

## WSTIP Activity Report May 28, 2009 ~ Executive Committee Meeting

The Washington State Transit Insurance Pool Executive Committee met on May 28, 2009, at the WSTIP offices in Olympia, WA. Executive Committee members present were: Mark Carlin, Grays Harbor Transit (Secretary); Jamie Collier, Clallam Transit (Past-President); Ben Foreman, Intercity Transit (Treasurer); Tom Hingson, Everett Transit (Vice-President); Ken Mehin, Yakima Transit, (Medium System Representative), Ed McCaw, (Small System Representative); Jim Plaster, Spokane Transit (President); Jeff Ristau, Community Transit, (Large System Representative); and Chris Smith, CUBS (At-Large System Representative). WSTIP staff present were: Joanne Kerrigan, Administrative Assistant; Tracey Christianson, Member Services Manager; Ron Franz, General Counsel; Al Hatten, Executive Director; and Jerry Spears, Deputy Director. Kevin Wick was the Guest Speaker. Call to Order President Plaster called the meeting to order at 10:05 am.

### Call to Order

President Plaster called the meeting to order at 10:00 am. He asked for changes to the agenda, hearing none, a verbal roll call ensued as a sign-in sheet was passed around the room.

### Consent Agenda

Plaster said the Executive Committee would move to approve each consent agenda item individually.

*Minutes- April 23, 2009* - Plaster had a comment on the discussion item wording regarding the consensus of new member criteria and admission policies. He stated the word "checklist" should be added in front of criteria for clarification.

Collier arrived at 10:04 am.

Plaster asked to change the wording in the second sentence of the financial ratios topic. He suggested changing it to read a process rather than an individual meeting.

***Hingson moved to accept the minutes from the consent agenda with the suggested revisions. Collier seconded the motion and it passed. Ristau abstained from voting due to being absent at the last meeting.***

*April 2009 Vouchers and Checks* - Plaster asked for questions on the vouchers. Ristau asked about check number 1996; Christianson responded it is for the air conditioning of the building. He also asked about check number 2004 which was a check payable to WSTA and deposited by WSTIP and funds had to be reimbursed. He asked if remedies were being taken to make sure this would not happen again. Hatten said yes steps have been taken. Ristau asked about the electronic line following check number 2005 regarding a proof correction was debited. Spears said the bank debited us incorrectly. Plaster affirmed that the fine print at the bottom of that page reflects this action. Ristau asked about check number 20031 which is payment to the Department of Information Services for high speed internet connectivity. He asked about check number 20070 to the Tyee Center. Spears responded that it was the banquet bill for the Claims Conference. Ristau suggested putting in the topic in the line item to identify the costs for banquets. He asked about check number 20112 which Christianson replied was to

Fairhaven International who is the consultant doing the Skagit Emergency Plan. Plaster asked about check number 20064 to Marshall and Swift. Hatten said it was an annual subscription to keep our property valuation software current. Plaster asked about check number 20114 to which Spears replied Intersol is who we pay for the Adobe Connect web based meeting tool product. Plaster asked about the March claim supplement payment. Spears said this was for a body shop that wouldn't release a car so he used his credit card, he stated he does not like to use his credit card for such things but this was a special circumstance.

***Ristau moved to accept the check numbers 19962 through 20117 in the amount of \$270,458.00; internet transfers of \$34,162.84 for 04/15/09 payroll and \$34,541.39 for 04/30/09 payroll from the WSTIP Claims and Administration Account to the WSTIP Payroll Account at US Bank; and internet/ACH payments for staff credit cards and consulting services total \$14,518.51. Total voucher approval is \$353,680.74. Collier seconded the motion and it passed.***

