



**Charting Our Course
Executive Committee ~ March 26, 2009
Work Session ~ March 26, 2009
Quarterly Board Meeting ~ March 27, 2009**

This Activity Report is an effort to keep all Board and Associate Members informed on recent and ongoing WSTIP activities. Feel free to pass this information on to any and all interested parties.

Executive Committee ~ March 26, 2009

If you would like to view the supporting materials, including staff reports and presentations, go to <http://board.wstip.org> and select the March 2009 Quarterly Meeting.

The Washington State Transit Insurance Pool Board of Directors held an Executive Committee Meeting on March 26, 2009 at Campbell's Resort in Lake Chelan. Committee Members present were: Mark Carlin, Grays Harbor Transit; Jamie Collier, Clallam Transit; Ben Foreman, Intercity Transit; Tom Hingson, Everett Transit; Ed McCaw, Valley Transit; Ken Mehin, Yakima Transit; Jim Plaster, Spokane Transit; Jeff Ristau, Community Transit; Chris Smith, CUBS. Guests present were: Tracey Christianson (Member Services Manager); Van Church, Jefferson Transit; Chris DeVoll, (Risk Management Specialist); Ron Franz (General Counsel); Al Hatten (Executive Director); Staci Jordan, Island Transit; Joanne Kerrigan (Administrative Assistant); Dale O'Brien Skagit Transit; Andrea Powell (Information Systems Specialist); Jerry Spears (Deputy Director); Rick Steddom, (Broker) Alliant Insurance Services; Allen Walch, Ben Franklin Transit; Troy Woo, Pullman Transit.

Call to Order

President Plaster called the meeting to order at 9:02 am. He asked for any changes to the agenda. A sign-in sheet was passed around as the verbal roll call ensued.

Consent Agenda

Secretary Carlin moved to approve the minutes and check numbers 19619 through 19802 in the amount of \$1,456,487.83; internet transfers of \$40,572.73 for the 02/15/08 payroll and \$35,919.19 for the 02/28/08 payroll from the WSTIP US Bank Claims and Administration account to the WSTIP Payroll account at US Bank; and internet payments for the staff credit cards total \$8,742.54. Total voucher approval is \$1,541,722.29. Past President Collier seconded the motion. Director Ristau asked several questions about particular checks and Christianson and Spears gave specifics about the expenses. Hatten said all of the items in question were on the approved budget. Plaster asked about an expense for personality profiles. Christianson replied they were part of the staff hiring process. Plaster called for a vote and the motion passed unanimously.

Action Items

Employee Handbook – Hatten explained this is the revised handbook that was started in July 2008 and has been on the agenda to approve since September 2008. He reported the Executive Committee asked

for another 30 days to review at their last Executive Committee. Hatten said 90 percent of changes to the handbook were a result of a review by Kristen Anger, Summit Law Group. The only exception is the limitation on accruing leave on page 22. Plaster asked for questions. Staff fielded several specific questions about language and concepts in the handbook. Discussion ensued. Most notable changes were: (1) making the paragraphs on page four and six the same regarding the word "religion and creed," (2) deleting the sentence, "However, the employee shall receive 60 percent of any COLA that is approved each year" from page 16, (3) putting the two sentences, "WSTIP encourages employees to take regular vacations." and "WSTIP employees may not carry more than 690 hours of general leave in to the next year" back in on page 22, (4) adding the caveat, "unless authorized by the Executive Committee," to paragraph one on page 35, and (5) deleting the note on the bottom of page B of the Appendix.

Ristau asked adding term limits verbiage on page 14. Hatten said DeVoll's term-limited position is by contract. Christianson added that Kristin Anger at Summit Law Group did not see a need to change it in the handbook, but it had to be specifically addressed in the employment letter and the job description.

