

# CHARTING OUR COURSE

Activities of WSTIP's Committees and Board



## WSTIP Activity Report

June 25, 2009 ~ Executive Committee Meeting

June 25, 2009 ~ Work Session

June 26, 2009 ~ Board Meeting

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

To view the supporting materials for these meeting go to <http://board.wstip.org> and select the June 2009 Meeting.

### June 25, 2009 ~ Executive Committee Meeting

The Washington State Transit Insurance Pool Executive Committee met on June 25, 2009, at The Davenport Hotel in Spokane, Washington. Executive Committee members present were: Mark Carlin, Grays Harbor Transit (Secretary); Jamie Collier, Clallam Transit (Past-President); Ben Foreman, Intercity Transit (Treasurer); Ken Mehin, Yakima Transit (Medium System Representative); Jim Plaster, Spokane Transit (President); Jeff Ristau, Community Transit (Large System Representative); and Chris Smith, CUBS (At-Large System Representative). Tom Hingson, Everett Transit (Vice-President) attended via conference call. Ed McCaw, (Small System Representative) was absent. Board Members in attendance were: Van Church, Jefferson Transit; Ernie Graichen, Twin Transit; Emmett Heath, Community Transit; Joe Larson, Pierce Transit; Dale O'Brien, Skagit Transit; Rod Thornton, Pullman Transit; Allen Walch, Ben Franklin Transit. Guests in attendance were: Rick Steddom, Alliant Insurance Services. WSTIP staff present were: Anna Broadhead, Member Services Assistant; Tracey Christianson, Member Services Manager; Christian DeVoll, Risk Management Specialist, Ron Franz, General Counsel; Al Hatten, Executive Director; Andrea Powell, Information Systems Specialist; and Jerry Spears, Deputy Director.

#### Call to Order

President Plaster called the meeting to order at 9:07 am. A verbal roll call ensued as a sign in sheet was passed around the room. Plaster asked if there were any changes to the agenda, hearing none he took a moment to offer a tremendous thank you to staff for organizing a great event adding that the golf course and meal was great. Hatten echoed the thank you to Broadhead and the rest of the staff.

#### Representative Reports

Medium system representative Mehin's group discussed items on the agenda. They are supportive of the camera initiative as it moves forward. Also discussed was IRM and workers compensation, and encouragement of maintaining relationships with Labor and Industries (L&I). Small system representative Smith's group discussed the New Member Admission Policy and the Corrective Action/Termination Policy. Large system representative Ristau's group discussed recent changes to accounting requirements, and how to finance the recently approved programs, and their impact to the equity position of the Pool. They also discussed the idea of super-majority voting on items that have a significant impact on the ratios and equity going forward. Plaster thanked the representatives for the reports.

## **Consent Agenda**

Carlin moved to approve the minutes of the May 28, 2009, Executive Committee meeting, and check numbers 20118 through 20306 in the amount of \$773,201.47; internet transfers of \$34,386.06 for the 05/15/09 payroll and \$35,755.30 for the 05/31/09 payroll from the WSTIP Claims and Administration Account to the WSTIP Payroll Account at US Bank; internet and ACH payments for staff credit cards and travel reimbursements totaling \$3,659.85. Total voucher approval, including May 2009 staff payroll and Internet and ACH Payments was \$847,002.68. Ristau seconded the motion and the motion passed.

## **Action Items**

*New Member Admission Policy* – Franz explained that he had met with Collier and Hingson and made various revisions to the policy, and that this was a policy the Board had to approve. The most significant change is the provisions for probationary membership were removed.

***Collier moved to forward the New Member Admission Policy to the Board for approval, and Smith seconded the motion.*** Discussion: There was discussion about approval and approval with conditions, requirements for bus service, requiring the applicant to include a commercial insurance quote. ***Collier proposed an amendment to add the words “include a copy of prior insurance coverage and policy” to paragraph 5a. Carlin seconded the amendment. Plaster called for a vote on the amendment. The motion passed. Plaster called for a vote on the original motion. The motion passed.*** This policy will be presented as revised to the Board at the meeting tomorrow.

*Acceptance of WSTIP Application for AGRiP Accreditation Advisory Standards Recognition* – Plaster said Collier spent many hours with Christianson and staff and asked Collier for her comments. Collier said normally she has a bad attitude towards audits and reviews, because often they seem like a lot of paperwork to just show that you know what you know. Not only was she impressed by the effort of staff, but the questions that AGRiP posed caused one to think about how you verify various areas of operation and policy on an ongoing basis. Collier said based on AGRiP criteria she thinks the Pool is doing a really good job. Plaster thanked Collier and staff, he had read the document and was very impressed, and asked for a motion to approve the application and direct the President to sign.

***Collier moved to approve the application and directed the President to sign. Ristau seconded the motion and it passed.*** Hatten thanked Collier for her efforts. Christianson said Collier did a great job and thanked her as well.