*Surplus Inventory Approval* - Spears stated there is a myriad surplus equipment including notably a server. Ristau stated that the memo should reflect all of the items are depreciated and asked how the dollar amounts were arrived at. Spears said the amounts were arbitrarily picked. Ristau requested the dollar amounts be removed. He said it is not up to the Executive Committee to decide those rates. Collier said she thought that information was helpful to the members as long as it is indicated that the items are fully depreciated. Ristau said Community Transit has established a policy for how employees bid on surplus items because there can be a conflict because the people who assess the value of the items shouldn't really be able to bid on those items. Collier asked Ristau if Community Transit also puts the bid out to the public. Ristau said they put it out as an educational program and the ability to purchase is not considered gifting. He said anything left over from that goes to the public sale. Collier said she hopes the members would seek the benefit of the items. Spears seconded that idea and hoped the members would take advantage of the surplus. Hatten would like to look at Community Transit's practice for the next surplus. Ristau said they ran into having to pay for disposing of the equipment, his concern is who in the chain can bid. Plaster said it would be prudent to avoid any appearance of favor. Plaster asked that the surplus report reflect what the item was purchased for and the date it was purchased. He also said acquisition cost and date would be helpful. Collier proposed a friendly amendment stating for the items that don't get picked up from the members, they be open to the public on the website. Hingson made a clarification that once it's posted on the website, all staff would be treated as public and there is no prohibition of the staff bidding on surplus items and the group agreed.

***Carlin moved to accept the Surplus Inventory with the stated amendments. McCaw seconded and the motion passed.***

*Claims Audit Report* – Hatten reported that the acceptance of the Claims Audit Report was an AGRIP Advisory Standards recognition program requirement. He said the Executive Committee need only recognize and accept the report, not necessarily approve the report. Hatten said Spears identified in the report the recommendations from the Auditor and lists Spears' comments. Ristau commented that the recommendations were good. He asked how the recommendation concerning the 24 hour process of a claim is completed on the weekend. Christianson said there is an emergency contact number published for after hours and weekends. It is an ongoing education process to get that information out. So far, the information is listed on the website and has been distributed to all Claims Coordinators (a special business card).

Ben Foreman arrived at 10:25 am.

Ristau asked Spears about the recommendation regarding Pierce Transit on page 10 of the report. Spears said he will be initiating this process and it's a great idea to do an audit. He said Pierce Transit is

very receptive to doing it. Ristau complemented the staff on the finding that 80% of claims cases being settled within six months.

***Collier moved to accept the Claims Audit Report. Ristau seconded the motion and it passed.***

*Actuarial Policy* – Collier said this policy will be expanded and made a part of the budget and actuarial process. This serves to give the Executive Committee something to point to for policy reference. Ristau asked if this is just for Executive Committee adoption or for the full Board. Ron confirmed it was for the Executive Committee to adopt.

***Collier moved to accept and adopt the policy. Hingson seconded. Plaster called for a vote and the motion passed.***

### **Actuary Presentation**

Kevin Wick, PriceWaterhouseCoopers presented a PowerPoint presentation titled, "Pooling versus Banking." Plaster asked for the PowerPoint handout and Spears said he would send it out to everyone for review. Wick explained that there has come into question the issue of equity about the pool program. Is this a pool or a bank? Plaster asked if there was such a thing as an insurance bank. Wick said his presentation would address that question. He went over the history of risk transfer and cited examples between insurance companies and banks and some of the financial games that cropped up. He said in this process risk transfer was clarified. Wick answered questions revolving around equity and individual experience calculations and the complexities that go with it. Wick suggested having a workshop to make sure the Committee is looking at the right thing in terms of mode. Collier would like to have a more technical discussion about making an experience rate adjustment for the Underwriting Committee. Hatten asked that we wait for the opening discussion and stated the Wick has been invited to join the Executive Committee Work Session at the June Quarterly Board Meeting to address some of the issues discussed. Plaster thanked Wick for his presentation and called for a lunch break at 11:40 am and resumed the meeting at 12:15 pm.

### **Staff Reports Q&A**

#### *Treasurer's Report, Balance Sheet, Income and Expense Statement, and RiskMaster Report*

Spears fielded questions regarding the Income and Expense Report, specifically one from Collier about a quick way to look at the current month's budget column. Plaster asked if Spears had the ability to bucket money into months instead of one large number. Spears thinks he can. Foreman said he does this process manually at Intercity Transit and looks at each line item and the expected expense. Hatten stated that with the exception of the loss control fund, the budget is tracking expenses pretty realistically. Plaster asked if the line item transfers come back to the Executive Committee for review. Hatten responded staff would do an advisory statement in the event that it came for review. Foreman said when the budget is adopted, one number is adopted, not the line number. Collier is asking for the budget number. Spears said he will have the accountant put in the budget the year to date number. Spears confirmed the number she was asking about is meant to be year to date. She asked for a revised report showing the correct headings. Ristau asked Spears what the total claim value in the tab under open claims in the RiskMaster report was. Spears said it is an average of all the years. Ristau asked him to re-label that tab to show it as an average.

