PUBLIC ENTITY PARTNERS
BOARD OF DIRECTORS
MINUTES OF MEETING
DATE OF MEETING: December 11th, 2024
10:00 a.m.

The Board of Directors of Public Entity Partners ("PE Partners") met at 10:00a.am. on December 11th, 2024, at PE Partners' offices in Franklin, Tennessee.

Board Members Present: Chairman Randy Brundige, Vice Chairman Victor Lay, Mayor John Holden, Mayor Preece, Mayor Stover, Todd Smith, Commissioner Sam Tharpe and Councilmember Hardison.

PE Partners Staff Present: Michael Fann, President/CEO; Amanda Shrum, CFO; Halie Gallik, Board Secretary; George Dalton, Executive Vice President; Celeste Taylor, Director of Human Resources; Elisha Hodge, Director of Member and Legal Services; Chester Darden, Director of Loss Control; Carly Salah, Communications and Research Manager, Allen Dean, IT Manager, Jason Dodson, Assistant IT Manager, and Janine Helton, Assistant Director of Underwriting.

Also Present: Russ Farrar, Farrar & Bates; Kristin Berexa, Farrar & Bates; Jim Morrison, PRS; Bill Kelso, LBMC; Wade Morell, TMBF; Anthony Haynes, TML

Chairman Randy Brundige called the meeting to order.

Roll call was taken. All members were present except for Mayor Brown.

I. **Approval of Minutes**

Motion made by Todd Smith to approve the minutes of September 17, 2024 seconded by Mayor Lois Preece. PASSED UNANIMOUSLY

Motion made by Victor Lay to approve minutes of October 28, 2024 seconded by Commissioner Sam Tharpe. PASSED UNANIMOUSLY

II. **Audit Report**

Bill Kelso – Bill Kelso with LBMC, I want to thank you guys for inviting us over today. You have two reports in front of you but first, the smaller one is a summary of the things that we have done and some of our communications and then the second of course is the audit report. I guess I would tell you, no issues were raised, either in the financial statements or our work on internal controls. Amanda and the team did great work as always and I will answer any questions you guys have.

Chairman Brundige – Any questions?

Motion made by Todd Smith to approve the audit report seconded by Mayor Stover. PASSED UNANIMOUSLY

III. **Financial Reports –**
   a. **Financial Statement – September 30, 2024**
   b. **General & Administrative Budget Report – September 30, 2024**
   c. **Investment Report – November 30, 2024**

Amanda Shrum – And I want to say thank you to Bill.

Michael Fann – Yes, thank you Bill.

Amanda Shrum – The financial reports are going to be under Tab 2 in your books. The first thing we're going to go through will be the statements of Revenues, Expenses and Changes in Net Position as of September 30th.

As of September 30th, Net earned premium is reported at $19.7 million, which is up $1 million from last year and Total Revenues were reported at $21.3 million – down $56,000 from last year. We did realize $1.5 million in losses on investments as of September 30th and those losses are reflected in that $1.5 million dollars of income. So, without the losses we would have had about a $3 million investment income, but that wasn't part of our plan as we've been discussing, is to take losses when it benefits us to do so to move into instruments with higher yields, we're looking for lower duration instruments to replace those with at this time.

If you look down to the Total Loss and Loss Adjustment expense, you will see that we report an increase from last year at this time of $344,000.

Policy acquisition costs have increased around $531,000. A good portion of that is due to our increase in our full package bonuses that we've doubled for this year and also we did a 50% increase in the agent full package bonuses for this year. And we've also seen an increase in agent commission payments. Of course, we've got the 7/1 renewal in this set of financials and with premium increases and exposures increasing, as of 7/1, you'll see of course an increase in agent commissions. General and administrative expenses have increased $246,000 from last year.

So, as of September 30th, our Total Expenses were $21.9 million – an increase from $1.1 million from last year. That brings our Operating Loss to $593,000 as of September 30th.

However, with our increase in Fair Value on Investments of $12.6 million, that increased our Change in Net Position up $12.0 million, leaving us with an Ending Net Position of $140.2 million which is up from $101 million this time last year.

And like I said, a big portion of that is just our investment values are starting to come back now.