Ristau asked about the language on page 16, last paragraph, regarding effective reclassification and position ranges. Hatten stated he is open to change it but that it has been existent. Ristau asked if they should get 60% of any COLA that is approved that year. Plaster said at Spokane there has been no partial COLA given to employees. Foreman said at Intercity Transit, they freeze the pay until the range exceeds where they currently are at. Plaster said that 60% should be reconsidered. Hatten asked if they wanted to just take the statement out. Collier asked if there have been employees affected in the past by this. Christianson said yes, Becky Tobin. Ristau asked if there were any current employees being affected. Christianson said no.

Plaster commented about the policy on page 20 regarding employee contributions to insurance coverage that in the public sector it has been common to do that. Discussion ensued on this topic.

Hingson left at 9:25 am.

Plaster asked about the 20 hours a week or more language on part time employees. He said it is more common to see 30 hours a week. Ristau said he thought the same thing. Collier explained the hours of credit. McCaw said anyone working over 20 hours has to be covered at Valley Transit. Ristau asked about the determination and Collier replied if someone works 70 hours out of 12 months, they are eligible. She said you can start out saying a position is a project position and it is expected not to exceed the requirement, but if the person works more than 70 hours, then you can see that was an aberration, but if they do it again, you have to put them in from the beginning. Twenty hours for part time employees was determined to be left in.

Foreman had concerns about removing the cap on accumulated general leave. He asked what the cap was and that at least he would like to see a cap. Collier asked if the employment lawyers were aware of any liability on the accumulated leave. Christianson said no. Spears said this question comes up every year in the audit, but Kristen Anger didn't specifically address it. Ristau said the Executive Committee previously approved a 690 hour cap. The two provisions on page 22 will be put back into the handbook.

Church gave information regarding a potential IRS issue regarding the buy-back provisions. Ristau suggested seeking out a tax attorney for advice specifically for this issue. Plaster said to leave this

sentence in the handbook, but noted the last few words were missing. Christianson will go back and add the words, “next year” to the end of the sentence. Spears clarified that the 690 hours cap is staying.

Plaster asked about leave of absence on page 29. Hatten said he did not recall, this was recommended by counsel. Spears said he talked to Anger and this seemed like it made more sense. Plaster asked if it was prudent to leave it open ended. Christianson said it was more likely that a shorter leave of absence would be approved. She noted that the cap created some expectation from the employee perspective of how much would be allowed. With the current size of staff, it is doubtful a three month leave of absence would be able to be approved. The Executive Committee agreed.

Plaster asked about language on page 34 regarding requiring employees to hold a valid Washington license; he said Spokane had to pull that language after a review. Christianson reported it was her understanding a driver license can only be required if driving was part of the job. She noted that the requirement was removed from several administrative positions, but was left in the job description for the Risk Management Specialist. The language in the handbook only discusses that if you drive on behalf of WSTIP then you need to have a current Washington state license. It was the consensus to leave the language as is.

Ristau asked about “Employees Cannot Procure Goods and Services if a Conflict of Interest is Involved: Real or Apparent” on page 35 and asked how this language relates to Hatten’s participation on the GEM Board. Hatten said you are part owner of the entity. You are not actually buying services, you are representing your entity. Foreman asked for Franz’s opinion because the category is broad. Franz can see no exception. Plaster would like to put in a clarification of financial responsibility. Franz said he would like a better understanding of how this fits together. Hatten suggested taking it out. Ristau said as a board we have approved it. Foreman asked if it should be the Executive Committees decision and it was determined that it was. It was determined to add language that gave the Executive Committee the authority to allow a staff member to sit on a Board.

Ristau asked about conflict of accepting gifts, some boards have taken to define what that is – appendix 1.1. He asked if we want to take a stance but he doesn’t mind leaving it this way. Hatten said some of the alternates to the board were elected officials. Collier asked about resolution, it will be stricken from bottom of the page.

McCaw made a motion to accept the handbook with the amendments outlined above. Smith seconded the motion. The motion passed unanimously.