#### *Executive Staff Report*

Hatten reported on the upcoming GEM board meeting and Plaster commented that it is interesting that the process GEM uses for electing officers is not by Executive Session. Hatten said he didn't know why they did that other than to give credence to the staff. Hatten gave a brief overview of the public records request symposium and the outcome of the meeting included three themes that WSTIP is looking to explore. He asked Michael Shaw, WSTA's Lobbyist to join the next meeting on June 15<sup>th</sup> at Pierce

Transit to talk about the three suggestions. Franz said he was impressed with the level of interest. He mentioned that they did not talk about technical solutions. Hatten said that would be included in the Best Practices suggestion. Plaster suggested with the postings of the video request a word like "may" be included.

Hatten asked the Executive Committee to make a special consideration to attend the October Governance Conference in Seattle regardless of other training scheduled. Franz stated he thought his marching orders regarding the PLAB timeline was to have something to the Executive Committee in June so it could be reviewed and adopted in September. Christianson said the problem is there is no full board meeting scheduled in September; it will only be a work session. Collier said the bylaws say we have to meet quarterly. Christianson said when the Executive Committee sat down to do the list of meetings; they agreed the September meeting would be only a work session meeting on the budget. Collier said her understanding was it would be an abbreviated agenda. Hatten told the group they can decide what they want to do. Staff was under the impression the September meeting would be a work session and no meeting. Ristau asked Franz if the changes he needs to make are time consuming. Franz sees the changes worked out before hand by the Executive Committee. Plaster said we have the ability to have an open meeting. He said to keep that open for now; there will be a lot of budget discussion at that meeting. Hatten told Franz there needs to be something to present in June. Franz asked when his draft revision to the GL policy should be ready. Hatten said by June. He asked to make a note to put it on the June agenda.

Christianson reported on a possible training opportunity for the Training Coalition to partner with Everett Transit. There is a training room at Everett Transit Station available for use. The Station is a multi-purpose facility and a hub for seven different transits. Christianson presented the idea to the Training Coalition Board and they are excited about the prospect. She stated that Community Transit has offered some surplus items that could be used in the training room. Ristau said this would be a good idea for a long term standing location for the Training Coalition. She said if the partnership goes forward, there might be an agreement to be signed and she may be asking for money to help fund the partnership. Plaster asked if this would turn into a self funded facility. Christianson responded that the idea is having Department of Transportation look at this the same way the see this Olympia facility, but the current contract between WSTIP and WSDOT is only this year. Hingson said Everett Transit is excited about the opportunity because it fits into the mission of the transit facility. He said the Station has other spaces in the facility that can accommodate requests. Christianson said ideally, training classes would take place once a quarter.

Spears reported on the new automated report writing tool, Business Intelligence and stated everyone will receive an open claims report in excel format via email. Plaster asked if there will be a general invitation regarding Google Transit. Spears said it is open. He said if you have questions, please contact Andrea Powell who can get you in contact with Marci, the Google Transit contact person. Plaster asked to make it a point to have all the transit's notified that this tool is available so no one gets left out.

Hatten said he, Spears, and Espinoza have scheduled a meeting with Pierce Transit to go over the 2010 claims process. Hatten said Larson is supposed to present a first draft on staff reimbursement for processing claims. Ristau reaffirmed there is no cost to the Pool for doing their claims in 2009. Hatten advised that Larson plans to retire at the end of the year at Pierce Transit. He did not know who is going to staff that position as Risk Manager. If there is a hiring freeze at that time, they may ask WSTIP staff to take on more responsibilities.

### **Sub-Committee Reports**

*IT Support/Update* – Spears reported that the 14<sup>th</sup> transit agency had been seen. The committee will make a presentation to the full Board in June about the IT security review and what it means.