So, does anyone have any questions on the revenue and the expenses?

Amanda Shrum –If you'll turn to the next page we've got the statement of net position. And just a few items to note here, our cash and our market values are up $42.9 million from last year which is what I spoke of. Our total assets were up $43.4 million, while our total liabilities were only up 4.2 million from last year.

So, if anybody's got any questions on the financial statements.

Chairman Randy Brundige – Do I have a motion to adopt the financial statements for September 30, 2024.

Motion made by Victor Lay to adopt the Financial Statements as of September 30,2024, seconded by Todd Smith. PASSED UNANIMOUSLY

Amanda Shrum – If you'll turn to the next page. This is just a recap of our G & A expenses by department. As of September 30th, our G&A expenses totaled $3.1 million, approximately $331,000 less than the budget of $3.4 million.

I will note one thing, we did adopt a new GASB pronouncement. Originally, we accrue a liability for vacation time for our employees, the new GASB pronouncement requires us now to not only accrue the base wages but also the Social Security and Medicare taxes that go with that. So, we did see a pretty large increase. It was I think $40,000 across all budgets, with an additional liability for that vacation accrual expense. So, just something to know, you'll hear about that when we do the audit for the current year but wanted to point that out.

Anyone have any questions on that?

Motion made by Todd Smith to accept the General & Administrative Budget Report seconded by Commissioner Sam Tharpe. PASSED UNANIMOUSLY

Amanda Shrum – You have the Investment Report in your packet. We're going to look at the investment portfolio analysis. And if you will look under the November 2024, you will see that since June we have seen an increase in our market values of over $8.9 million, which we reported on August we were up about $10 million, so they have come back down a little bit but we're seeing that up and down right now until the market kind of stabilizes out.

At the end of November, the Total Unrealized Loss on the investments were $45 million compared to an Unrealized Loss at 6/30 of $53.9 million.

At the end of November, the average coupon was 4.1% and the average yield was 4.75%. Based on our current portfolio, we are estimating our yearly interest income to be around $12.3 million.

And if you'll look at the progression since June and even go back, we're just steadily making gains in our current yields, the values are coming back up slowly, but they're coming.

Questions?

Motion made by Victor Lay to accept the Investment Report November 30, 2024 seconded by Mayor Stover. PASSED UNANIMOUSLY

IV. **Reinsurance Brokerage Selection**

Michael Fann – Yes, Mr. Chair, as you'll recall the board approved a three-year contract guideline for us a number of years ago and our reinsurance brokerage contract is due to end on 6/30/25. And so under the leadership of Halie and Janine and our underwriting team, we engaged in a process to present to you to have a new contract in effect for 7/1/2025. In August we issued an RFQ (Request for Qualifications) to provide reinsurance brokerage services. And again, this was our process to review those contracts every three years and so, the proposals were due on September 16th, 2024. We received proposals from four different brokerage houses all of which were very good proposals, very good organizations including our incumbent team and then our panel after review of those proposals selected two finalists to interview and again, these in person interviews conducted in late October with Halie and Janine's leadership we went through the process with our selection committee and the committee, after review and those interviews with our two finalists are recommending, unanimously that we return with our incumbent broker Arthur J. Gallagher to be selected as our reinsurance broker for a three year contract effective 7/1. If the board approves this selection today we will then engage in negotiation with them for a contract and compensation and we will bring that back to you the final for approval, the final contract in February.

So, we would ask for a motion Mr. Chair of approval of our selection of Arthur J. Gallagher as our reinsurance broker.

Chairman Randy Brundige – Who was the other?

Michael Fann - The other three firms were Aon, Alliant and Guy Carpenter were the other three. And again, all three great organizations, great proposals, but after review we selected our incumbent.

Chairman Randy Brundige – Any other questions or concerns?

Motion made by Todd Smith to select Arthur J. Gallagher for Reinsurance Brokerage Selection seconded by Mayor Preece. PASSED UNANIMOUSLY

V. **Coverage for 2025/2026 Fund Year – Discussion Only**

Halie Gallik - In past Decembers, we have facilitated a discussion to talk about coverage for the upcoming fiscal year. Our coverage year begins July 1. And so, the board approves final wording for July 1 coverage changes in February, but in an effort to make sure that we are listening to you as the board of directors and making sure that we're incorporating any concerns or areas that you want us to explore we have been bringing this up in December. We also want to make sure that we share that as we evaluate our coverage documents we look for competitiveness in the marketplace. We also look at agreement with reinsurance which is also an important component of our overall program.

