

2023 Annual Membership Meeting State of the Fund

March 1, 2023

Hyatt Lost Pines Resort

Cedar Creek, Tx



Texas Water Conservation Association
Risk Management Fund

A Brief History of The Fund

- Insurance committee formed through TWCA in 1987 to explore options
- Operations began in 1988
- 32 Initial Members
- \$1 Million in Annual Contributions
- Limited Services – More focused on start-up operations – people, systems, reinsurance, standard processes, etc.

Current State of the Fund

- 90 + Members—all members retained as of the July 1st renewal
- \$10.0 Million in Annual Contributions
- Full Compliment of Services including:
 - Program Management
 - Investment Management
 - Leadership Training and Development
 - Safety and Loss Control Training
 - Risk Management Consultation
 - Cyber Security
 - Legal Consultation

Changes in the Fund Board

- **John Grant Retires**
 - Served on Board from 1999 to 2022
 - Served as Vice Chair of Fund at retirement
- **John Womack** - joins the Board representing CRMWD filling John Grant vacancy
- **Kathy Turner-Jones** - voted Vice Chair, filling vacancy created by John Grant's retirement

Current Board of Trustees

- **Sonia Lambert**, Trustee, Cameron County ID #2 and Cameron County DD #3
- **John Womack**, Trustee, Colorado River Municipal Water District
- **Jeffrey Mayfield**, Trustee, North Texas Municipal Water District
- **Liz Fazio Hale**, Trustee, Gulf Coast Authority
- **Jonathan Stinson**, Trustee, Guadalupe-Blanco River Authority
- **Sonny Hinojosa**, Trustee, Hidalgo County Irrigation District #2
- **Derek Boese**, Trustee, San Antonio River Authority

Current Board of Trustees

- **Kathy Turner Jones**, Vice Chair, Prairielands Groundwater Conservation District
- **Norman Ashton**, Trustee, Tarrant Regional Water District
- **David Montagne**, Trustee, Sabine River Authority of Texas
- **Jace Houston**, Chair, San Jacinto River Authority
- **Stacey Steinbach**, Fund Secretary, Texas Water Conservation Association, (Non-Board Member Officer)

2022 ACCOMPLISHMENTS

- **Performance Auditor selected through RFQ process**
 - Performance audit reviews all services provided by the Fund Administrator (contract, policies and industry best practices)
 - Performance Audit performed every five years
 - Key component of the Board’s due diligence in selecting its Fund Administrator
 - Report delivered at March 2023 meeting

2022 ACCOMPLISHMENTS

- **Claims Audit Also Conducted**

- Detailed review of claims handling and claims management
- Review based on Fund's claims handling standards and industry best practices
- Claims Audit performed every three years
- Another component of the Board's due diligence
- Report delivered at March 2023 meeting

2022 ACCOMPLISHMENTS

- **Unqualified Opinion on the 2021-2022 Financial Audit**
- **GFOA ACFR recognition for prior years financial report – continuously since 1993**

2022 ACCOMPLISHMENTS

- Financial Audit Firm RFQ process
 - Distributed RFQ for financial audit firms
 - Another component of Board due diligence
 - Audit Firm Selection at March 2023 meeting

2022 ACCOMPLISHMENTS

- **Northeast Texas Municipal Water District joins the Fund**
- **Rate Stabilization**
 - Board approved anticipated use of \$1,050,000 in surplus to help reduce the impact of rate increases (for renewals effective July 1, 2022)
 - Reduces member contributions

2022 ACCOMPLISHMENTS

- **Strategic Plan**

- Board held strategic planning session in October 2022
- Updates to current plan based on October 2022 planning session
- Board maintains focus on current strategic plan by monitoring progress at each of its quarterly Board meetings
- Next planning session on October 31, 2023
- New 2024-2026 Strategic Plan will be developed based on this session