Non-Member Intergovernmental Procurement Policy - Franz presented the Non-Member Intergovernmental Procurement Policy and said this is in lieu of the associate member program that we used to provide or procure services and goods to/from non members. This policy is broad and basically says the pool can provide goods and services. He said you don’t really need it because the practice is allowed under the Interlocal Cooperative Agreement Act, but in the spirit of policy governance the policy makes it clear we can do it. Collier moved to accept the policy. Carlin seconded. The motion passed.

Expense Reimbursement Policy Revision – Franz said the intent of this amendment is to add general counsel expenses to the list of individuals that the Treasurer approves. He said the copy here will need to be revised. Collier moved to approve the policy with the corrections. McCaw seconded. Ristau had a

concern about not seeing the final version before it's approved. Plaster called for the vote and the motion passed, five to one, with Ristau in opposition.

Recommendations to the Board

Core Value Policy – Christianson reminded the Executive Committee that they have approved this policy and are recommending it to the full Board and there is nothing more to do with it until then. The action will take place at the Board meeting.

Financial and Staff Reports deferred to the Board Meeting.

Subcommittee Reports

IT Support/Update – Spears said the status of the subcommittee is they are currently administering three security reviews: Columbia County, Valley Transit, and Grant Transit. Twelve properties in total have been visited.

Plaster called for a break at 10:10 am. Plaster called the meeting back to order at 10:23 am.

Legislative Update - Hatten updated the Executive Committee on which bills were left. He said 35 bills started and now it is down to five. He will keep the Board apprised as matters evolve.

Discussion Items

Representative Meetings Reports – Ristau reported that he got some clarification on communicating back. The large system representatives talked about the workshop. Mehin said the medium system representatives covered the weighted voting issue; they don't think it is broken; they would like to keep it the same way and focus on requirements of new members. McCaw said the small properties talked about weighted voting, and maintaining the pooling atmosphere so everyone can participate. They talked about using methods so that no system can dominate and we can get a consensus on issues.

Member Due Policy Process – Hatten discussed the staff's recommendation that the Executive Committee add to their work plan a discussion on Member Due Process for times when WSTIP and an individual member may be at odds over a policy or practice. There is no existing process for a dialog between members and WSTIP on contentious issues. Staff raises this concern so that there is a process to follow in order in case something comes up in the future. Franz said one of the things he will be working on is a governance segment on an appeals process; it is more limited than due process. He will be talking to Hatten about this and invites comments for the process on appeals. Ristau asked Franz if the current policy in place for disputes in coverage is the model he is looking at or another one. Franz said he is reviewing all options and hasn't decided which one to use. Plaster asked if that draft will include member changes and if that changes the risk assessment. Franz said his draft is pretty open ended, he needs some input on what the Executive Committee wants. Hatten suggested taking some of the due member process information and putting it in the appeals policy. Hatten remarked that right now if WSTIP has some behavior issue with a member, there is no process in place to deal with it. The Board has to take a response. Collier said the due process policy can use the appeals process and it seems like we are looking for things WSTIP can do, short of member termination, to address behavior issues with a member and that process should have some due process for the member. Collier stated such a policy requires some thought. Plaster asked if other pools might have a model. Hatten said other pools have terminated members, but he was not aware if there were other sanctions less than termination

(other than underwriting criteria). Ristau suggested securing the policy from these more mature pools and asked if GEM had one. Hatten said their policies deal with more insurance laden stuff. Foreman asked if any other pools have sanction criteria and not expulsion. He used the example of next year your premium is going to double if you don't shape up for the guilty party. Hatten said those type of sanctions are called compacts. They work as underwriting criteria and put on extra charges if you don't do what you are supposed to do. Church asked if there is a particular reason due process is being brought up besides the memo and Hatten affirmed. Collier asked what compels a member to follow best practices? Christianson said the member's governing Board passed a resolution to follow the WSTIP best practices. Christianson noted two members have not passed a Best Practice resolution: Mason and Ben Franklin. Besides the Resolution, Collier said that if management repeatedly dismissed the notion, there is no other incentive to comply and Christianson agreed.