Included in your board book you have a bullet point listing of areas that we have been evaluating and are working towards to make sure that when we go into the February board meeting that we have good information to provide to you.

One item in particular I want to draw your attention to that if passed by the legislature that will have a significant impact on the operations of the underwriting department and the organization as a whole is proposed legislation that would more than double the limits included in the Governmental Tort Liability Act. I bring that up because I think it's important to understand how that will impact operations within our department. We will have significant policy document changes that will have to be implemented. It will also impact our systems along with potential impacts for our base rates. And so it is something that we are, as a department, evaluating very closely now, so that if that legislation does pass we are prepared to implement it. For all of our policies, the fund year starts July 1, anything that's issued outside of July 1, which is a significant part of our membership those policies would have to be addressed mid-term. So, I bring that up because it is something that is weighing heavily on the underwriting department.

We're also continuing to evaluate our uninsured motorist endorsement. There was a minor modification to that about a year ago and so we are continuing to monitor that compared to uninsured motorist claims to make sure that the intent of the language which was to not have a claimant to be able to collect worker's compensation along with uninsured motorist benefits is working the way it was intended.

We're also evaluating our class action liability endorsement which you may remember was implemented by this board in 2017. Since that time, we have had three class action lawsuits that have fallen under that coverage. One of which is currently ongoing and has created some challenges. The original intent, and it's clearly reflected in the minutes of the board meeting when that coverage was added, was to have all legal cost and judgments included within one per occurrence and annual aggregate limit and it was to be capped at a million dollars. We have had a coverage review that said that the wording that was implemented and has not been changed since 2017 does not accomplish that. So, we are going to be working with coverage counsel to tighten that up and bring back a recommendation to you all in February to ensure that the does not happen again if that's the intent of the board.

We're also reviewing our non-monetary defense cost coverage which is included in the liability policy. That $100,000 per occurrence limit has been in place for a number of years. We are reviewing our errors and omissions non-monetary defense cost coverage claims. It's specifically an area that continues to grow and is frequently related to planning and zoning, which I imagine with a lot of your communities that are growing that might not surprise you. We've also been evaluating no fault sewer back up coverage to make sure that the per occurrence deductible that is included in that is adequate. We have done the majority of that evaluation but will continue to make sure that we wrap that up prior to our February board meeting. We are looking at the number of claims that fall under no fault sewer backup coverage and then the number of claims that fall under the traditional GTLA coverage and doing an evaluation of that.

And then lastly, I'll add that for the cyber extension we required as an underwriting criteria to qualify for coverage multi-factor authentication effective July 1, 2023. We have seen a number of our members implement that and we continue to look at the underwriting criteria to qualify for coverage. That specific underwriting criteria actually came from reinsurance. I think it's important to tie together requirements that may come from our reinsurance partners and how that can impact our members. All of our final recommendations for coverage changes will come in February, but I will

also ask if there's anything that you all would like to be addressed that we haven't covered, we would love to have that.

Chairman Brundige – Any questions for Halie?

Michael Fann – Great job Halie.

Lois Preece – Halie, can you tell me what the TGTLA is?

Halie Gallik – Yes, the Tennessee Governmental Tort Liability Act is what TGTLA is. Most of your general liability claims will fall under the governmental tort liability act and so it sets limits of liability for what governmental entities within the state of Tennessee are liable for in state court. It's $300,000 per person, $700,000 per occurrence and $100,000 for property damage within those limits. This legislation would more than double those limits and so that would impact every single car accident you have, it would impact every single claim that comes in because there's a pothole that you should have fixed and you didn't fix. It will dramatically increase costs for local governments and for us - it will potentially double our rates if we have every single claim now looking at twice the cost than what was originally in the governmental tort liability act.

Lois Preece – Thank you.

