

CHARTING OUR COURSE

Activities of WSTIP's Committees and Board



WSTIP Activity Report February 25, 2010 ~ Executive Committee 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 February 2010 Executive Committee Meeting.

The Washington State Transit Insurance Pool (WSTIP) Executive Committee met at the WSTIP Office in Olympia, WA, on Thursday, February 25, 2010. Executive Committee members present were: Mark Carlin, Grays Harbor Transit (Vice-President); Jamie Collier, Clallam Transit (At-Large Representative); Ben Foreman, Intercity Transit (Treasurer); Tom Hingson, Everett Transit (President); Ed McCaw, Valley Transit (Secretary); Ken Mehin, Yakima Transit (Medium System Representative); Jim Plaster, Spokane Transit (Past President); and Chris Smith, Community Urban Bus System (CUBS), (Small System Representative). Absent was Jeff Ristau, Community Transit (Large System Representative). WSTIP Staff in attendance were: Anna Broadhead, Member Services Assistant; Tracey Christianson, Member Services Manager; Ron Franz, General Counsel; Al Hatten, Executive Director; and Jerry Spears, Deputy Director. Guests in attendance were: Pat McMahon, Carlson McMahon and Selby (Executive Session only/telephonically) and Kevin Wick, PriceWaterhouseCoopers, LLC.

Call to Order

President Hingson called the meeting to order at 10:02 am, a sign in sheet was passed around the room, and Hingson requested any changes to the agenda. ***Smith moved to accept the agenda as presented. Plaster seconded the motion and it passed.*** Hingson requested that rather than raising your hand if you wish to speak please turn your name plaque on its side or raise your notebook.

Consent Agenda

Collier moved to accept the consent agenda and Carlin seconded the motion. Items on the consent agenda were: Executive Committee Minutes of December 10, 2009; December 21, 2009; January 4, 2010; December 2009 voucher approval of \$488,757.77*; January 2010 Administrative voucher approval of \$1,417,288.83**; and January 2010 Claims voucher approval of \$462,647.32***. There was discussion regarding several payments.

*Check Numbers 21190 through 21348 in the amount of \$411,707.63. Internet transfers of \$34,567.35 for the 12/15/09 payroll and \$34,701.48 for the 12/31/09 payroll from the WSTIP Claims and Administration Account to the WSTIP Payroll Account at US Bank. Internet and ACH payments for staff credit cards, travel reimbursements/consulting services and claims payments total \$7,781.31. ** Check numbers 21349 through 21403 in the amount of \$1,320,172.28. Internet transfers of \$45,817.76 for the 01/15/10 payroll and \$40,912.06 for the 01/31/10 payroll from the WSTIP Administration Account to the WSTIP Payroll Account at US Bank. Internet and ACH payments for staff credit cards, travel

reimbursements, analysis service charge and claims payments total \$10,386.73. *** Check numbers 1000 through 1069 in the amount of \$462,647.32.

The motion passed.

Action Items

Interlocal Agreement Approval (eCityGov Alliance) – Hatten requested authority to sign an Interlocal Agreement with eCityGov Alliance to assist WSTIP in meeting guidelines for prevailing wage when procuring public works-related goods and services, and the cost is \$1,500 per year. ***Collier moved to authorize staff to sign the Interlocal Agreement with eCityGov Alliance. Plaster seconded the motion and it passed.***

IRM Benchmark Policy – Christianson explained that the policy is the work of the IRM Benchmark Sub-Committee, reviewed and revised by the Governance Policy Committee. She explained that Wick was present to explain the \$10,000 cap in this policy.

Wick explained why he recommended a \$10,000 cap on the policy, and how it eliminates some of the randomness. He reminded the Executive Committee that if your loss rate in the future is more than in the past, it doesn't mean the effort wasn't worthwhile. \$10,000 will give the best measurement of future losses relative to past losses. Collier was concerned that the policy was measuring frequency instead of severity. Wick said the severity is more consistent with a lower cap, but provides less chance of shock losses affecting the overall performance. Collier asked if philosophically we are saying we are really looking at reducing the frequency and letting the severity fall out where it may, on the flip side though we have picked \$250,000 for experience rating on the premise that it removes the shock losses. Wick said with experience rating three levers work together ... the cap, the credibility, and the number of loss years used. . Christianson reminded the IRM Benchmark policy focuses on fixed route as it had the highest loss rate, and then narrowed it down to highest cost areas. Wick said there is no silver bullet answer for comparisons, but in his professional opinion \$10,000 is the correct statistic to tell us whether IRM is successful or not. President Hingson thanked Wick for the presentation.