CURRENT STATE OF THE FUND

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

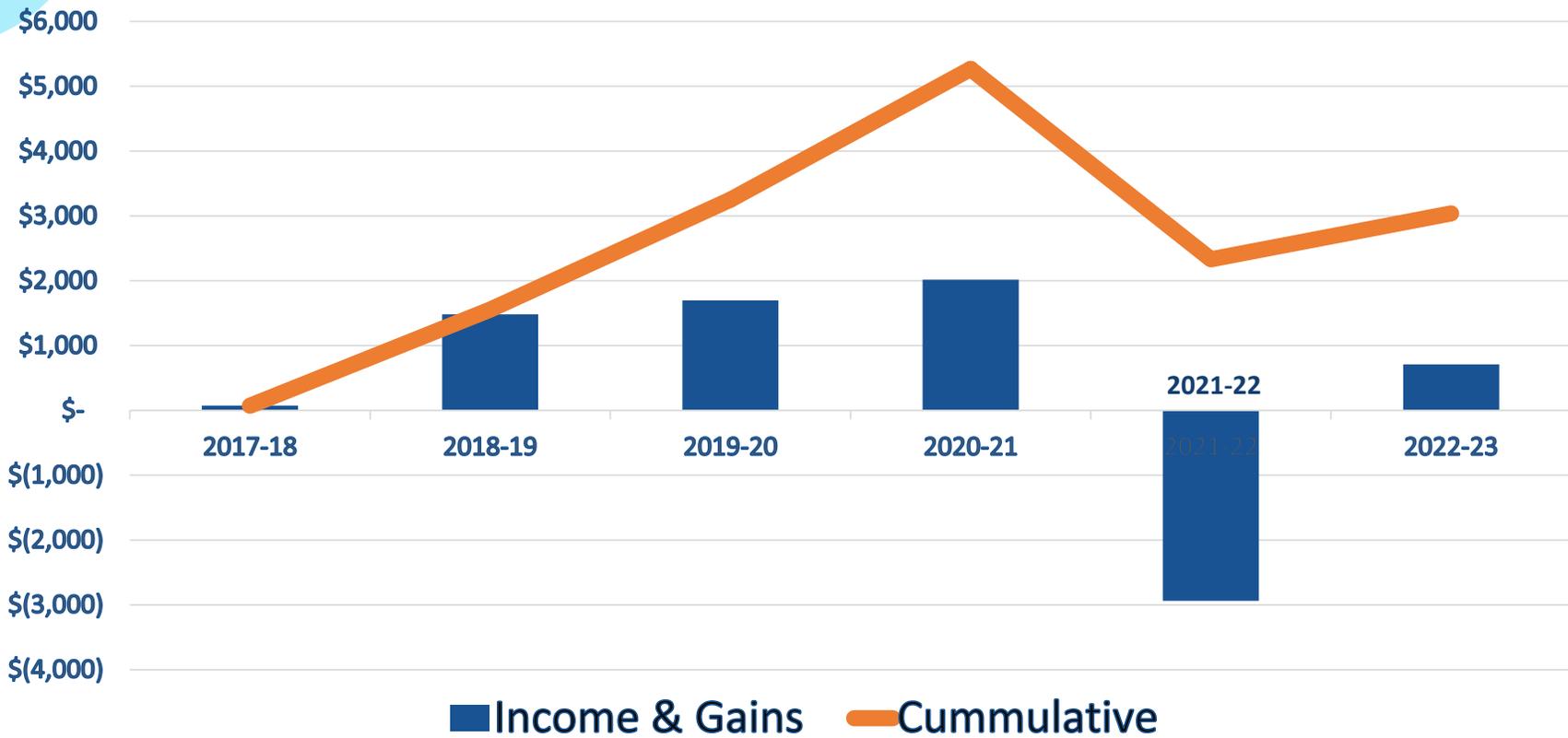
2021-22 AUDITED COMPARED TO 2020-21 AUDITED (as of 6/30/22)

<i>ASSETS</i>	<i>LIABILITIES</i>	<i>NET POSITION</i>
<i>\$30.2M</i>	<i>\$9.0M</i>	<i>\$21.2M</i>
 <i>Decrease of \$3.8m</i>	 <i>Increase of \$200k</i>	 <i>Decrease of \$2.5m</i>
<i>CONTRIBUTIONS</i>	<i>CLAIM EXPENSES</i>	<i>NET INCOME</i>
<i>\$9.6M</i>	<i>\$2.2M</i>	<i><\$2.5m></i>
 <i>6.8% decrease</i>	 <i>\$2.4m decrease</i>	 <i>Down from \$1.4 M Gain due to temporary unrealized investment losses</i>