VI. **Actuarial Study Briefing**

Michael Fann – Yeah, just as a matter of information, I want to spend a few minutes talking about our ongoing actuarial review that we do, at least pieces of every year and as some of you will remember we included in this years budget to do all three of our primary actuarial reviews and then looked at a couple of additional things as well.

We do a reserve study annually, which is a regulatory requirement that we submit to the Department of Commerce and Insurance and we also incorporate those numbers into our annual audit. The two other studies that we do periodically and are conducting both this fall are a rate study and a capital adequacy study. We've received the preliminary data back on our rate study and we're reviewing that currently. Obviously, the rate and dividend question for this board we present a recommendation at our February meeting so that's why we are looking at these currently. But we do have the preliminary rate study back and we will be continuing that evaluation and will bring those recommendations to you at the February meeting. Just some challenges that we've been looking at as it relates both to our rates and our capital adequacy and our dividend question that comes up every year. Obviously, the fluctuations in the market over the past couple of years have played a significant role as we have talked frequently in this meeting as it relates to our realized and unrealized losses and all of that plays an important role in our financial statements and so forth. As you know, the board passed a capital adequacy policy in 2019, we then reaffirmed that in 2020 and that our range that we desire to keep our net position is a range of 1-in-200 year event level and then that would be the lower end of our capital adequacy range and then the upper end of that range is two times a 1-in -200 year level. That gives us the brackets. Throughout the fluctuations in the market we have remained within that bracket but obviously we want to be as near the center of that range as we can over time. But we have been able to stay within that and you see all of this reflected in our quarterly in our financial statements and again in our annual audit. Our approach has always been to be fiscally conservative as it relates to base rate changes as well as any dividend recommendations that we bring to this board.

We're seeing competition in the workers' compensation area. As you know there are hard and soft markets in the commercial and in the public entity insurance market in general and we are in a soft market with regard to workers' compensation and so we are taking a close look at that, but we wanted you to be aware of it. I think we've actually lost five or six entities in the current year on their workers comp program, so we are addressing that, we are looking very closely in addition to all of our rates, but at our workers comp rate and the dividend that we will be able to recommend that you declare in February. As we approach February we're going to be digging deeply into the rates and our capital adequacy question for a dividend declaration. We try to strike a balance between covering the costs our property casualty programs, including claims across all three lines of coverage and that also includes incorporation of the significant cost that we incur with regard to reinsurance. So, with that, as just kind of an introduction we want to address the competition issue and the soft market issue, as you know, routinely through the years we've always said, in a soft market we may not have your best price for your city, but in a hard market we will always be there for you. Well, we're seeing that obviously with competition beating our price, if you will, from time to time on the workers' comp side, but obviously we're still in a hard market situation on a number of liability lines and certainly continuing on our property coverage and especially the amount of money that we have to place in our property reinsurance program. So how are we addressing all of these things? We're doing internal training across all of our service and member-facing departments to ensure that our staff members are ready to answer questions and assist members and their agents as we evaluate these coverages and the pricing thereof. We are carefully evaluating as I've already mentioned any base rate recommendations that we'll be making to you at the February meeting. Halie has already mentioned that we are evaluating and we're working with Russ and the lobbying team as it relates to this bill that's been filed to more than double the tort limit. It will be a question for the general assembly and we anticipate working very diligently through the legislative session on that, but really the question of workers' comp rates and becoming a little more competitive on that issue and benefiting our cities, towns, and local agencies is a priority for us.

So, I think with that the only other thing I'll mention is we'll be addressing a couple of contract issues a little bit later but one of the things that our Claims department, our IT department, and George has led this effort, we'll be looking at a contract for Careworks later in the agenda that we hope will address some of the workers' compensation costs. It's kind of the first phase in addressing some costs on the workers' comp side internally.

Victor Lay - I have a question, with regards to you've mentioned that we've lost a handful of cities on the workers' comp. Do you know what kind of percentage difference we're being under bid?

Michael Fann – It's fairly significant. Halie, you may have some of those numbers in mind.