Ristau said having organizations comply with compacts or standards is nothing new and comes up from time to time. Plaster reminded the Committee that the staff request is adding this topic to the 2009 work plan. Jamie moved to amend the work plan to develop one or more policies to deal with member compliance and leave it up to the president and general counsel to work out a schedule to satisfactorily meet this need, which could include amending the coverage document. Smith seconded. The motion passed.

Executive Session

The Executive Committee went into Executive Session at 11:00 am pursuant to RCW 48.62.101 to discuss claim settlement matters. The session was expected to last 10 minutes. The Executive Committee came out of Executive Session at 11:13 am to declare the claim settlement discussion would need another five minutes. The Executive Committee came out of executive session at 11:19 am and authorized the Executive Director specific settlement authority.

Recap and Review of Meeting – Plaster recapped and reviewed the meeting. The Executive Committee added to the work plan the member due process policy.

2009 Work Plan – Plaster reviewed the work plan and asked Hatten if there would be more to come tomorrow revolving around IRM. Hatten said the criterion revolves around underwriting. He would like to ask the Executive Committee to consider having Board members participate in gathering underwriting criteria and talk about compacts. He would like to get the discussion going. He asked if Collier would serve as chair to the subcommittee in underwriting criteria. Plaster asked the Executive Committee if they would like to form a subcommittee. Collier said part of the rationale for tagging her on this is given in her involvement on the policy manual and impact of underwriting criteria with member discipline. She can coordinate on the strategic plan and keep all the moving parts on target. Hatten asked for volunteers; Foreman volunteered as a large member representative. Plaster appointed Collier (Chair), Foreman and McCaw to the Underwriting Subcommittee.

Carlin moved to adjourn the meeting. Ristau seconded. The meeting was adjourned at 11:27 am.

Work Session ~ March 26, 2009

If you would like to view the supporting materials, including staff reports and presentations, go to <http://board.wstip.org> and select the March 2009 Quarterly Meeting.

The Washington State Transit Insurance Pool Board of Directors held a Work Session on March 26, 2009 at Campbell's Resort in Lake Chelan. Members present were: Director Lynn Bourton, Link Transit; Director Mark Carlin, Grays Harbor Transit (Secretary); Pat Dunn, Whatcom Transit; Jamie Collier, Clallam Transit (Past-President); Director Ben Foreman, Intercity Transit (Treasurer); Director Kim Gates, Asotin County PTBA; Director Tom Hingson, Everett Transit (Vice President); Alternate Staci Jordan, Island Transit; Director Ed McCaw, Valley Transit (Small System Representative); Director Ken Mehin, Yakima Transit (Medium System Representative); Director Dale O'Brien, Skagit Transit; Director Jim Plaster, Spokane Transit (President); Director Jeff Ristau, Community Transit (Large System Representative); Director Tim Russ, Pacific Transit; Director Chris Smith, CUBS (At-Large System Representative); Director Allen Walch, Ben Franklin Transit; Director Ernie Graichen, Twin Transit; Director Troy Woo, Pullman Transit; Director Greg Wright, Grant Transit; Alternate Paul Shinnors, Kitsap Transit (via phone). Guests in attendance were: Rick Steddom, Alliant Insurance Services and Eric Svaren, GroupSmith. WSTIP staff present was: Tracey Christianson, Member Services Manager; Ron Franz, General Counsel; Al Hatten, Executive Director; Andrea Powell, Information Systems Specialist; Joanne Kerrigan, Administrative Assistant and Jerry Spears, Deputy Director.