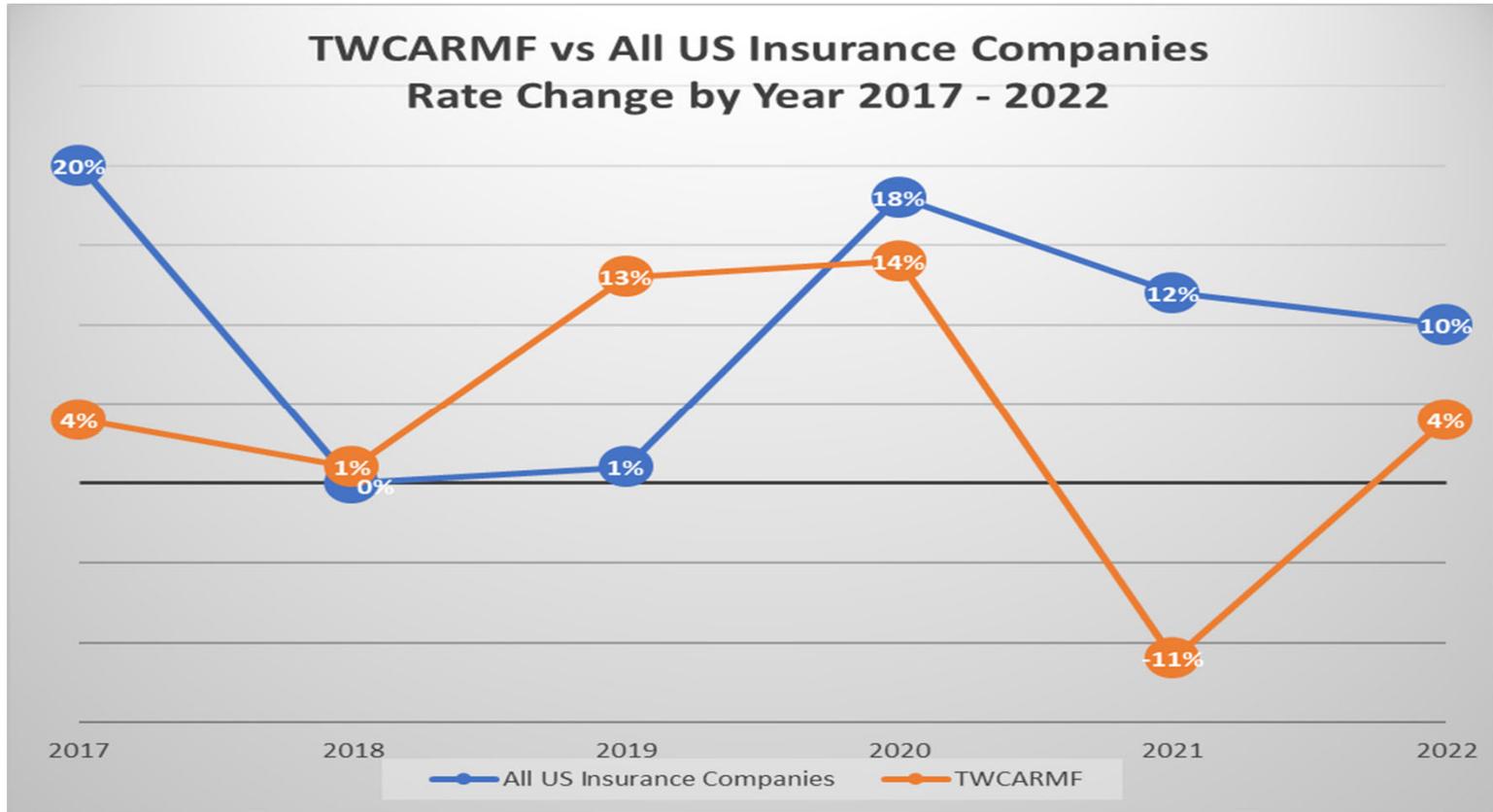
FINANCIAL PERFORMANCE



Investment Income & Gains/Losses



