

DMI Board of Directors Meeting
Strohm Ballweg Offices – Third Floor Coliseum Conference Room
Middleton, WI
July 24, 2019



Present: Bonnie Baerwald, David Brown, Roxanne Lutgen, Renea Ranguette, Caleb White, Steven Stoeger-Moore

Guests: Russ Denk (Strohm Ballweg), Erin Dawson (Strohm Ballweg), Robert Mulcahy (Michael Best & Friedrich)

Recording Secretary: Suzette Harrell (DMI Administrative Assistant)

- 1) **Call to Order** –B. Baerwald, DMI Board Chair, called the meeting to order at 10:00 am.
- 2) **Statement of Public Notice** – B. Baerwald read the Statement of Public Notice into record.
- 3) **Public / Member Comments** – None received.
- 4) **Election of Officers** – S. Stoeger-Moore reviewed DMI By-Laws, Section 4.2, regarding election of officers. Nominations were opened. B. Baerwald was nominated by R. Lutgen to serve as Board Chair. C. White seconded. B. Baerwald accepted the nomination. All in Favor. D. Brown nominated R. Lutgen as Board Treasurer. R. Ranguette seconded. All in Favor. C. White nominated D. Brown for Board Secretary. R. Ranguette seconded. All in Favor.
- 5) **Approval of Minutes from:**
 - a) April 10, 2019 BOD Meeting – S. Stoeger Moore offered correction to Item 15, by removing the word “and” from the second sentence; correction to Item 17a - change the word “said” to “opined” in the first sentence, then correct the classification referenced to “Sec. 38.14” in lines 1 and 2, and change the text which reads “DMI is actually an open meeting compliant” to read, “DMI is required to comply with Open Meeting Law.” The last sentence of Item 17a should be removed and replaced with “Counsel is to opine on b, c, d as stated”. R. Ranguette offered correction to Item 11, Line 18, correct the acronym referenced as “WTSC” to “WTCS” for the Wisconsin Technical College System. R. Lutgen suggested an apostrophe be added to the “Boards attention” in Item 4 and change the word “motioned” to “motion” in Item 8a, along with adding a comma after 16.
 - b) April 11, 2019 BOD Special Meeting – no correction(s) recommended.
 - c) June 5, 2019 BOD Teleconference Meeting – no correction(s) recommended.
Motion made by R. Lutgen to approve all three meeting minutes as amended. Seconded by C. White. All approved and motion carried.
- 6) **Financial Report** - E. Dawson reviewed the check registers and quarterly financial statements. General questions were asked and answered by E. Dawson. Larger payments and expenses were discussed in detail, including CCMSI and United Heartland Worker Comp claim payments. S. Stoeger-Moore advised, DMI premiums are up slightly over last year. Yet, the colleges realized about a \$220,000 decrease in premiums as a direct result of the Board’s action to decrease the auto liability / auto physical damage rate by 20%. Premium decreases are the complete antithesis of what is occurring in the commercial auto insurance marketplace; which has seen increases in premiums of 15% - 20%. Additionally, a 5% cyber liability rate reduction, with inclusion of endorsed coverages (valued at \$75,000) is now offered at “no cost” to all of the Colleges for 7/1/19 renewal. S. Stoeger-Moore discussed recently announced/pending decreases in WCRB worker’s comp rates. The Colleges may see WCRB rates decrease by 7.2%; as long as mod factors do not change, and payroll does not appreciatively change. E. Dawson reviewed the FY 2020 budget prepared for the meeting. R. Denk passed out a handout which he reviewed on DMI Paid-in Surplus Refunding/Return of Capital. He discussed contributed earnings and uncontributed/accumulated earnings of DMI, identified benefits (dollars/program value) DMI has provided to Technical Colleges since inception, discussed capital adequacy and explored various scenarios of potential return of initial surplus contributed by the technical colleges, cited approval of capital returns would be needed from the Office of the Commissioner of Insurance (OCI), and surplus adequacy strain concerns. Discussions ensued. R. Ranguette asked to see additional information (referenced FY 19-20 Budget document – under expenses) identifying which expenses are usual and customary operating expenses in the insurance marketplace and those that are extraordinary (risk management for the Colleges’ benefit) expenses and are not normally seen in the insurance marketplace. This information could be used every two years in analysis of excess earnings (above usual and customary insurance operating expenses) for potential return to be

applied to current premiums. This matter has been deferred to the October 2019 Board of Directors meeting for additional discussion. R. Lutgen motioned to approve the financial report. R. Ranguette seconded the motion. All in Favor.

