



WASHINGTON STATE TRANSIT INSURANCE POOL | RISK MANAGEMENT IN MOTION

2629 12th Court SW | Olympia, WA 98502 | 360-786-1620 | www.wstip.org

Minutes of the
Executive Committee Meeting
July 25, 2019
WSTIP Office ~ Olympia

Executive Committee Members Present	Staff Present
Staci Jordan, President, Island Transit Shonda Shipman, Vice-President, Whatcom Transportation Authority Danette Brannin, Secretary, Mason Transit Authority Lynda Palmer, Large Member Rep, Spokane Transit Authority (virtually) Jesse Kinney, Small Member Rep, Valley Transit Paul Shinnors, Past President, Kitsap Transit Suzanne Coit, Treasurer, Intercity Transit	Cedric Adams, Claims Manager Matthew Branson, Member Services Manager Anna Broadhead, Board Relations Rick Hughes, General Counsel Laura Juell, Risk and Training Coordinator Andrea Powell, Administrative Services Manager Brandy Rhodes, Administrative Assistant Karey Thornton, Accounting and Payroll Specialist
Board Members Present	
Geri Beardsley, Community Transit (virtually)	Amy Cleveland, Pierce Transit

Call to Order

President Jordan called the meeting to order at 9:00 am she welcomed everyone as a roll call sheet was passed around the room. Jordan asked if there were any changes to the agenda. Hearing none she asked for a motion.
Shipman moved to approve the agenda as presented. Kinney seconded the motion and the motion passed.

Consent Agenda

Minutes – June 27, 2019, Minutes – July 15, 2019, June 2019 Administrative Vouchers/Checksⁱ, June 2019 Claims Vouchers/Checksⁱⁱ

Jordan asked if there were any items to remove from the consent agenda. Hearing none she asked for a motion.
Kinney moved to approve the consent agenda. Brannin seconded the motion and the motion passed.

Adams introduced Karey Thornton, as WSTIP's new Accounting and Payroll Specialist and formerly the Claims Specialist; and Brandy Rhodes, WSTIP's new Administrative Assistant who joins us from the City of Rainier. Jordan and the Committee welcomed the new staff.

Action Items

Action from July 15, 2019 Executive Session

Shipman moved that the EC rescind its decision of May 23, 2019 requesting a video from Community Transit as a condition of continued defense by WSTIP and rescind its decision requiring mediation to occur by a certain date. Shinnors seconded the motion and the motion passed.

Shipman moved to authorize the Executive Director additional settlement authority as discussed at the July 15, 2019 special meeting. Kinney seconded the motion and the motion passed.

Beardsley joined the meeting at 9:04 am.

Request to Activate Claims Specialist 3 (Adjuster) Position

Adams explained Thornton had moved from the Claims Department to the Administrative Services Department. Staff is requesting to be able to hire either a Claims Specialist 2 or Claims Specialist 3 depending on the experience of the candidates in this tight labor market. Just to be clear, WSTIP is only hiring one person. Kinney said activating this position will give you a larger salary range so the applicants may fall into either category.

Kinney moved to authorize the Executive Director to activate and hire into the Claims Specialist 3 (adjuster) position if that is the appropriate position based on the candidate's experience. Shinnners seconded the motion and the motion passed.

Discussion Items

2019 Executive Committee Work Plan

Jordan asked if there were any questions on the 2019 work plan. No questions were asked.

Wage and Hour Claims Endorsement and Public Officials Liability Coverage Document

Adams said there was a lot of discussion at the last Board meeting on this topic with consensus on two items: a \$25,000 deductible and a \$250,000 per occurrence aggregate limit. Unanswered questions remain around whether the coverage should be for legal expenses only or to pay a portion of the loss, as well as who would choose defense counsel (WSTIP or the Member). Language in the endorsement has been modified to use the more familiar language used within the Coverage Document. Jordan asked if there was still consensus for the \$25,000 deductible and \$250,000 per occurrence aggregate limit. Heads nodded and then a dialog ensued.