Halie Gallik – It is fairly significant. What we're doing right now is kind of an in-depth evaluation of a couple of those members that we have lost. There's two things at play, one of them is buying the business. It is commonplace in the commercial market to say I want this specific risk and so I am going to undercut the premium to be able to lure you away. We've seen that for years. That is happening right now, but what we're really trying to dig into is there are a couple of local governments that we have not had for a number of years and we haven't gone back to pursue them and we are trying to evaluate their renewal premiums as compared to ours. Because I think that's a more effective way of comparing it. I think that we, as a leadership team, have always been very cautious because we do want to be conservative in base rate changes that we make because we are significantly smaller than large commercial insurers and so we have to make sure that we're not making recommendations that put the financial stability of the organization at risk and so we're very cautious of that.

Michael Fann – And I might add, one of the things we discussed as a leadership team and part of this training that I just mentioned earlier, internal training, we're trying to make sure that our members understand that when they enter into workers' comp partnership with us they're not just paying for claims that we provide resources that commercial insurance companies do not provide and so there are other things other than the bottom line rate but then again it's going to depend on the local council, local boards of directors of these local service agencies to understand that. But we're trying to get better at explaining that position. I put a copy of this 45th anniversary flyer that we put together to kind of redefine partnership and I know we provided this at the city managers conference back in October. I wanted to make sure all of you had a copy of that, and I just spent two days on the road in east Tennessee in making sure that we understand what partnership is, and we've got long time members that understand, but we've got a lot of turnover as well and so we've spent some time externally and internally evaluating that and making sure we all understand what value and value added services we bring to the table when we attempt to partner with a city, a town, or a local service agency.

Todd Smith – Do you see a lot of members, especially in the workers' comp side leave but they come back depending on the market?

Michael Fann - We see it happen. A lot is a relative term, we've had about six over the last year out of over 400 members. So, the sky is not falling, but we're concerned and we want to make sure we're doing everything to get our numbers as low as reasonably possible, as we can, but also to make sure that both internally all of our staff understands what we bring to the table and all of our members know what we bring to the table.

Todd Smith – And I anticipate, we may see many, some, all six come back at some time.

Michael Fann – Oh, absolutely. It's been known to happen, but that's also what Halie was just talking about. We want to evaluate…. you know there's a couple that have now been gone for four or five years and so we really want to evaluate the renewal side of that as well.

Chairman Brundige – Are you still insuring the property of the ones that left?

Michael Fann – Some of those, not all. I know we've had one I think this year, that left with everything, but it was a very small town, but we always anticipate getting them back. We intend to, that's why we're here. And we want to stay in business for the long term, not buy business for the short term.

Todd Smith - As a fellow member, that kind of hurts the whole membership when municipalities do that so, as a fellow member, I'd like to encourage that six to just stay with us.

Michael Fann – Well, you know I have and I think I even mentioned this at the city managers meeting, I have been a little stronger in my tone in the current year than I have been in recent years as it relates to the question, are you on the team? We only exist because cities and towns exist and when a town or city decides to take a cheaper price, for whatever reason, they're not on the team of those that are staying. Now, to some degree, if we declare a large workers' comp dividend, they're also not going to get any of that, but you will get a bigger share. So there are two sides of that coin, but we've taken a little bit harder stance on that this year because we've seen some things that bother us as it relates to the market.

Brian Stover – So, when you evaluate what we've lost, do you ever go in and evaluate some of the members that we might need to have a discussion with about what I call profitable in my world, it might be costing more money. Did we ever do that?

Michael Fann - Oh yeah, we did that constantly, and Halie kind of eluded to that earlier. Halie you might want to talk about that, but both our underwriting team and our member services team and our loss control team are constantly evaluating high loss ratios vs. low loss ratios and those sorts of issues. Halie do you have anything to add?

Halie Gallik - We actually have a multi-department-specific program in place that we call Partnering for Success that Loss Control, Member Services, and Underwriting participate in where we look at factors like what you described Mayor Stover and have sit down conversations with those members about resources that we have that they could utilize to hopefully reduce their losses. We take a hard stance on some of those accounts in underwriting. We have implemented for a couple of accounts mandatory deductibles, increased deductibles, and we have done that for decades so that is not a new program but we are making sure that we carefully monitor those accounts that the losses are clearly outside of normal ranges so that it doesn't negatively impact the rest of the membership and hopefully send them a message that we are a risk management organization and encourage them to utilize those services.