7) Investment Report – B. Fain provided the Board with an overview of today’s current market outlook and the treasury yield curve. He advised on the history of the treasury curve and expounded on the conditions (such as, impact of international demands, concerns, and negative yields) which are driving U.S. treasury yields down. Additional Fed interest rate hikes are expected in 2019. He reviewed DMI’s portfolio, including fixed income market value, equity market value, book yield, large cap, mid cap and small cap stocks, and compliance status of IPS rules. D. Brown motioned to accept the investment report as presented by Bill Fain. R. Lutgen seconded. All in Favor. Motion approved.

8) Proposed Changes to the DMI By-Laws – S. Stoeger-Moore introduced the topic and advised based on feedback received from combined College Finance/Human Resource Leaders meeting, consideration was being given to broadening the participation of Senior Administrator with Human Resources to be candidates to DMI’s Board of Directors. An amendment to change the language found in DMI’s By-Laws would be required. S. Stoeger-Moore advised R. Mulcahy and the services of Michael Best & Friedrich was called upon to put together the framework for the language to which the board could give consideration. R. Mulcahy reviewed with the Board, recommended verbiage. Discussions ensued with the board and R. Mulcahy drafting proposed language points agreed to by all. The language agreed to for the final By-Law amendment are:

At all times the directors shall be comprised as follows: 1. one (1) director shall be a member district president; and 2. the remaining four (4) directors shall be a member of the college leadership level as follows: a. the chief financial officer of a Member or an employee performing the duties commonly associated with a chief financial officer (minimum 1); or b. an employee of a Member holding a position with responsibility for the insurance and risk management functions (minimum 1); or c. an employee holding a position with responsibility for the human resources function of a Member (minimum 1).

Based on discussions, D. Brown made a motion to approve the DMI By-Laws as amended above. Motion was seconded by R. Lutgen. All were in favor. Motion Carried. S. Stoeger-Moore advised he would take care of notifying The Office of the Commissioner of Insurance (OCI) of the board’s resolution to amend DMI’s By-Law.

9) FEI – Service Proposal – S. Stoeger-Moore outlined a new proposal (Phase 2) from FEI for additional services to be provided to the Technical Colleges; thus building on the learning experienced received during FY 19 Phase 1. FEI has proposed additional crisis management consultation (2 hours per College); tabletop exercises for valuable practice activities; two ½-day workshops (for Marketing and Media Relations members) which will be hosted at two different venues to gain maximum attendance with minimized attendee travel; webinar; and writings on DMI’s behalf. Key spokesperson training (noted in the proposal) is not being sought at this time. S. Stoeger-Moore is seeking approval for \$18,000 for the period 7/1/19 – 6/30/19, for FEI services. R. Lutgen recommended an additional amount be added to allow FEI staff to travel to the more northern locations. R. Lutgen motioned to approve the FEI proposal at a rate of \$18,000 for next year, plus \$2,000 for FEI travel expenses to northern host sites. D. Brown seconded the motion. All approved.

10) Legal Counsel Opinions – Michael Best - Based on previous questions asked by DMI Board, S. Stoeger-Moore and R. Mulcahy reported on the following:

- a) College Employee – Eligibility for WRS Benefits** – R. Mulcahy advised the Board: based on the relationship DMI has “solely and exclusively” with the Wisconsin Technical Colleges; the criteria of Sec. 38.14 Agreement shared services; and the current college “employer of record” status of three DMI employees, legally the three DMI employees are eligible for participation in the WRS. S. Stoeger-Moore will send to NWTC, Michael Best’s February 5, 2019, letter detailing College Employees Under Sec. 38.14 Contracts Engaged with DMI: Eligibility for Wisconsin Retirement System(WRS) for auditor use.
- b) Procurement** - R. Mulcahy read and discussed handouts previously provided regarding procurement procedures relating to DMI. He reviewed a memorandum prepared by Attorney Raymond Taffora, dated April 11, 2006, dealing with the matter. Based on the analysis completed at the time, it was concluded the State Purchasing Law did not apply to DMI. DMI did not meet the definition of an “agency” to which the State Purchasing Law applies. DMI is not a state governmental entity. R. Mulcahy then turned his attention and continued review of