*Active Monitoring of Driver Records Project* – Christianson said there is background in her report. WSTIP is ready to negotiate and sign the contract with Department of Licensing (DOL). Franz said he reviewed the contract; the meat of the contract is that legislature sets the fee for the amount they can charge per driver abstract. Christianson said while negotiating the contract with DOL we sent out a Request for Proposal (RFP) for the technical and web design aspects of the project and have received one bid.

Hatten asked Christianson for a quick conceptualization. Christianson explained how the program likely will work, including the charges from DOL. She added that the Executive Committee or Board will need to decide if this is a service you want to charge for to recoup some of the \$38,500 that has been approved through IRM or if this is a value added service. Hatten asked about security issues. Christianson said there are network security issues, for WSTIP and for any member participating in the service. Thornton asked if this needed to be negotiated by the unions. Christianson said most of you are doing annual driver record reviews already. Vanpool is extremely excited. Walch asked if the employees needed to sign releases. Christianson said yes, although it is in most employment agreements. Heath asked if this

would track Dept. of Transportation (DOT) physical expirations as well. DeVoll said there isn't a database that tracks that in Washington State, but this may be a separate issue, and Christianson agreed this information is not contained in the DOL database.

Ristau asked if the \$38,500 was fair and reasonable. Powell said their projected hours look reasonable so therefore she is comfortable with the price. Christianson said OSPI has done a similar project with internal programmers for minimal cost, and that Powell, Kerrigan, and herself will be going to look at OSPI's programs. There was more discussion about labor contracts, and expiration of DOT physicals. Heath requested that staff get a legal opinion regarding the labor issues and distribute to all members and staff agreed.

***Collier moved to authorize the Executive Director to negotiate and sign a contract with DOL to allow the establishment of this service. Mehin seconded the motion and it passed.***

***Collier moved to authorize the Executive Director to negotiate and sign a contract with Salient6 to develop the web entry and technical portions of the service not to exceed \$38,500, utilizing the already established IRM funds with the addition that staff opine that the single bid is a reasonable and fair cost. Carlin seconded the motion and it passed.***

#### **Recommendations to the Board**

Plaster noted that the Executive Committee was recommending that the Board approve New Member Admissions policy.

#### **Financial & Staff Reports**

The financial and staff reports were deferred to the Board meeting.

Plaster called for a quick break at 10:05 am. The meeting resumed at 10:22 am.

#### **Sub-Committee Reports**

*IT Support/Update* – Spears said 14 members have been visited and there will be a presentation at the work session regarding this project.

*Underwriting Update* – Collier said the committee is meeting following the work session and Wick's presentation.

*Policy Review Committee* – Collier said the committee has a number of policies for consideration of the Board. The committee's to do list includes cleanup of a few minor policies, decisions about what to do with the legacy resolutions, and review current policies.

*IRM Benchmark* – Smith said the committee had met on May 28 after the Executive Committee meeting, and they are meeting again this afternoon after the work session. The goal for the group is to identify criteria for benchmarking; they are looking at numbers from 2006, 2007, and 2008. The committee hopes to propose language to the Policy Review Committee to memorialize their work before July.

#### **Discussion Items**

*Camera Initiative* – The committee had a lengthy discussion regarding the camera initiative regarding funding, the life cycle of a bus, and the cost of settling claims on cameras with busses versus ones without. It was decided that this should be the work of a Board committee. This topic will continue at the Board meeting.

*2010 Pre-Budget Issues* - Hatten said he just wanted to define the work that is about to begin on the budget. Information is being sent to the actuary for him to complete the mid-year study.

*Policy Review Committee: Budget Policy* – Collier stated that Spears handed out the budget policy prior to the meeting, it is just like the one in the notebook but this one includes the formulas on page three. The goal of this policy is to show how WSTIP arrives at putting together the budget and allocations. If you read the policy you will get an idea of how the numbers come together. She said this is a broad stroke of the budget policy and expects to come back with more specific language at the September meeting. Ristau said there needs to be language for amending the budget. Collier said she wanted verbal feedback and asked if you want the budget process to be like last years or something different. Walch agreed with Collier. Heath asked if there was a reason she was seeking re-affirmation. Collier said she was asking because it would be nice if we can have staff work on one budget. Spears said the actuarial study will be back the first or second week of September. Ristau said the justification to go to single mode was the actuarial report, until we see the report we won't know. Collier said so long as the actuary finds there is no actuarial difference between the modes, the budget will be developed as it was last year. Plaster asked Spears to include the formulas. Spears said in the next generation of this draft he would. Hatten said we want a policy statement to let us develop the operating component; we have to demonstrate that we have been responsible, and you can challenge the methodology. Plaster asked that Spears not get into gory details but provide some level of how the rating is developed. Spears said he does an executive summary each year explaining, rather than put it in a policy statement.