*IRM & IRM Benchmark Sub-committee Report* – McCaw said the committee met via teleconference on May 18. Spears presented claims information at the meeting. McCaw said the committee is trying to decide the greatest risks in claims, and in these areas, staff will come up with a work plan to deal with measuring that risk to set the benchmarks. He said there weren't any major things not already known. The committee is looking at primarily fixed route. The scheduled meeting after the Executive Committee meeting will entail setting up goals for DeVoll to do IRM work in the field. The ongoing goal is a two pronged approach with having him go out into the field and then as work progresses, tweak things that need fixing. Christianson offered anyone who wanted one an IRM Sub-committee report packet.

Christianson updated the Board on the driver licensing monitoring project and said the Department of Licensing is much more cooperative with the reworking of the contract terms. In the meantime, she wrote an RFP for the technical service of transfer of the project. After that she will have the budget number to present to the Executive Committee for review. She said the Vanpool coordinators are still very interested in the project.

Christianson said all of DeVoll's initial IRM site visits are scheduled and will be completed by July 16. She said by this time, he will have some direction from the IRM benchmark committee to target benchmarks in the field. Ristau asked if this takes care of the cleanup of the previous IRM team. Christianson said she has heard there is more work to be done that is just now coming to light in DeVoll's interviews that didn't come out before.

*Underwriting Sub-committee Report* – Hatten gave an overview of the criteria laid out in the report and reiterated the fundamental points that are consistent to underwriting criteria. He looked at five areas called proposed allocation of credit points. He explained the plus or minus system and how the emphasis is on reinforcement of positive behavior. He would like to see the reward go to those who are taking these points seriously. Collier suggested scheduling more time for discussion at the June meeting. Plaster agreed. Collier asked that comments on the report be emailed to her and the other committee member. Ristau said a decision needs to be made on this by September for the 2010 budget. Hatten said he will work with the committee prior to the June meeting to arrange a conference call to talk about it. Collier said in order to show a comparison of the old way to the new way of evaluating criteria at the September meeting we need something done by the July Executive Committee meeting. Hatten cautioned that 2010 is very optimistic, and there are a lot of other initiatives on the table. Ristau didn't have a problem scoping out to 2011. Plaster shared Ristau's concerns about the 2010 budget. He doesn't want to discourage vigorous work on it. McCaw said another method of fairness would be to let everyone know the program details and allow an additional year to get their house in order. Ristau said another issue to consider is an economic impact due to the redistribution of funds. Hatten said the committee will come up with options by the June meeting.

## **Discussion**

### *Policy Review committee*

*Strategic Target Financial Ratios Policy* – Collier asked for questions or comments on the policy. Ristau suggested that under the Policy Statement heading, 1b should read annual provision expected. Collier explained the reasoning behind the wording, and after further discussion Ristau agreed to leave the term as is. Ristau asked about the word choice "may" on page two, and to change that to "shall." Plaster noted that item one F, expenses ratio, felt awkward. Foreman said he would take all of that out. It should be left at 25%. He said if IRM goes away, it complicates it too much. Plaster disagrees because IRM is not a permanent program yet. McCaw said Foreman's suggestion simplified the formula, but it leaves a short memory. Hingson said the point is we are willing to go up to 25%, long term benefits, but prior to that we were at 20%. Hatten said we can just change those two numbers respectively. Plaster clarified one G, less than 65% and then h, less than 90%, including IRM. Plaster asked item two regarding the

annual report, will that report be linked into the report Ristau created. Spears said yes, it is done from the actuary standpoint. Ristau said it would be once a year. Plaster remarked the transit development plans may look materially different than a year ago. In updating one year, you may lose some perspective of the long term recovery plan in the state of the economy.

Plaster moved to recommend to the full Board the adoption of the Governance Policy: Strategic Target Financial Ratios with the aforementioned amendments. Ristau seconded. The motion passed.

*Member Corrective Action and Termination* – Collier explained originally there were two separate policies and after much deliberation, the two were combined into one. There was a lengthy discussion regarding the definition of “judicial enforcement”, due process, the prospect of kicking a member out of the pool and recovering funds in the event it happened. Collier explained how the timeline for action: member notification, opportunity for member appeal in front of the Executive Committee, Executive Committee determination and it either dies there or goes to the full Board for review. She stated that no permanent action takes place until it goes before the full Board. The process could take a month or two months depending on where it lands schedule wise in relation to a full Board meeting.

