

Key Governance Practices

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CIRSA Our Story Membership Size Lines of Coverage Total Revenue Today's Discussion Overview Key Governance Practices Foundational Fiduciary Operational Points to Ponder & Lessons Learned ? Closing Questions and Answers

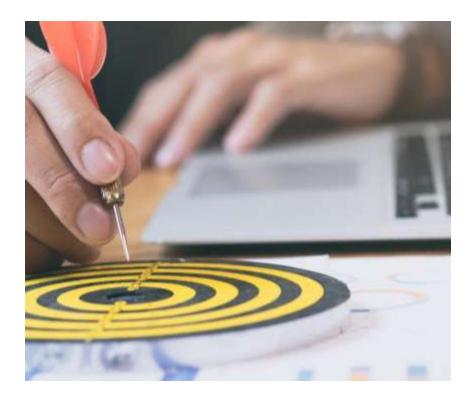


- Founded in 1982
- Membership: 276 municipalities and affiliated entities
- Seven Directors
- Lines of Coverage
 - Property/Casualty
 - Workers' Compensation
 - Optional Coverages
- Total Revenue: \$27,433,840 (2018)

Key Governance Practices

Three Buckets

- Foundational
- Fiduciary
- Operational





Foundational

Formation Documents

- Intergovernmental Agreement
- Joint Powers Agreement
- Interlocal Agreement
- Trust Agreement
- Articles of Incorporation

Governance Documents

- Bylaws
- Governance Policies
- Membership Documents



Foundational – Points to Ponder:

Do your formation/governance documents:

- Include "job descriptions" for the Board and Board members?
- Allocate responsibilities of Board / CEO?
- Address liability / indemnity of the Board and its members?



Fiduciary

- Protection of the pool's interests and assets
- Review and discuss pool's overall financial solvency and performance
- Require and review annual actuarial study to determine reserve adequacy
- Establish policy regarding net position and annual review of net position in relation to target
- Adopt and review investment policies
- Review and discuss financial statements (per GAAP or any regulatory standards)
- Review and discuss annual audit of financial records
- Establish written policies for assessments
- Require and review other audits as appropriate



Fiduciary Points to Ponder – Do We:

- Regularly train on fiduciary obligations?
- Have a board code of conduct addressing our ethical expectations and obligations?
- Have a common understanding of board member role as contrasted to member role?



Fiduciary Points to Ponder – Do We:

- Have a full picture of the pool's structure?
- E.g., In-house staff, vendors, TPAs, brokers, etc.
- Who serves/provides services, and when and how are they paid?
- Obtain such information as we need to perform our responsibilities knowledgeably and prudently?



Operational

- Orientation
- Approval of new members
- Develop and maintain long-term strategic plan, including method/process to review strategic plan
- Regular consideration of pool's investment strategy and its connection to net position
- Approval of budget
- Review or approval of general policies applicable to staff
- Approval of minutes of its meetings



Operational Points to Ponder:

With respect to pool operations:

- What is the Board's involvement with claims?
- What is the Board's role respecting the pool's coverages?
- Do we have a communications policy?
- How are individual areas of interest identified and managed?

Concluding Thoughts

- "Care and feeding" of good governance is a shared responsibility
- Irrespective of size, structure, allocations of authority, etc., good governance is built on transparency
- Key documents should address key issues AND <u>be available and understood</u> <u>throughout the organization</u>
- Expect and provide orientation on key foundational, fiduciary and operational matters
- Share a story...



Resources

- CIRSA Bylaws and Intergovernmental Agreement: PDF attached. <u>https://www.cirsa.org/wp-content/uploads/2018/02/CIRSA-Bylaws-Update.pdf</u>
- CIRSA Board Governance Policy: PDF attached. <u>https://www.cirsa.org/wp-content/uploads/2018/08/Board-Governance-Policy-Update.pdf</u>
- AGRiP Advisory Standards: <u>https://higherlogicdownload.s3.amazonaws.com/AGRIP/613d38fc-c2ec-4e1a-b31f-03fa706321aa/UploadedImages/2019</u> AdvisoryStandardsOnly.pdf

2/24/2020