Collier moved to accept the IRM Benchmark Policy with the addition of the word "as" in item G. Plaster seconded the motion and it passed.

Staff Reports Q&A

Hatten thanked the Committee and especially the Governance Policy Committee for their work on the IRM Benchmark Policy. There was a round of applause. (they asked I leave the applause in)...

Financial Reports (Treasurer's Report, Balance Sheet, Income & Expense Report, and RiskMaster Report)

Spears talked about the Financial Reports. There was a lengthy discussion regarding the Thurston County Treasurer's office, and a philosophical discussion on whether an estimated re-insurance recoverable should be on the balance sheet. Foreman felt Spears should put a disclosure note on the balance sheet but remove the amount. Plaster strongly felt that reserve estimates should be gross rather than net. Spears will speak to Shannon Stuber (State Risk Manager's Office) to see what her recommendation would be, and will report back to the committee. Spears also talked about the draft year end financials.

Pat McMahon joined the meeting via conference call at 11:05 am.

Executive Session

The Executive Committee went into Executive Session pursuant to RCW 48.62.101 for 20 minutes at 11:05 am. They came out of Executive Session at 11:25 and went back into Executive Session for an additional 30 minutes. The Executive Committee went out of Executive Session at 11:41 am. The Executive Committee authorized specific settlement authority on two claims matters. It is noted that Collier abstained from voting on one of the matters as it involved Clallam Transit property matter.

Executive Staff Report – Hatten went through the highlights of the Executive Staff report, and noted that he did receive permission from the Omak Chronicle to reprint their article. Hatten discussed the cease and desist order from the State Risk Manager's Office to Cities Insurance Association of Washington, his visitation to members, and GEM business. Christianson updated the committee on IRM service, training, and other member service activities. Spears thanked everyone for sending in their 2009 actual mileage, but noted that the Risk Profiles will not be done until the June 2010 Quarterly meeting. Spears also discussed the small attractive asset policy that he had written in response to a request from the state auditor that was included in the packet.

The Executive Committee broke for lunch at 12:15 pm. The Executive Committee meeting resumed at 12:35 pm.

Discussion Items

2010 Board Meeting Calendar – Hatten reported that the March meeting is set for Skamania Lodge. The June meeting has been changed to have the Executive Committee meeting on Thursday, June 24, in the morning and the "Claim" Jumper invitational in the afternoon, with the Work Session and Board meeting following on Friday. Hingson said the options for lodging in Everett are a little boutique hotel on the waterfront or the Holiday Inn in Everett. He thinks that the boutique hotel would be preferable but is approximately 2 miles from Everett Station but is closer to the golf course than the Holiday Inn. The consensus of the group was to stay at the smaller facility. The September meeting will be in conjunction with the WSDOT conference and will only be one day focused on the 2011 budget. The Annual Meeting has three options for hotels at or near SeaTac. The group concurred on holding the Executive Committee retreat in Seattle again in 2011.

Executive Committee Chart Notes and Work Plan – The Committee chose to not really discuss the notes of the retreat but instead focused on the work plan for 2010. Plaster questioned item 12 centralized audit of WSTIP members. Foreman said when we get audited they want to look at the insurance policies, whereas, they could just go to WSTIP and skip that part of the audit for each member. The committee skipped to the last page of the work plan pertaining to sub-committees and their "chartering."

Hingson suggested skipping ahead to tab 14 (Chartering of Committees). The Executive Committee walked through the steps of writing a charter for the naming and branding committee. The tentative members of the Committee are Hingson, Mehin and Christianson. He asked if anyone else was interested in being on the committee. Smith volunteered to join the Committee. The Committee will report back at the next meeting. Christianson asked Hingson if he wanted staff to initiate a draft charter for the next meeting and Hingson agreed.