Fund Rate vs Market Rates

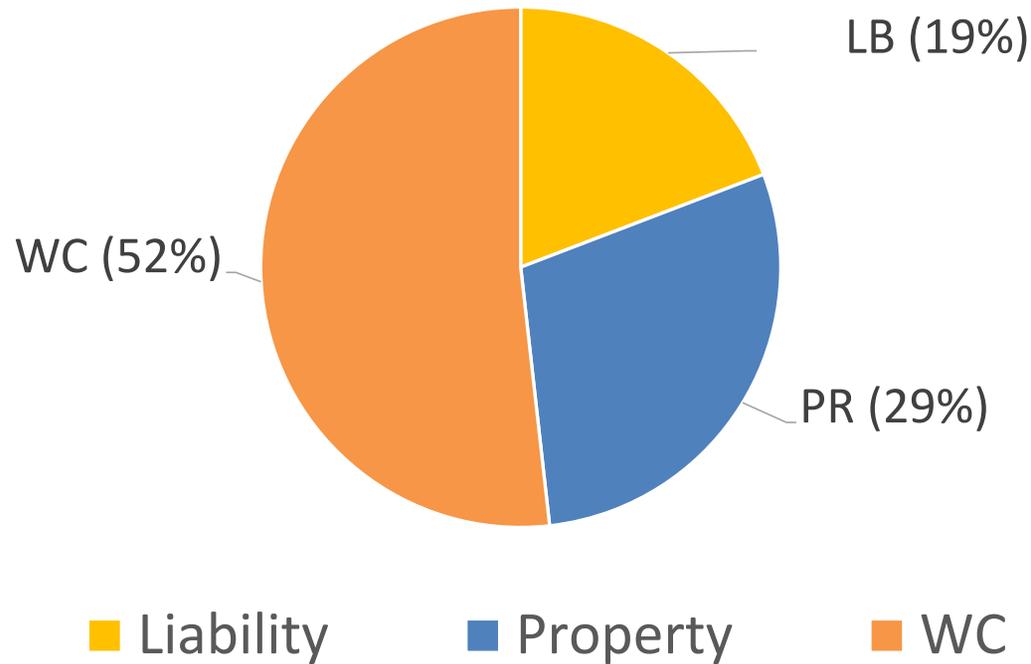




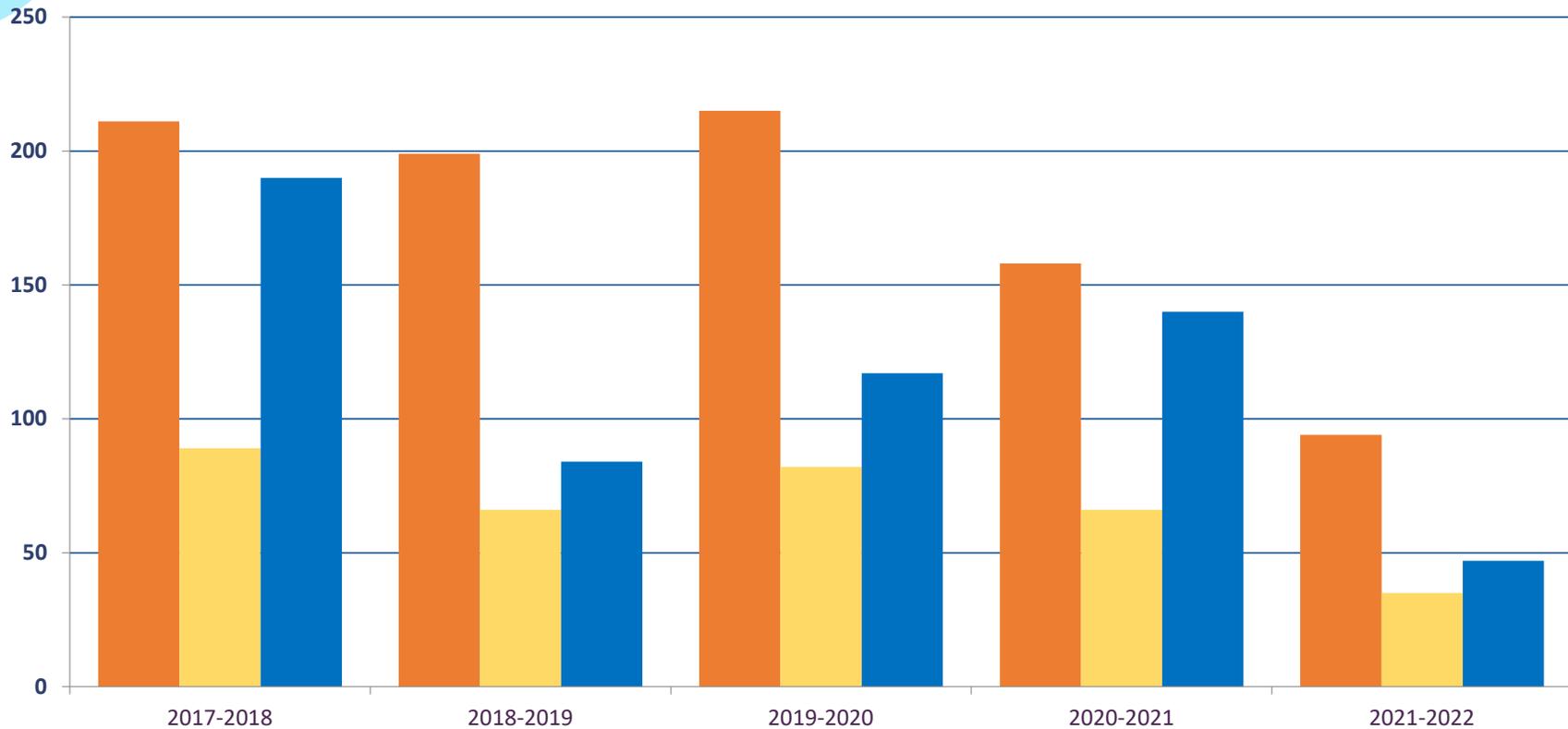
CURRENT STATE OF THE FUND