Shinnners expressed a desire to complete the Public Officials Liability (POL) Coverage Document as greater clarity of what is covered or excluded is necessary for the endorsement discussion to continue. He also wanted to understand what costs the Pool would incur, if any, with the endorsement. Branson said we would follow-up on that at the next meeting.

Shipman inquired about the Pool responsibilities related to Duty to Defend (Coverage Part Section 1 D2: *The Pool has a duty to defend any suit seeking damages from a member or additional covered party for wrongful acts to which this coverage applies even if the allegations are groundless, false or fraudulent*). At the last Board meeting questions arose as to when the Duty to Defend is triggered. Shinnners and Kinney echoed the same with regards to allegations of wrongdoing. Jordan commented that when we look at the Coverage Document, we want to have a better understanding of Duty to Defend and how that might apply differently to covered items as opposed to exclusionary items. Shinnners wanted to be sure we weren't creating coverage stacking issues between Coverage Documents. Adams commented that from conversations with coverage counsel if the Coverage Document explicitly states something is excluded then we can exclude it and don't have the duty to defend, Hughes agreed greater clarification of Duty to Defend needs to occur. Shipman asked staff to review Duty to Defend with coverage counsel and discuss it at our next meeting, specifically when is there a Duty to Defend and how does that relate to exclusionary items (is there a Duty to Defend when the underlying matter is excluded).

Beardsley commented that part of the challenge is that we are working through a wage and hour claim under the current Coverage Document while at the same time considering how we might change the coverage document. Coit asked that we review what constitutes a loss and what constitutes damages.

The EC reviewed next steps in the review process. Shinnners said Christianson would prefer the POL Coverage Document to go before the Board in September, but December would be required if implementing in 2020. Jordan

suggested we review the topic again during the August EC meeting with coverage counsel present to wrap up the outstanding items. Once the POL document is understood we can re-examine the endorsement.

Branson recapped the outstanding questions as: Duty to Defend, Reservation of Rights, treatment of exclusions (do we have a duty to defend exclusions, even allegations that are associated with exclusions), review of loss and damage. Jordan said it would also be helpful for the EC to have a clearer picture of Duty to Defend, Reservation of Rights and how those apply to appeals.

Governance Policy – Capital Funding Philosophy

Branson said the feedback from the June meeting had been incorporated into the policy, at the Underwriting Committee meeting the prior day Shinnars requested we add language back in regarding incremental increases to the Self-Insured Retention (SIR). Shinnars explained that he feels the funding philosophy should include funding immediate needs of the Pool and the long-term goal of the \$5 million SIR. Jordan requested the language be added back into the policy and brought back to the Committee.

Governance Policy – Budget Development Policy

Branson said Item 4 regarding monitoring rate stabilization from the Capital Funding Philosophy had been added to the Budget Development Policy as discussed at the June meeting and is now 1C. The narrative is about the rate and not the additional amount we are adding to get closer to our target range. Kinney noted the discussion of funding to the target range should be had separate to the setting of rates. Shinnars said he is glad this statement moved to this policy but thinks it could be worded differently. We don't have control over our losses or the insurance market but that doesn't mean we can't have a rate target and when there are variances in the rate target there is likely an explanation such as a bad loss year or hardened insurance market. It would be helpful to identify a target for the operations of the Pool meaning administration, loss reserves, and premiums to reinsurance/excess and then a second decision of where we are in terms of funding our net position or equity contribution.

Shinnars believes the rate target should be 5% for operations of the Pool, last year we added \$2.5 million back into the surplus but what does that mean for our rates. Shipman it could be part of the budget overview or a separate statement regarding stabilization of rates. She recommended we break it down into the rate to fund operations and then with the equity contribution. She agreed with Shinnars that the rate stabilization narrative works better in this policy document rather than in the capital funding philosophy. Coit said in 1B the word secures strikes her as odd and suggested plans or proposed. Branson said he would revise the policy and bring it back in August.