At the March Executive Committee meeting the agenda will include time to work through the steps of “Chartering of Committees” for all the identified committees. It was noted the Governance Policy Committee consisted of Carlin, Franz, and Hatten and that committee will seek an additional Board member and the Audit Committee is really the Executive Committee.

Carlin asked how his name got listed under the Legislative Committee, and Hatten explained it was a vice-presidential duty if the vice president is also a general manager. Dale O’Brien and Tom Hingson were on the committee in the past. Mehin volunteered to be on the Legislative Committee. Hatten asked about the Nominations and Elections Committee, the overall response was that the Secretary, Vice-President, and President would be the committee as they have been in the past and the charter could be completed later in the year.

Chartering of Committees – This topic was discussed and worked through during the discussion regarding the work plan (above). However, the Executive Committee asked to have the Charter document included in the packet be included in all future packets.

Governance Policy Committee: Duties of Elected Executive Committee Member Representatives and Elected Officers – Franz noted that this policy needs to be updated as we have not been doing individual development plans for each Board member. Plaster said he has felt guilty about not doing the development plan. Franz said the role of the President needs to show approval of general counsel’s timesheet. Foreman pointed out the At-Large and Past President positions have no duties and asked duties be identified. Franz said he felt 1e needed to be removed since it was a duplicated elsewhere. This policy will be return at the March meeting for approval.

Governance Policy Committee: Policy on Legacy Resolutions – Franz said there are still resolutions that are on the books, a number of them are still the laws of this Pool, even though we have shifted to a policy style of governance. This policy entails a review of all the old existing resolutions which should be repealed and a few that should not be repealed. He said there are some that himself and Hatten have talked about and are not on the same page about. Hatten said we agree on five but disagree on three. After a lengthy discussion it was decided they would keep item A, and remove B&C. This policy will return at the March meeting.

Governance Policy Committee: Protocol for Meetings - Due to lack of time this topic was skipped, but if you have questions regarding the policy contact Carlin. This policy will return at the March meeting.

Governance Policy Committee: Loss Prevention Policy – Christianson said it is clear this is a loss prevention policy and not risk management, in particular she is interested in the idea of best practices and how they will be defined. Franz said the Governance Policy Committee discussed creating a fifth category for the governance policies called Best Practices but that would require a change to the Bylaws. Christianson explained the differences between obligatory and advisory best practices that Members will be obliged to follow from the recommendations of the Executive Committee and the Board. Christianson felt the Board should establish mandatory Best Practices. We need a way to identify how the best practices are developed, memorialized, and if the practice is open for discussion. Plaster agrees, and would like to see another element to ensure compliance including a stronger monitoring and reporting process.

Hingson asked if everyone could extend the meeting another 15 minutes. Plaster said he had to leave. Hingson felt this was an important discussion and didn't think they could finish during the meeting. Christianson said she is looking for an expedient and flexible way to get things done. The policy submitted for review details that a best practice is either a recommendation or a standard. Recommendations come from staff. The question is which legislative body adopts standards. Franz asked if the Executive Committee was interested in creating the fifth category of Governance Policies called Best Practices. He said he would work with Christianson to craft something that has a process and bring it back to the Executive Committee. Carlin asked about compliance. Christianson said she felt it was in section 3a. Plaster said he feels the agency needs to be held accountable. Plaster left at 2:05 pm.

Hingson recommended pursuing the fifth category we have been talking about, if the Board agrees to change the Bylaws. Carlin asked if that it be completed before next year. Smith asked that if a best practice has become mandatory, but 10 years later not applicable how do you change it? Franz said it should be included in the process.

Recap – The next meeting is March 25-26, at Skamania Lodge. Hatten said he is attending the WSTA Human Resources Committee to talk about a program being offered through National Association of Governmental Entity Pools (NAGEP) called HR Sentry. Christianson said WSTIP receives a subscription to the service through WSTIP's membership in NAGEP.

Adjournment

Hingson adjourned the meeting at 2:06 pm.