CLAIMS PERFORMANCE

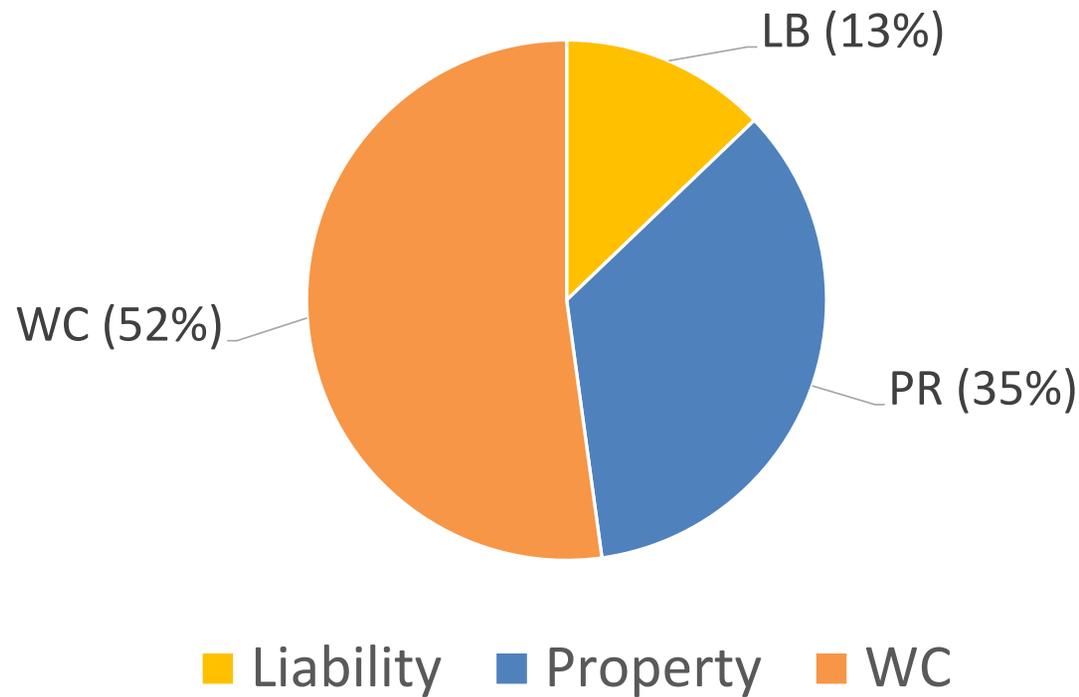
Claim Count by Program (as of 12/31/22)