Plaster introduced Whatcom Transit's new Board member, Pat Dunn. Attendees introduced themselves. President Plaster went over the background on the discussion of governance and weighted voting. He said there was discussion regarding whether or not the Executive Committee was ready to bring it forward to the full Board. The action was approved to bring it as a single item in the workshop session. He encouraged everyone to openly share their thoughts and introduced the facilitator, Eric Svaren. He reminded the attendees that no action would be taken and encouraged respectful discussion.

Small Member Entry Criteria - Svaren went over the agenda. The first part of the process was small group discussion on what the minimum requirements for membership in WSTIP should be. He explained that then the small groups would come together and share in the large group. After that, he said we will step back and reflect on the implications of ideas from the group. Svaren explained the next step would be dialogue. The intention is to open up communication, not to make a decision, just get the discussion on the table. Eric asked attendees to form groups of four or five, with distributed representation of large, medium, and small. He asked the group to brainstorm member requirement ideas, convert the ideas to paper, and then be ready to place their ideas on the wall.

At the conclusion of the small group discussion, Svaren asked for everyone to share their favorite idea. The following is a compilation of the ideas shared.

First round

Compliance Period – Ristau said as a small member joins, there would be a certain amount of time they would need to meet criteria, like having an operations manual, minimum training standards, meeting requirements or their membership would be revoked. For the time being they would be classified as a provisional member for that time.

Premium Equals Market – Plaster stated the objective to admit a new small member would be to go out and get an initial commercial market premium until they could establish credibility as a member.

Track Record (good) – McCaw said they would have to have had a track record of commitment to safety and ability to take a risk.

Best Practices – Bourton said more of the same, there should be a certain amount of practices in the compliance period, have to have a business plan, personnel policies, procurement process, training, checks and balances, basically criteria that a new member must meet.

Second round

Agree to Fund \$ - Being agreeable to funding a lightning strike. Collier said assuming that a new member would have to figure out amortization period. They would agree to fund it for the initial premium period, you couldn't leave the pool if they had a lightning strike, and if they left they would still have an obligation to reimburse the pool.

Mentor Program Umbrella – McCaw said if they didn't have much of a history, the idea of having them be mentored by some other system to see how the pool works and how to set up their system, a resource available to help them understand the pool environment.

Disclose Interlocal Agreements – Jordan said any interlocal agreements they may have would have to be up front in case they cross state lines and commit to the concept of playing well with others.

Other Pools Approach – Russ suggested checking with other pools that may be accepting new members and see if they have criteria, he was curious what other pools use to accept new members, look at other folks and how they have figured it out.

Third Round

Non Voting Period – Ristau said the thought is for a system that has not started operations, they would not be a voting member. The pool would be offering coverage but during that initial period, but until they are fully operational, they wouldn't be eligible to vote.

Minimum Size – Collier said WSTIP would establish a certain size a new member would have to be, not a specific size – that would lead to a larger discussion, one or two bus operation would not be attractive to the pool, not just the fleet but the support and infrastructure. Ristau said the issue there would be what about a new start – they may start out with Dart – 3 vans, but a five year plan, it could be different, there would have to be a defined or floor for the system. Carlin said maybe going outside to the market.

Commitment from Elected Officials and Management – McCaw said it goes back to initial review, part of the criteria is either they have a track record of the elected officials and management to support infrastructure with a commitment to safety, manuals, and not just signing a piece of paper.

Board Commitment – Forman explained that the new member's governing board should demonstrate understanding of the commitment to pool operations, the pool isn't just insurance, and the relationship between the member and pool is not strictly a financial transaction.

Financial Stability – McCaw said when a new member puts in an application WSTIP should look at their track record and determine if they have the financial stability to put in necessary infrastructure.

Minimum Contribution – Ristau said regardless of size, we need to establish a minimum contribution for a new member to get some direct benefit.

Discloses Contractor Information – Gates says if the member has a contractor, to know as much as possible about that contractor.

Don't Change the Interlocal

Established Training Program – specific criteria would be developed.

IRM adopted – Collier says that is an example of formally adopting best practices or standards.