### **Executive Session**

The Executive Committee went into Executive Session at 11:15 am for 20 minutes, pursuant to RCW 42.30.110 and RCW 48.62.101 to discuss General Counsel's performance. They came out of executive session at 11:35 am and requested another 20 minutes under the same RCW's. Executive Session ended at 11:55 am.

### **Re-Cap/Review of Meeting**

The Executive Committee reviewed their work plan, adding and removing items.

### **Adjournment**

Plaster adjourned the Executive Committee meeting at 12:05 pm.

### **June 25, 2009 ~ Work Session**

The Washington State Transit Insurance Pool held a Work Session on June 25, 2009, at The Davenport Hotel in Spokane, Washington. Members in attendance were: Mark Carlin, Grays Harbor Transit (Secretary); Van Church, Jefferson Transit; Jamie Collier, Clallam Transit (Past-President); Ben Foreman, Intercity Transit (Treasurer); Kim Gates, Asotin County PTBA; Ernie Graichen, Twin Transit; Emmett Heath, Community Transit; Joe Larson, Pierce Transit; Ken Mehin, Yakima Transit (Medium System Representative); Dale O'Brien, Skagit Transit; Jim Plaster, Spokane Transit (President); Jeff Ristau, Community Transit (Large System Representative); Chris Smith, CUBS (At-Large System Representative); Rod Thornton, Pullman Transit; and Allen Walch, Ben Franklin Transit. Tom Hingson, Everett Transit (Vice-President) attended via conference call. Guests in attendance were: Garrett Polehonka, Doug Selix, Rick Steddom, Alliant Insurance Services; and Kevin Wick, PriceWaterhouseCoopers. WSTIP staff present were: Anna Broadhead, Member Services Assistant; Tracey Christianson, Member Services Manager; Christian DeVoll, Risk Management Specialist, Ron

Franz, General Counsel; Al Hatten, Executive Director; Andrea Powell, Information Systems Specialist; and Jerry Spears, Deputy Director.

President Plaster welcomed participants to the Work Session.

**WSTIP Web Evolution** – Powell updated the participants on recent and upcoming changes on the web for the new member portal.

**IT Security Project** – Spears introduced Doug Selix and Garret Polehonka. Selix and Polehonka conducted the network security reviews and were present to give an overview report and recommendations on the project. Selix talked about security related to the information technology infrastructure at many transit agencies. He said all agencies visited had room for improvement, many simple fixes.

- 1. Encourage member executive management to get involved with IT risk management**
  - Where risks were high we did not find evidence of executive involvement
  - Staff will do what is important to the boss, IT risk management should be important to the boss.
  - Provide executive level briefings on the need for, and nature of IT risk management
- 2. Every member should have a written IT Security plan**
  - Documents member IT management policy
  - Documents compliance or exceptions to the ISB IT Security Standards.
  - Documents plans to correct unacceptable risks where they exist
  - Becomes the basis for on-going WSTIP IT Security Reviews
- 3. Establish a on-going loss prevention review process where IT Security Reviews are performed by WSTIP for every member once every three years**
  - WSTIP facilitate reviews for 1/3 of members each year
  - Reviews based on current ISB IT Security Standards
  - Integrate into Integrated Risk Management initiatives
  - Easy way to facilitate executive involvement

#### **10 ways WSTIP Can Help Members**

1. Facilitate Annual Reviews
2. Report aggregate cyber risk to the board annually
3. Publish a basic IT Security checklist of common risks and corrective actions to aid executives in managing IT Security risks
4. Publish a set of model IT policies and best practices to address common high risk areas of IT management
5. Develop generic IT Security training for system administrators and member employees
6. Facilitate on-going IT Security consulting to members (Grants or Assistance)
7. Review contracts with IT service providers to ensure IT Security considerations and operational quality are adequately addressed
8. Where appropriate, host IT vendor demonstrations of technology that could benefit members
9. Look for group buy opportunities to outsource IT Security operations where appropriate
10. Promote consistency in systems use among small members where there are little or no IT staff

**What is Pooling** – Kevin Wick, an actuary from PriceWaterhouseCoopers, gave a presentation regarding pooling and how insurance pooling is different than banking.