Michael Fann – And Halie and her team they're going to look for any city, town, or local agency that we insure they're going to look at all three lines of coverage and I have told mayors and city managers across the state who have been approached by competition if you will and when we looked at their losses and their workers' comp losses were low, but their property and liability losses were high, what I've told them is you may be able to save some money on workers' comp but you are not going to like the bill we send you on liability and property because the rest of the membership will get tired of paying your claims. Does that make sense?

Mayor Stover – Same thing I do in my professional life.

Michael Fann - Absolutely and we're here for them but we also have to be sensible and not just for one member but for almost 500 entities across the state that it's fair to everybody.

Sam Tharpe – What kind of response do you feel like you get?

Michael Fann – I have not had anybody argue with me, they understand.

Chairman Brundige – Any other questions?

VII. **Bylaws – Insured Organization Meeting**

Michael Fann – As you know, last meeting we presented that we wanted to finish the process that we began a couple of years ago after our meetings with the Comptroller of the Treasury and some of the things that both we wanted to do and he suggested we look at. And this is kind of the final thing that we all agreed and that is that we would have an insured organization meeting. We've casually referred to that as a members meeting, but we're going to call it by what it should be called and that is an insured organization meeting. Under tab four I'm going to direct you through our bylaws and let you know where we landed with all that. Let me give you the overview, after looking at a number of different options, what we've landed on in our recommendation to you and is under tab four is

that we would have a insured organization meeting. Where our insured organizations would have a say in who sits on this board of directors that was the recommendation, that our participants would have that say. We looked at a number of different options and so the overview is that we would do that at the Symposium we would require a quorum of 20% of our membership to take action and ultimately if 20% are not there then the decision of the nomination that this board made at a previous meeting would stand. So that way there would never be an interruption in the business of the organization. It would give what the Comptroller was asking for. If they choose not to show up, at least 20% show up at the Symposium and vote then whatever decision this board had sent to that meeting would be the decision. Does that make sense? So, if you will, let's walk through this. Elisha and I worked, and others worked with our general counsel to make, I think we got this right, we're pretty confident but if you look at page two the bottom paragraph is a change this is where the board would make a nominee to include on a ballot to go to our insured organization meeting for confirmation or not. So that's what happens there on page two. If you'll go over to the top of the next page it talks about the ballot it talks about in the final sentence of that paragraph says in the event there is not a quorum of insured organizations in attendance at an insured organization meeting, the nominees voted on by the board for inclusion on the ballot will fill the vacancies or the expiring terms for the individuals nominated. In other words, when we make a decision in the coming year either at the June meeting or the September meeting to send to our insured organization meeting in October and we don't get 20% then whatever decision this board made in filling a board vacancy would stand. I want to pause there for a second to make sure I haven't confused anyone nor myself in that description. We're still going for a 20% quorum, we just felt like, I know we talked about a number of different options. We didn't want to create two different levels of insured organizations. In other words, our local service agencies that we provide coverage for, we want them to have the same standing as any other participant in the program. Anything at all on that?

Ok, so then we'll go down to the second paragraph of page three. That's just talking about eligibility and so forth. One thing that is not included in this that the Chair and I have discussed along with others is a reevaluation of whether or not our Chair would end up sitting on the TML board. We're going to be evaluating that in the coming weeks and we will have a recommendation one way or the other to you, based on what the Comptroller would suggest at our February meeting.

Todd Smith - Is there any language that identifies who from the insured organizations votes at this meeting?

Michael Fann – Each insured organization will ask for a designation in writing. Who is going to be attending our Symposium and will be their representative at our insured organization meeting. So they'll have to let us know, we won't make that decision. From there, to page six, this section eight is talking about that insured organization meeting regular and called meetings and so forth. You'll see item C is the quorum requirements. Talks about notice of the meeting and all of that sort of thing, but it's pretty standard language. Elisha, is there anything else I need to say about it?

Elisha Hodge – Voting procedures

Michael Fann – Ahh, yes, the voting procedures. At the bottom of six to the top of seven talks about the ballot and each organization shall have one vote and the designation of the voting member.