Business Plan – Woo said it's a way to see future exposure, to see a plan of where a new member is headed.

The Board decided which ideas should go together as listed below:

- Best practices
- Compliance Period Non – Voting
Non-Voting Period
Mentor Program/Umbrella
- Other pools approach
- Premium = Market
Agree to Fund
Minimum Contribution
- Commitment from Elected Officials
Board Commitment
- Business Plan
Disclose Interlocal Agreements
Disclose Contractor Information
Financial Stability
Track Record - Good
2 -3 Years Experience
Minimum size

Svaren asked the Board to step back and capture what is most intriguing and the group discussed more in depth.

Concerns and Issues for WSTIP (Setting new criteria for membership)

Christianson said any time you set criteria, you keep a member out which creates another pool and thus can create competition. It doesn't necessarily drive people in. Russ asked Christianson about her time at

Association of Washington Cities (AWC) and if that was a factor. She said yes, with three programs serving cities, each pool was always trying to get the others members. Jordan asked if the non voting period would create a change in the interlocal agreement. Franz said right now the interlocal agreement says one member one vote. He suggested focusing on a probation period because nothing prohibits that.

Plaster said the more membership you have the more dissipating of the voting you have, in particular by small members; it is just the dissolution process.

Collier said people have raised the issue that we have culturally seen ourselves on a mission to provide public transportation in Washington. Another way of looking at this is to admit no new players. It is not explicitly in our mission. How do we view WSTIP's mission. Ristau said part of the marketing and work plan in previous years, was to recruit new members, and now it appears we are backing away from that. Bourton asked who is out there and what is on the horizon on who is trying to form a PTBA. Hatten said a lot of the PTBAs that are forming are running into obstacles because of funding. A potential member is C-Tran, but they are a larger member. Union Gap came up and was left waiting. Russ said he got the impression from state meeting attendance that is a goal of the state to get more PTBA's up and going. Hatten said you might see that change in two or three years. That is why this discussion right now is important so we have the underwriting criteria determined, it would be easier to talk about new members. The other thing is to have different SIR levels, but then we are still an open door environment. If we do this, we raise the risk of creating another risk in competition.

Carlin asked what would be the draw for anyone to drop out and join another pool, how would those forming a pool affect us? Christianson said competition can be good, but if you get a broker run pool together, they can undercut prices and withstand market ups and downs differently. Hatten said it is always good to look at the commercial market to see if we are competitive. Plaster said we have to decide if we are going to go after that market or not. He wonders how strategically we offer a quality affordable insurance coverage without the mass expansion. He brings up that we are providing representation without proper taxation, where is the critical mass where there is too much governance and not enough product. He struggles with the disproportionality of the new member admission process. Hatten asked if he would go to a representative style government. Plaster said all the small cities get together and appoint someone to the board from their group. Collier said she sees the value in WSTIP in that it is collegiate. This is not just an insurance company, its part of running a good transit property. Russ made the comment that he is opposed to the idea of a weighted voting. Russ said he takes a lot of pride in the fact that WSTIP speaks as one voice, they take the good of the whole pool not just the big or little guys. He would hate to see that change because he sees that going toward creating a wedge in the pool. Plaster, in response, said he struggles with the same issue. Equity consideration becomes a polar issue for him. He said there is no way to change the representation without changing the interlocal agreement. He is not critical of decisions that have happened here in the past. Ristau stated he continues to support the cooperation of the process but internally the question comes up revolving around the contribution number and equity. He said there have been disputes but they have not always centered on size. This issue continues to come up, and you have to look at what equity means and what it applies to. O'Brien said he thinks the change was due to the interest of large systems compared to the small and medium systems. He doesn't support the weighted voting system and mentioned he felt WSTA's weighted voting system was detrimental to holistic membership interest. O'Brien said he feels a transit system can voice their opinion at WSTIP and it's considered and brought back to the full group.