(Wisconsin procurement requirements/procedures) a memorandum dated, July 10, 2019, regarding the Wisconsin Public Bidding Requirements for the Wisconsin Technical College System and the Emergency Exception. R. Mulcahy provided a synopsis of the topic and the reason for discussion of the Emergency Exception. R. Mulcahy reviewed: the state's purchasing bidding criteria - highlighting the individual criteria components; Section 62. 15 (1b) the state's Public Emergency Exception criteria and definition; examples of services exempt from the bidding process during an emergency exception; required Technical College Board actions, and other topical information.

c) Public Records Law and Open Meetings Law – R. Mulcahy advised everyone of recent legislative updates in respect with the distribution of public records. Requestors of public information now have the right to request the format they want to see requested data provided (electronic, digital audio, video, etc.). Applies to any public employer. R. Mulcahy indicated public employers now have even more to be concerned with in the security and maintenance of public records and data. Discussions/advisement turned to the question of whether or not the meetings of DMI's Board of Directors are required to follow the WI Open Meetings and Public Records Laws. DMI *is* required to follow WI's Open Meetings Laws based on the fact all of the participating DMI Board members are members of public bodies (i.e. technical colleges), and the DMI Board members deal with public funds. Questions were asked and answered. Whenever there is a quorum of DMI Board members at a meeting or a gathering for any reason (i.e., lunch, dinner, risk manager's meeting, cyber security meetings, etc.) in which DMI business may be discussed, a notice for posting is required. Dinner notices for posting should be sent and annotated with a statement to the effect that "no DMI business may be discussed". Or notices for meetings with known lunches/dinners schedule, should have embedded in the meetings' agenda, "DMI Board lunch/dinner to follow – at which time DMI business may be discussed". Whenever there is a gathering of 3 DMI Board members (quorum), S. Harrell will post the event. This includes Risk Manager meeting agenda's, other meeting agenda's, lunches, dinners, etc. She was advised, when in doubt – post. R. Mulcahy defined quasigovernmental body; confirmed DMI's quasigovernmental entity status per the WI Open Meetings Law; and findings in a 2017 Kemper Case. DMI should continue to post and follow WI Open Meeting Laws.

- 11) DMI FY 20 Coverage Summary. S. Stoeger-Moore reviewed DMI's FY 2019-20 program structure and coverages. He talked about this year's Cyber Policy limits, reinsurance components, the terms "claims made and reported" versus "per occurrence", and discussed the binding process and current status of DMI's Property Policy,
- 12) Presidents Goals – B. Baerwald advised the purpose of topic is milestone follow up to the request given to S. Stoeger-Moore during the April 2019 BOD meeting. S. Stoeger-Moore reported on three identified goals.
- Goal 1 (DMI Employment Structure) - S. Stoeger-Moore and D. Brown in-process of working with Key Benefits and Phase 2 activities. Activities include looking into benefits, benefit service providers, PEO (Professional Employment Organization), IRS recognition, and options to hire Payroll and/or Human Resource service functions. Still evaluating. Linda Mont (KBC) is prepared to provide status report to Board. S. Stoeger-Moore will reach out to L. Mont. S. Harrell will schedule teleconference meeting in August for Ms. Mont's status report to be given to DMI Board.
- Goal 2 (Enhanced Customer Service w/WTCS Stakeholders) - S. Stoeger-Moore advised his activities and those of the Consultant's (Audits, Tabletop Exercises, etc.) technical college interaction. An evaluation questionnaire is being prepared for implementation as follow up to each DMI staff audit/visit. Evaluations will be utilized to assess if DMI is on track with services being provided and if there is room to grow. DMI staff will follow recommendations. Continual review of DMI coverages with College contacts was discussed. B. Baerwald asked for "Policy Review" to be added as the second bullet under this goal. She also asked for an additional bullet point, "DMI President will attend/be on one agenda per year with Human Resources and one with Chief Financial Officers" for face-time and topical insurance coverage information/questions. R. Ranguette advised the next WTCS CFO meeting (Arranged by John Van De Loo, NATC) is scheduled for November 7th and 8th in Milwaukee. S. Stoeger-Moore offered to meet with the Colleges' Boards of Directors as well. S. Stoeger-Moore confirmed he would add to the goal list "Policy review of coverages in meeting with stakeholder groups HR, Finance, and Facilities".
- Goal 3 (Create Systematic Approach WTCS Exposures) – Per S. Stoeger-Moore, DMI will utilize the Dept. of Homeland's Security Threat Assessment risk inventory to identify both internal and external threats. Further modifications to the DHS Threat Assessment will be made by DMI.