### **Board Meeting ~ June 26, 2009**

The Washington State Transit Insurance Pool Board of Directors held a meeting on June 26, 2009, at The Davenport Hotel in Spokane, WA. Members in attendance were: Mark Carlin, Grays Harbor Transit (Secretary); Van Church, Jefferson Transit; Jamie Collier, Clallam Transit (Past-President); Ben Foreman, Intercity Transit (Treasurer); Kim Gates, Asotin County PTBA; Ernie Graichen, Twin Transit; Emmett Heath, Community Transit; Tom Hingson (Vice-President), Everett Transit (virtually); Joe Larson, Pierce Transit; Ken Mehin, Yakima Transit (Medium System Representative); Dale O'Brien, Skagit Transit; Jim Plaster, Spokane Transit (President); Jeff Ristau, Community Transit (Large System Representative); Tim Russ, Pacific Transit (virtually); Paul Shinnors, Kitsap Transit; Chris Smith, CUBS (At-Large System Representative); Rod Thornton, Pullman Transit; Allen Walch, Ben Franklin Transit; and Greg Wright, Grant Transit. Tom Hingson, Everett Transit (Vice-President) attended via conference call. Guests in attendance were: Rick Steddom, Alliant Insurance Services. WSTIP staff present were: Anna Broadhead, Member Services Assistant; Tracey Christianson, Member Services Manager; Christian DeVoll, Risk Management Specialist, Ron Franz, General Counsel; Al Hatten, Executive Director; Andrea Powell, Information Systems Specialist; and Jerry Spears, Deputy Director.

#### **Call to Order**

President Plaster called the meeting to order at 8:33 am. A verbal roll call ensued as a sign in sheet was passed around the room. Plaster asked if there were any changes to the agenda. He noted that the Executive Committee accepted the Application for AGRiP advisory standards recognition, and thanked Collier for her great work.

#### **Consent Agenda**

Foreman moved to approve the minutes of the March 27, 2009, meeting. Graichen seconded the motion and it passed.

#### **Financial Reports**

Spears briefly went through the financial reports. Plaster thanked him for including the comparative balance sheet and income and expense statements.

#### **Staff Reports**

*Executive Staff Report* – Hatten, Spears, and Christianson touched on the highlights of the executive staff report. To view the complete report, go to the June Board meeting website.

*General Counsel Report* – Franz highlighted that he is working on revising the General Liability (GL) and Public Officials Liability (POL) policies. The Board was told to expect a red-line draft at their September meeting.

*Broker Report* – Steddom reported on the insurance market.

*IRM Report* – Christianson said the IRM benchmark sub-committee met following the work session. The subcommittee has an outline of what numbers they are considering for benchmarks will draft language for the policy review committee, and may be recommending the creation of other committees such as one for updating best practices. Christianson touched on the highlights of her report, and wanted to talk about

the camera initiative and recommended appointment of a Board sub-committee. Plaster asked if everyone had gotten a chance to read the report and suggested that everyone read the legal opinion. He also expressed his support for a sub-committee for this initiative since it is such an important task with so many tentacles, and asked for questions and comments.

Hatten said at the previous meeting there were questions raised regarding labor agreements, Shinners said they will likely have labor concerns. Church said he likes cameras but doesn't have a lot of cash on hand but is willing to participate on the committee. Collier said they are also interested in cameras and how to finance them, she also suggested someone who has cameras also participate on the committee.

The Camera Initiative sub-committee will consist of: Rod Thornton, Joe Larson, Paul Shinners, Van Church, Jamie Collier, Emmett Heath, and possibly Jim Merrill from Intercity Transit, and Dale O'Brien if needed. The committee is charged with providing enough information to those who do not have cameras to make a decision about whether cameras are good or bad; what kind of policy WSTIP wants to have regarding cameras; and financial options. Christianson will coordinate the first meeting of the sub-committee, and a chair will be appointed.

Plaster called for a 15 minute break at 10:15 am. The meeting resumed at 10:30 am.

### **Executive Session**

The Board of Directors went into Executive Session at 10:30 am for 30 minutes, pursuant to RCW 42.30.110 and RCW 48.62.101 to discuss the Executive Director's performance. They came out of Executive Session at 11:00 am and requested another 20 minutes under the same RCW's. Executive Session ended at 11:18 am.

### **Action Items**

*Strategic Target Financial Ratios Policy* – Hatten said this was a combination of work between Ristau, Collier and the actuary. ***Ristau moved to accept the Strategic Target Financial Ratios Policy. Foreman seconded the motion, and it passed.***

*Member Corrective Action and Termination Policy* – Hatten said this policy was requested by staff. There was discussion regarding some of the language in the policy. ***Walch moved to approve the Member Corrective Action and Termination Policy. Carlin seconded the motion, and it passed.***

*New Member Admission Policy* – Plaster said this policy underwent revisions at the Executive Committee meeting and that the Executive Committee recommends approval. ***Collier moved to approve the New Member Admission Policy. Foreman seconded the motion, and it passed.***

*Budget Policy* – Plaster deferred action on this policy until the September meeting.

Van Church left at 11:36 am.

### **Member Updates**

Each member present gave an update on what is happening at their agencies. Heath left at 11:50 am. Carlin left at 11:51 am.

### **Adjournment**

Collier moved to adjourn the meeting, Walch seconded and the meeting was adjourned at 11:57 am.