Walch said WSTIP was originally developed a pool for pooling interests; and he favors the one/member one vote structure. McCaw commented that if we develop standards for admitting small members to insure that they are committed to best practices and perhaps required to buy stop loss coverage so they are not a lightning strike, and they have a mentor, why wouldn't we want that member voting? If that member has that much interest invested, they would vote for the best interest of the pool. He said any size member wants to protect equity.

Ristau asked if we need to address this. Hingson recommended that the Executive Committee come up with criteria for new membership using the information gathered as a start. The criteria would then be placed in a governance policy and be sent to the full Board. Hingson said the goal is to create criteria short of amending the interlocal agreement.

Plaster thinks there is still work to be done and thinking we can't change the interlocal agreement reduces potential ideas. Hingson thinks we should work to know what we are getting into with strong preference to not change the interlocal agreement, but it is still an option to do so. Ristau said potentially, the criteria may necessitate a change. Carlin said there has to be some type of attendance requirement in order to keep the cohesiveness and attendance at the meetings and workshops so you are informed and make informed decisions. Bourton said the orientation program states you have to attend Executive Committee meetings the first year as a requirement. Hatten said the reinforcement is lax. Hatten said that goes back to the underwriting criteria. Hingson said the concept of board support and commitment is where that fits. Graichen asked what would be a reasonable timeline. Franz felt a draft would be available by fall. Plaster said he appreciates the objectives stated, but felt it may take a full year to accomplish. Plaster adjourned the meeting at 3:14 pm.

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President Plaster called the meeting to order at 8:38 am and called for changes to the agenda as a sign in sheet was passed around the room. A verbal role call ensued.

CONSENT AGENDA

Foreman moved to approve the minutes from December 2, 2008. Graichen seconded and the motion passed.

FINANCIAL REPORTS

Spears said the Thurston County Auditor, Robin Hunt attended the Executive Committee in February. He mentioned that most of the money is with the Thurston County investment pool and said she has had the most success with the pool's money. He opened the floor for questions about the financials. Plaster asked if Pierce Transit was added in the claims now. Spears affirmed. Hingson asked about the one open claim in 2002. Spears said it is a Community Transit matter, the claimant doesn't know which bus hit him so he sued all the ones he thought it might be, but he has a slow lawyer.

STAFF REPORTS

2009 Golden Coach Award Presentation – Hatten presented Ristau and Community Transit the award and noted that Community Transit had a 37 percent reduction in claim frequency. They went from over an average of \$8,400 to \$2,100 per event. In 2006, the pool as a whole was running \$5,800 per event. This is a significant reduction in severity of losses. Ristau wanted to thank Mike Burress, Community Transit's Risk Manager, and his Risk Management.

Executive Staff Report – Hatten gave a summary review of his report. Notable mention in his report was the savings to the pool in cost from ONE BEACON of \$170,000 because of the commitment to loss prevention in IRM. He also stated that at the July GEM meeting, he will officially be up for President of GEM. Hatten commemorated WSTIP's 20th anniversary with a small token to the Board, a leatherette case for post its. They were passed out to the Board. Hatten said at every Quarterly Board meeting there will be a gift and at the Annual meeting several of the founding members of the pool will participate.

Christianson talked about the Risk Profiles and Annual Report. They were passed out to each member. Please see her for questions about either. Spears talked about the upcoming claims conference and a report writing software class he will be putting on. Hatten went over the details of an ongoing employment practice settlement and reminded the group that he and staff are here to assist in the determination process. He has been an active player in the case and continues to be supportive of the member.

General Counsel's Report – Franz said the Gallagher class action settlement is like a pot of gold at the end of rainbow and he doesn't have sense of how much money he will get out of it. He said the Washington State Insurance Commissioner went after Gallagher and got \$150. Hingson asked about Franz's work on the permit use at Community Transit. Franz said there was something the union wanted to use the park in ride lots for in order to hand out information. Hingson said it was related to permissible use. Ristau said they entered agreements about it. Franz said he will follow up on that.