***Smith moved to recommend to the full Board the adoption of the Governance Policy: Member Corrective Action and Termination. Carlin seconded the motion. Plaster called for a vote. Ristau opposed the motion and said he is still confused. The motion passed.***

*New Member Admission Policy* – Collier said this policy has two items of controversy, one is base level criteria put out for a proposal, and potential new members have to be in operation for at least two years and log 200,000 miles. Hingson said he thought the criteria would cover specific operational modes. McCaw asked what the purpose of the two modes was. Collier said we didn’t want to have transits that operate paratransit only or vanpool only. Ristau said he likes the idea of two years in existence, but he’s not sure if it should be restricted to two. Smith said to address this, look at what the philosophy of the Pool is. Collier asked if there is consensus about having one mode. Foreman said maybe there has to be a component of paratransit or fixed route service. Franz said fixed route or a demand response system be included.

At 2:05 pm, President Plaster had to leave the meeting and Vice-President Hingson took over in his place. Hingson said we will wrap up this conversation at 12:15 pm in order to get through the agenda items. While Plaster was leaving, Hatten brought up a concern about when members can attend the Claim Jumper Invitational Golf Tournament and what the reimbursement will be. Foreman said the issue is for those traveling on the night before the golf tournament; how do you account for reimbursement for lodging for that night. There are no meetings the next day; it is only the golf tournament. Collier stated for those participating, you are on your own that night.

The discussion on new member admission picked back up. Collier said the debate came down to what kind of membership is probationary. This policy is concerning full membership, but it’s easier to kick you out. She said the option is new members would get to play for up to a year and we can extend that temporary membership and can continue that up to three years. But those entities are not signing the interlocal agreement. The other way to look at it is let new members come and see how it is in the pool, but they don’t get to vote. Collier said is it valuable to have a type of membership where we can evaluate each other and an easy way to part ways. Collier asked the Board what they think of probationary membership. McCaw said he likes the idea would rather treat this like a new employee. He wants from the get go three years as a probationary period. Smith asked if we are going to get an answer from the State Risk Manager or just discuss. Collier said we can flesh it out and then approach them. Franz said if you don’t think it’s worth it, then you don’t have to do anything. Hatten clarified that the risk manager is clear on what a member is and that includes that every member sign the same Interlocal Agreement. Hatten elaborated that the state risk manager allows probationary members as long as it is in your

Interlocal Agreement. If you decide they don't fit, their risk goes with them. They don't even need to vote. Hatten said it is projected that the new WACs will be in place about this topic. Hatten would discourage this as a policy statement. Ristau said if you join WSTIP, you are a full member, its hard for him because of the already set policies in place. His personal thoughts are that he doesn't support a probationary member because of the philosophical reason the Pool was formed. He sees this as forming a fourth group after small, medium, and large. Hingson said there is a general discomfort regarding the probationary membership but that there was some bottom line membership criteria. Hingson suggested taking an hour at the work session at the June meeting to talk more about this topic. Hingson said the focus should be on the admission criteria and not on the probationary membership. Franz said he is skeptical that there is going to be regulations passed in August, but if there is something, it's not a big deal to wait. Hingson asked Franz if there was a pressing need to take action and Franz replied no.

*Budget Policy* – Spears said this is a work in process and handed out information. If you have questions contact Jerry.

*Camera Initiative* – Hatten said this will involve healthy debate and will be a priority agenda item for June. He stressed the need to move on this.

#### **RECAP/Review Meeting/Topics for next meeting**

Hingson noted that the Board can review the work plan on their own.

#### **Adjournment**

Carlin moved to adjourn the meeting, McCaw seconded and the meeting was adjourned at 2:31 pm.

Respectfully submitted,

Joanne Kerrigan, Administrative Assistant  
Washington State Transit Insurance Pool

Submitted this 25th day of June 2009

Approved: \_\_\_\_\_  
**Mark Carlin, Secretary**