Executive Committee Input for 2020 Budget

Powell is grateful to have Thornton in the role of Finance and Payroll Specialist. She reported staff have started discussions about the 2020 budget. Branson discussed budget items related to funding for the new Department of Licensing contract audits, development of a refreshed operator development course with member vehicles, the technology grant, a new vendor for the website and a complimentary program for Passenger Assistance Safety and Sensitivity (PASS). The committee had a lengthy discussion regarding the technology grant and felt the approval process could be shortened a bit to make funding faster. Branson will incorporate suggestions for changes as part of the 2020 budget request.

Central Transit – Application for Membership

Branson said Bruce Sackron from Central Transit (City of Ellensburg) reached out to the Pool with hopes of applying for membership. Central Transit is unique in that they contract out fixed route and paratransit services and have no vanpool. Central Transit has 1.5 FTE. They would like to join and participate in the Pool but ideally, only

purchase POL coverage. Historically, a member has been required to participate in General Liability and POL with other coverages being optional. Staff is asking if the Committee feels potential membership is feasible to allow only POL coverage or to proceed on assumption for all coverages. Hughes reminded everyone the Interlocal Agreement specifically says three-fourths of the members are required to vote on whether to admit a member, so timing could be problematic for a January 1 start. The Committee can make a recommendation to the Board, but it is a Board decision. Committee members were not in favor of splitting coverage because that opens the door to others who just want a piece of coverage. The Committee wants to know Central Transit's future plans and felt a site visit was appropriate to learn more. Branson indicated DeVoll will be able to do a site visit in August or September.

Property and Auto-Physical Damage (APD) Deductibles

Powell said what is the financial impact of selecting a larger deductible question was raised at the June Board meeting, included in the packet is a comparison for each member using last year's values. Shipman thanked Powell as the tables were very helpful. Shinnors said it would be interesting to see the Uninsured/Underinsured Motorist (UIM) factors in the table as well, what if any savings would be had for not selecting UIM coverage. Powell said she could find that information. Shinnors asked if members could still change their selection. Powell said you could by sending an email.

Business Continuity Plan

Branson noted that AGRiP has approved our application for the advisory standards and WSTIP will receive recognition at the October conference. Included in the packet is the Business Continuity Plan which has been reviewed with management and staff which is actionable now. If there is a significant business interruption it is important for the Executive Committee to know the Executive Committee would be in charge. Jordan liked the plan and pointed out a couple of grammatical errors on page four and seven. Branson will revise. ***Shipman moved to accept and receive the Business Continuity Plan with the revisions. Brannin seconded the motion and the motion passed.***

Staff Benefits

Task 4 from the 2019 Retreat began a review of staff benefits, specifically paid time off and health insurance, which were incorporated into the 2018 Salary Survey for comparison purposes. Powell presented to the EC a review of the general leave carry-over limits, leave accruals and employer paid medical benefits.

Powell inquired of the EC if there are requested changes that we should consider and what would be a timing for those changes, 2020 or 2021? Jordan indicated there wasn't urgency on the topic and that 2021 would be appropriate such that changes, if any, could be communicated to staff and incorporated into WSTIP documents.

Members of the EC discussed their organizations accrual caps and wondered aloud the origin of the WSTIP cap and if it was too high in today's market with the newly implemented State FMLA. Inquiries were made as to what happens if an employee approaches the cap. Powell noted the employee handbook allows for employees to cash out general leave. Members of the EC discussed the various ways in which their organizations allow for general leave cash outs (if at all). One common narrative from the EC was the importance of staff using general leave, not only as a best practice for well-being but also to provide opportunities for cross-training and a review of process. Additionally, members of the EC expressed a desire to have the usage of general leave be a condition or prerequisite to being able to cash out general leave and encouraged staff to bring back a recommendation incorporating that concept.