13) Board Member Terms of Office – While self-explanatory, S. Stoeger-Moore briefly reviewed each members' terms.

Both B. Baerwald and C. White will be up for re-election in April 2020.

- 14) DMI Value Added Services** – DMI has saved the colleges to-date \$22M in premiums and value-added services, not including consulting services of DMI staff. R. Ranguette asked if S. Stoeger-Moore could provide at a later meeting a breakdown of how the premium savings were derived.
- 15) Summary Report of Risk Mitigation Forum** – S. Stoeger-Moore walked members through survey results from the April 2019 Risk Mitigation Forum (RMF) citing: 35% response rate from attendees, 93% of attendees liked the current format (Wednesday/Thursday/Friday), 100% attendees said they would recommend attending the RMF, and 97% attendees said they liked having the event at the Osthoff. The Board was advised that DMI reserved the Osthoff Resort for the April 2021 (Wednesday/Thursday/Friday) RMF and for the April 2020 regular quarterly meeting. It was noted, DMI’s service partner sponsorships and support was significant. DMI staff is considering format changes (number of concurrent tracks, etc.) not location changes.
- 16) Salary Adjustments of DMI Consultant Staff** – S. Stoeger-Moore appraised board members of FY 19-20 Consultant salary adjustments.
- 17) President’s Report** –
- a) S. Stoeger-Moore walked members through the 2019 Retrospective presentation. The presentation outlined DMI’s formation history; goals then/today; DMI’s Trade Association behavior; and underlying DMI business practices. S. Harrell will email Board members a copy of the Retrospective presentation for use at their college and with their Boards of Directors.
 - b) S. Stoeger-Moore advised claims reports would be emailed along with the Retrospective presentation.
 - c) S. Stoeger-Moore briefly reviewed the URMIA Annual Conference (September 16 – 19, 2019) in Boston, MA and DMI stipend winners. Tam Burgau (CVTC) is no longer able to attend the event, so the stipend application was reopened to college risk managers. Joshua Cotillier (MATC – Madison) was awarded the available stipend.
 - d) Based on the Board’s April 2019 decision not to charge back colleges for student curriculum related motor vehicle record checks, last year’s savings amounted to \$3,248.
 - e) S. Stoeger-Moore advised on the most impactful activity colleges could do to reduce premiums. DMI’s Worker Comp policy makes up 57% of the college’s total premiums. The most impactful thing an employer can do is decrease indemnity (lost time) of a loss. Having a good return to work policy or modified duty program effectively reduces indemnity. Policy underwriters ask employers for their return to work policies, to use in establishing policy renewals and premiums. A handout was distributed and reviewed further by S. Stoeger-Moore. It was suggested DMI’s Board of Directors consider making it mandatory that all of the Colleges have a “return to work program/policy”. S. Stoeger-Moore will request a policy template from United Heartland for use by board members and the technical colleges. DMI board members were in favor of moving this topic forward to the next technical college human resources meeting. D. Brown will add to the HR agenda. He also asked if Jeff Lynde or Anne Romaine from United Heartland could be present during the meeting. S. Stoeger-Moore advised he would arrange whatever the board requests.
 - f) Consultant Reports – Board to review at leisure.
 - g) Code of Ethics/Conflict of Interest – Required annual form for OCI Exams. Forms signed by Board members.
- 18) Adjourn** – A motion was made by R. Lutgen to adjourn the meeting. Seconded by R. Ranguette – All approved, Meeting adjourned at 3:12 pm.

Respectfully Submitted,

David Brown
DMI Board Secretary