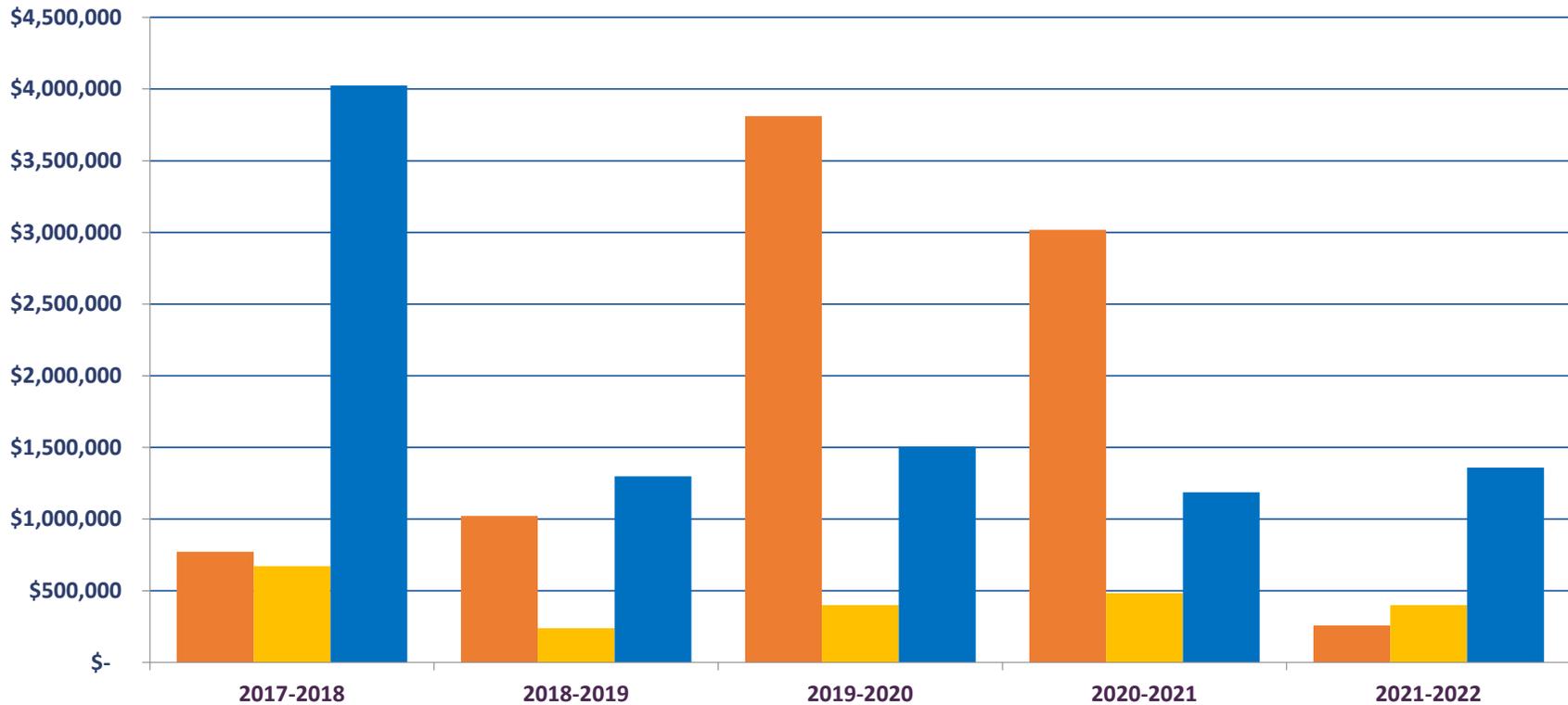
Claim Count by Program (as of 12/31/22)



Claim Cost by Program (as of 12/31/22)



Claim Cost by Program (as of 12/31/22)