Russ Farrar – I just want to say one thing. Elisha did a phenomenal job of wading through confusing muddy water and bringing it all together in an understandable way. And I appreciate it, you've done a great job.

Michael Fann – Absolutely. The only other element is if you'll flip over to page 10. This is really a matter of housekeeping, you'll see a new section eight. We have forever elected a Vice Chair, but it had never been a part of our bylaws so we are adding specific language to make sure that, number one, we know what the officers of the board are and Section 8 just says that we will elect a Vice Chair which has been our practice for many years but I think I'm correct in that's all of the changes.

Primarily it's that we'll have an insured organization meeting for the purposes of confirming any nominations of this board to replace board members and that gives our insured organizations an opportunity to confirm or not, who this board has selected. If we don't get a 20% quorum then the decision of this board shall stand. Any additional questions for Elisha?

Sam Tharpe – Has the Comptroller, has he reviewed this?

Michael Fann – No, no. All of this is coming out of the meetings that we had literally two and a half years ago and we will be presenting all of this to him. Russ and I have already been working on a series of meetings in January to make sure that all of leadership is aware that we've kind of finished the specific recommendations that they were looking for two and half, three years ago.

Motion made by Commissioner Sam Tharpe to adopt the bylaw changes, seconded by Mayor Holden. PASSED UNANIMOUSLY

VIII. **Contracts**

CareWorks

Michael Fann - Yes Mr. Chair we have two contracts for your consideration, hopefully approval today. Under tab five, the first one is the CareWorks contract. As you can see it's a master service agreement. For a number of months our IT team, our claims team, our administrative team have been looking at this CareWorks solution to a specific regulatory requirement of the Tennessee Bureau of Workers Compensation. Primarily it is to address a mandate that they have been kind of been pushing not just here but elsewhere for electronic medical billing program and so this particular contract would not only address that and we have again a process has been ongoing to evaluate this. There is another pool that has been using this process to comply with electronic medical billing and it will also address medical bill review, digital bill review and bill pay process. So, it will plug into our claims payment process and get us hopefully in compliance in fairly short order with what is known as EDI or electronic medical billing under the State of Tennessee mandate. Jim and his team have done a good job through the years of managing this relationship with the bureau, but when we finally found a solution that would get us into compliance we started working on that. So, this contract has been reviewed by general counsel. The contract value is estimated up to $600,000 annually and the term, within your policy, is three years, Mr. Chair.

Todd Smith – I assume there is a savings as part of this as well. It says that this allows or reduces charges.

Michael Fann - Well we hope, so the main thing is compliance, but we hope there will be a savings too. The Virginia pool that was utilizing this did see a savings, but obviously that's to be determined, but the main thing is regulatory compliance.

Allen, I know you do, or Jim, if you'd like to respond to that, but that's the primary issue.

Motion made by Victor Lay to adopt the CareWorks contract service agreement, seconded by Commissioner Sam Tharpe. PASSED UNANIMOUSLY

Franklin Marriott

Michael Fann - Thank you Mr. Chair the second one under tab five is the Marriot contract. We are under contract with the Marriott through the coming year. Through this next October symposium for our annual risk and insurance symposium. Our team led by Carly, has been working with the Marriott for a two-year contract for 2026 and 2027. This contract is fairly standard from what we've dealt with them for the past nine or ten years for our symposium. It has been reviewed by legal, estimated value of the contract is approximately $225,000 obviously that's dependent on attendance and food and beverage, but that's still a rough estimate and the contract term is two years and we would ask for a motion to approve.

Mayor Stover – Is there any type of act of God verbiage in the contract in case something happens?

Michael Fann – I'll have to defer to Carly and our legal folks on where that is in the contract.

Elisha Hodge – Five of eight. Impossibilities.

Michael Fann – Five of eight. There you go. Thank you.

Motion made by Todd Smith to approve Franklin Marriott contract, seconded by Mayor Lois Preece. PASSED UNANIMOUSLY

Michael Fann overviewed upcoming meetings, conferences, and training available to board of director members.

Chairman Brundige asked for public comments.

Motion made by Victor Lay to adjourn, seconded by Todd Smtih. PASSED UNANIMOUSLY

Randy Brundige, Chairman

Halie Gallik, Secretary