Broker Report - Steddom summarized the broker report. He stated the insurance industry is preparing to endure the downturn in the economy; the anticipation is going to be increased loss experience as we go forward especially in executive and elected companies. He expects the market to go hard in July. He gave an update on the status of AIG. His observation is as long as the US Government continues to support the parent company, everything will be fine and he suspects that will continue. If they lost support, the ripple effect would be devastating. He suspects the state regulator would win a battle with the feds. He suspects AIG will sell. He surmised the problem as the AIG financial unit based out of London was unsupervised by the U.S. and England; it was unregulated and a massive amount of money was made by the London office, and now the money has come due. There is not much chance the companies associated here will be impacted, they may get sold, but no relationship with AIG, they are well capitalized, have a surplus and have good underwriting. If any of these companies went into runoff, and no one took any money from them, they would still be fine. Steddom said AIG's punishment for all of this is they are going to lose their core employee group also called a brain drain, meaning the talent will go elsewhere. He gave an example of the Kelly Brothers, the brains behind some of AIG's more noteworthy insurance endeavors, they have left Lexington and started a company called Iron Shore and Rick predicted you would hear more about that company in a few years. Ristau asked about the state of the economy. Steddom said we can expect more nuisance claims.

New Staff Member Presentation - Chris DeVoll, Risk Management Specialist for WSTIP gave a presentation about himself and past experience. He talked about his experience in a lot of transit areas including driver, safety trainer, capital facilities, and as a Transportation Safety Institute Instructor. He talked about the IRM Benchmark Subcommittee and his role in the IRM program. He is scheduling meetings with all the properties to go over details of ongoing and future IRM projects. DeVoll came from Everett Transit. Hingson complimented DeVoll and let the group know how fortunate WSTIP is to have him on board and it is great for the organization. Plaster welcomed DeVoll on behalf of the Board.

IRM AND IRM BENCHMARK SUBCOMMITTEE REPORT

McCaw said the task of the committee is finding a way to benchmark and measure effects that IRM is having and how we can see the payback. He reported to the Board that the best practices need to be updated. DeVoll, as IRM, will go out and do an assessment to verify practices. During the review, the purpose is to look at properties or the aggregate and identify areas of risk. The committee worked on identifying the factors and put forward five main areas of risk. The focus is to find out what is driving the

rates and to put emphasis on preventative measures. The Committee also discussed using 2008 as a benchmark and then looking back three years from now. The committee members are (chair) McCaw, (small) Smith, (medium) Mehin, and (large) Ristau. McCaw told the group to contact him if they have questions.

Christianson talked about her report and the work that was left behind from the previous consultants. She discussed the progress of the driver license monitoring program and related WSTIP has an application into the Department of Licensing for database access. Christianson fielded questions regarding the program.

Rick Steddom left at 9:49 am. Plaster asked to take a break at 10:04 am and return at 10:15 am. Jim called the meeting back to order at 10:19 am.

EXECUTIVE COMMITTEE REPORT

Plaster said the employee handbook was passed with edits. The non-member government procurement policy and the expense reimbursement policy revision were passed. The Executive Committee recommends the core value policy to the full Board and that is an action item on this agenda. He said updates were given from IT and Legislature subcommittees and the work plan was updated. Plaster told the Board the Executive Committee appointed an Underwriting Subcommittee, and Plaster appointed Collier as chair.

ACTION ITEMS

Core Values policy – Franz covered the core value policy and explained the segment. Collier and Franz collaborated on this policy. It is recommended by the Executive Committee. *Walch moved to adopt the policy. McCaw seconded. The motion passed.*

MEMBER UPDATES

The members gave member updates.

ADJOURNMENT

Plaster adjourned the meeting at 11:13 am.

Plaster announced the next meeting will be April 23, 2009 at the WSTIP office.