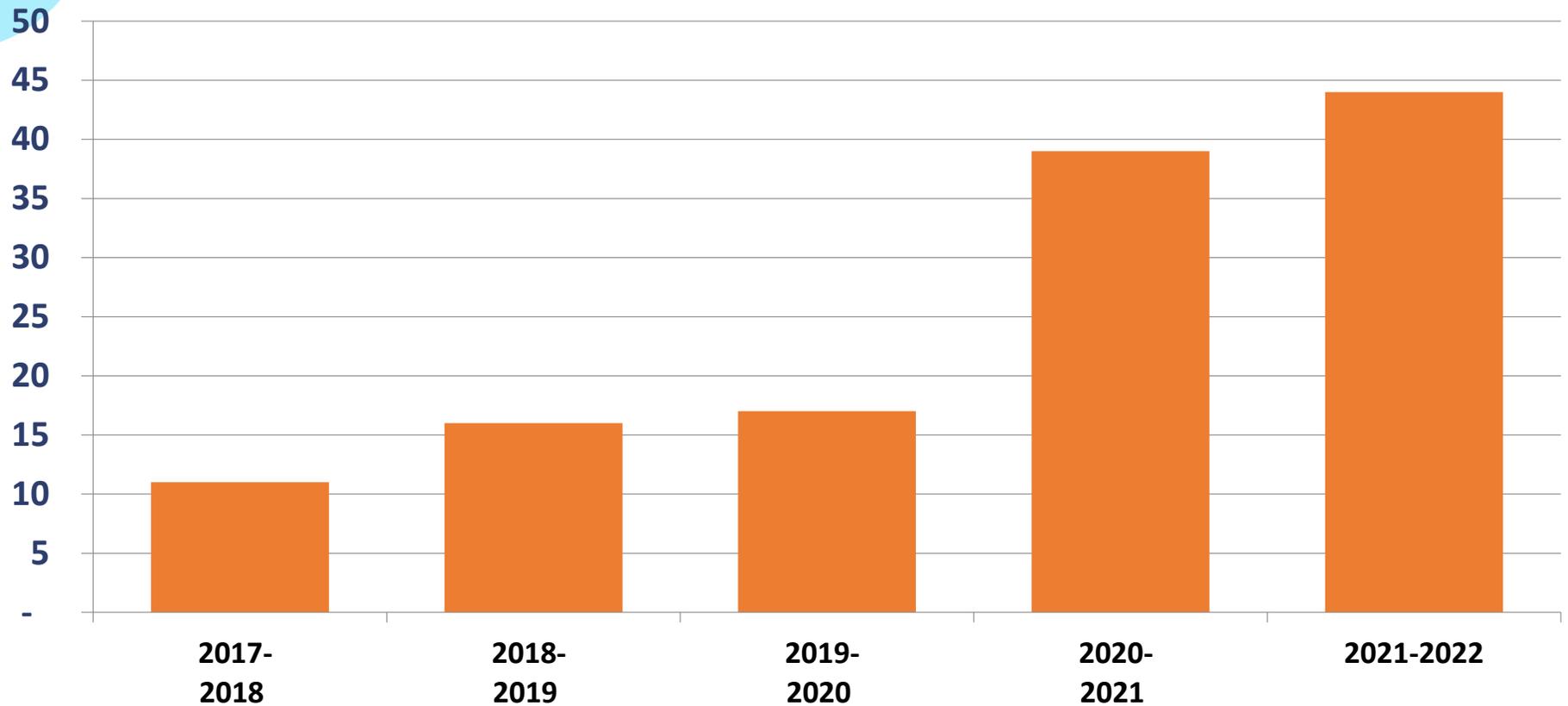
CURRENT STATE OF THE FUND

RISK CONTROL SERVICES

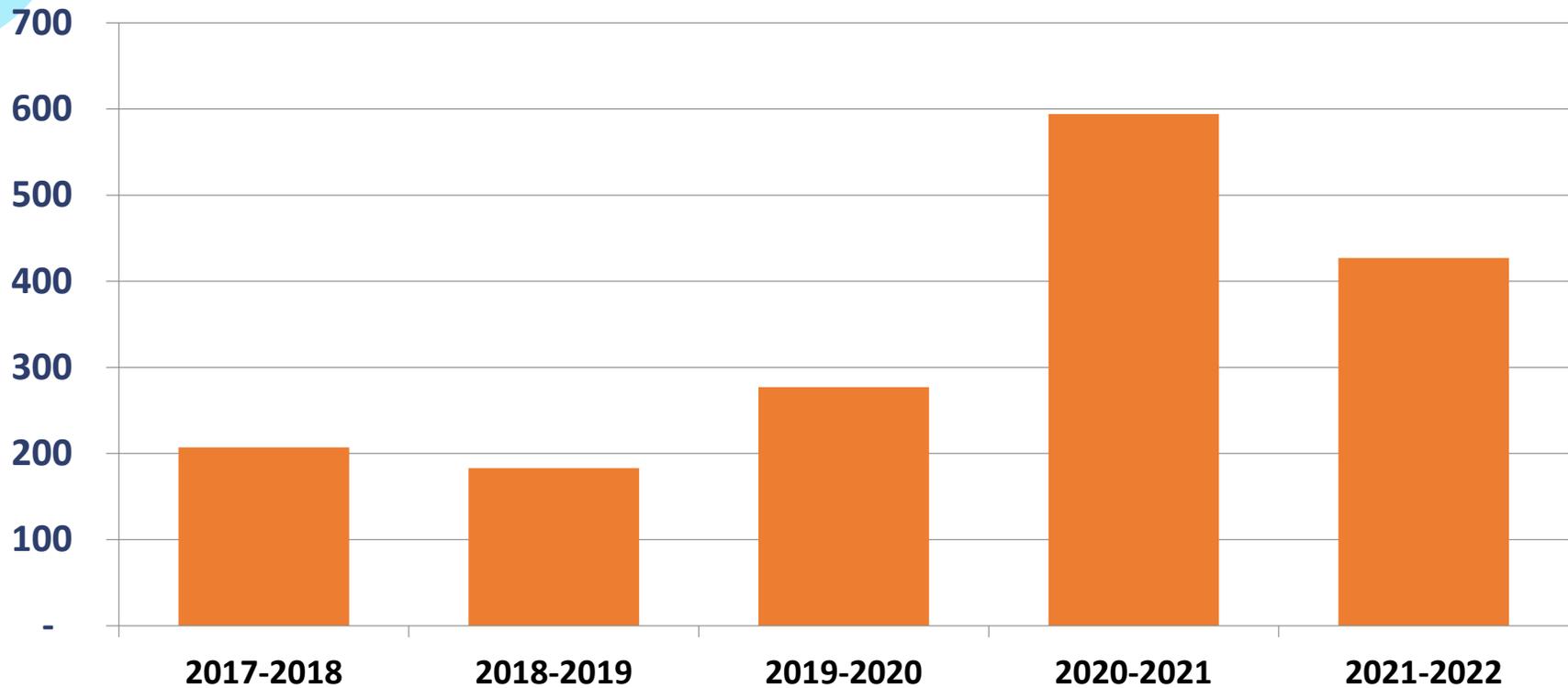
RISK CONTROL SERVICES

- RISK CONTROL SERVICES
- RISK MANAGEMENT CONSULTING
- CYBER RISK CONTROL
- LEGAL CONSULTATION
- LEADERSHIP TRAINING

Number of Leadership Sessions



Staff and Leaders Served



CURRENT STATE OF THE FUND

2022 Safety Award Winners

2022 Safety Award Winners

Most Improved Safety Record in Workers' Compensation



Experience modifiers are one of the best indicators of the effectiveness of an organization's safety program. The award for Most Improved Safety Record in Workers' Compensation recognizes those Fund members who achieved the most improvement in their Workers' Compensation experience modifier this year.

The winner in this category is:
Brazoria County Drainage District # 4

Most Improved Safety Record in Liability



The award for Most Improved Safety Record in Liability recognizes those Fund members who achieved the most improvement in their liability modifier.

The winner in this category is:
Chambers Liberty Counties Navigation District

2022 Safety Award Winners

Outstanding Safety Record in Workers' Compensation



The award for Outstanding Record in Workers' Compensation recognizes those Fund members that have sustained the best experience reducing employee injuries as reflected by their Workers' Compensation experience modifier over the last four years.

The winner in this category is:
Coastal Water Authority

Outstanding Safety Record in Liability



