for the October meeting in Atlanta, GA it was determined:

1. The meeting will begin at 3 pm.
2. Model CEO Succession Plan committee - continue its work.
3. Board - Linkage discussions will be held with pool governing board members and AQEI Patrons.
4. Board – plan for discussion on the Carver Policy Governance process.

5. Board – plan for further review of the Advisory Standards.
6. Pumford - prepare CEO Monitoring Reports scheduled for the meeting.

President Bubb adjourned the meeting at 6:06 p.m.

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Harold Pumford, CEO

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Date

### **RESOLUTION**

WHEREAS, a central mission of the Association of Governmental Risk Pools is to promote the interests of public risk pooling; and

WHEREAS, AGRiP has sought to form partnerships within the risk pooling community to advance the interests of public risk pools; and

WHEREAS, AGRiP has partnered with individuals and organizations within the risk management, insurance and brokerage communities to deliver superior educational programs to AGRiP members, including especially those programs made possible through the Quality Education Initiative; and

WHEREAS, AGRiP wishes to acknowledge and thank those individuals who have been especially generous in the giving of their time and exceptionally effective in providing educational programs for AGRiP members;

**THEREFORE**, BE IT RESOLVED, that Jenny Emery, formerly of Towers Watson, be recognized for her exceptional service to AGRiP and her generous contribution of time, energy and expertise to the risk pooling community.

Resolution adopted by the AGRiP Board of Directors, Sunday, March 13, 2011, in Clearwater Beach, Florida. Presented by AGRiP President Shawn Bubb during the Tuesday, March 15 Keynote session.

**2011 AGRIP Spring Conference  
Board Linkage Lunch With Pool Staff  
March 14, 2011  
Moderator: Director Johnnie Miller**

Director Miller welcomed attendees, and began the discussion by asking them to think about what AGRIP can do for pool staff, and stated that pool directors are only as good as pool staff. He also asked what first time attendees expect from AGRIP, and stressed that there are both basic and more advanced sessions at the conference.

A question was asked about the possibility of AGRIP sessions qualifying for continuing education credits for specialties such as CPA's and attorneys. AGRIP CEO Harold Pumford replied that typical continuing education courses approved for licensing requirements don't apply specifically to pooling, and AGRIP sessions are specific for pools. An attendee commented that he appreciates the Pool Counsel Track Sessions.

A question was asked about national associations such as AGRIP providing information and assistance on labor relations. Pumford stated that issues associated with labor relations often are addressed in sessions on employment practice and human resources. Pumford also stated that those issues often come up Health Benefit Pools, as unions are often involved with health programs, and AGRIP conferences now have sessions relating to Benefit Pools.

Director Miller stated that city, county, and school pools are represented at the lunch, and asked if there were any concerns specific to their types of pools.

Joel Kress from Government Entities Mutual (GEM) stated he is pleased to see pools being developed as a business model and as an industry, and is pleased that AGRIP is assisting with these endeavors.

An attendee from New York stated that he is seeing more pools being "under water", and that sometimes there is a tendency to focus on what is happening in a specific state, and we need to focus on what is happening nationally.

Director Miller stated that AGRIP is the only association that is devoted exclusively to pools, and input from members is essential.

Director Miller asked the group about their experiences with webinars. Mr. Kress from GEM stated they use them, the user logs in, and they are not interactive.

An attendee stated that they are careful to script the information, and not go "off the cuff". Another pool stated that their webinars are interactive, and discussion is "free-flowing". Another pool emphasized that prior promotion is important, to only do "hot topics", to remind registrants the day before, and maintain a library.

Attendees were asked if it would be helpful for the sessions at AGRIP to be on video, and all attendees responded yes.

A question was asked about the extent of participation in list servers. The majority responded that they were on some type of electronic mailing list. Director Woods stated that often you receive too many responses, but they are very valuable, they test your knowledge. He stated that AGRIP has an extensive list of resources.

Pumford then explained the Public Information Exchange. Pumford also encouraged attendees to contact staff for information in addition to trying to obtain information strictly from the web site. Pumford asked attendees how many were aware that they could contact AGRIP staff for information, and about one third of attendees responded affirmatively.

An attendee asked to contrast National League of Cities-RISC with AGRIP. Pumford explained that NLC-RISC is an association of municipal league-sponsored pools that provide information and training for member pools. Three fourths of NLC-RISC pools are members of AGRIP.

Director Miller asked the attendees to contact either Harold or a board member if they would like to see topics added to AGRIP conferences. He also stated that if they have written an article, or if they see an article that they believe would benefit the pooling community, to contact Harold.

Pumford gave attendees an update of the issues involved with the investigations and reports of the New Hampshire Secretary of States' Bureau of Securities on the Local Government Center.

David Brooks, County Risk Sharing Authority