The award for Outstanding Safety Record in Liability recognizes the Fund members with the best liability loss history in General Liability, Automobile Liability, and Errors and Omission with a combined underwriting factor of less than 0.70.

The winner in this category is:
North Harris County Regional Water Authority

2022 Safety Award Winners

Leroy Goodson Excellence in Risk Management Award



The Fund Board named its top annual award after the former Texas Water Conservation Association General Manager, Leroy Goodson, who led the effort to create the Fund and served as the Fund Board Secretary for 28 years. Leroy was a strong advocate throughout his tenure for effective risk management and claim prevention. This award recognizes the Fund member for achieving excellent experience in both Workers' Compensation and Liability over the past four years.

The Fund's most prestigious award, the Leroy Goodson Excellence in Risk Management Award is awarded to:
Guadalupe-Blanco River Authority

LOOKING FORWARD

- Re-entry into the field for all services
- Targeted marketing efforts for specific prospects to join and strengthen The Fund
- Educate members and promote Cyber Services available to all members and engage with more members for this service
- Enhanced engagement using tools and analytics
- Continuing to update the website for Member self-service and resources
- Promote availability of Legal Consulting Services
- Exploring ways to increase value-added Member services

CONTACT US

FOR MORE INFORMATION CONTACT:

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Additional information available on the Fund's website at
www.twcarmf.org.