Branson thanked the EC for the discussion and for the suggestions and recommendations. As would be the case

for all in the room, preference is for a work-life balance where time off can be utilized and the flexibility to bank it with an accrual cap that provides for life events. Having large and small agency experience Branson noted in a large agency there are layers of staff that can take on or share workloads which helps balance an employee's ability to utilize time off whereas in a small agency those duties can't be delegated. In a small agency the timing of the work and/or workload tends to determine how/when an employee can utilize their time off.

Powell noted the 2018 Salary Survey revealed that other Washington pools have shifted towards medical benefit cost sharing models. While all comparative pools continue to pay 100% of their employee's medical costs, they have implemented measures where the employer contributes between 75% to 90% of the medical costs for the employee's dependents. Members of the EC discussed the changes their organizations have undergone with transitions in cost sharing models, including changes to opt-out programs. One area of consensus was that WSTIP needed to make changes to the cost sharing provisions of the medical insurance program. Based on that consensus Jordan requested Christianson to present to the EC recommendations for a medical benefit cost sharing model for implementation in 2021.

Staff noted for the following items for future discussion: **usage of general leave as a condition or prerequisite to a general leave cash out and changes to the medical benefit cost sharing.** Jordan noted Christianson wasn't available to attend the EC meeting and that Christianson might have additional insight as to why the employee policies are as they are and why those are important to WSTIP and her ability to attract and retain staff. Jordan and the EC want to hear from Christianson how she recommends moving forward or if she believes a change shouldn't be made (and why it is important to remain as it is).

Jordan closed the topic thanking staff for their work on this tough topic. She noted the discussion has been guided by changes in market conditions at member agencies and Pools alike. She expressed gratitude to staff for the awesome work staff perform and for being great stewards of the Pool.

The Executive Committee took a short break from 11:12 am to 11:45 am.

Executive Session

There was no Executive Session.

Staff Reports

Executive Staff Report

Powell welcomed Karey Thornton as WSTIP's new Accounting and Payroll Specialist and formerly the Claims Specialist; and Brandy Rhodes, WSTIP's new Administrative Assistant who joins us from the City of Rainier. Auditors have completed their site visit and we are waiting for the audit report to come back; 2020 exposure collection has been completed and sent off to the broker and actuary. Rouse has been out in the field meeting with Origami users. To date we have received 17 public records requests for 2019. Powell said she and Hughes are working on a Best Practice regarding which documents WSTIP owns versus which documents the Member owns specifically in Origami as they pertain to claims. Jordan suggested adding a warning in Origami to check with WSTIP before releasing documents. Hughes said part of the discussion is coordinating with members, so the member knows what is being disclosed. Adams said ordinarily the requests are for photos, videos, and the event report. Powell said for our requests if it is anything outside of routine, we involve Hughes.

Branson said he would defer to the written report for scholarships and grants. DeVoll is out and about doing Best Practices and Vanpool Best Practices site visits and providing training. He thanked Brannin for hosting Partnering

in Prevention presentation and has presentations scheduled for Community, Everett, Whatcom, Island, Jefferson, and Clallam. We have been busy hosting trainings and will be receiving AGRiP Advisory Standards recognition in October. He also talked about the visit to VTTI and that the technology does in fact stop the slow-moving bus before it hits the mannequin. There was a discussion regarding the Jeffrey S. Ristau scholarship and whether it would sunset at some point and asked to have it added as a budget discussion item. Adams reviewed the status of claims including an update on ATU Local 1015 vs Spokane Transit where the Court of Appeals confirmed the trial court's decision on behalf of the ATU.

Sub-Committee Reports

Governance Policy Committee

No report.

Board Development Committee

No report.

Emerging Risks and Opportunities Committee Report

No report.

Underwriting Committee

Adams said the Underwriting Committee met the prior day. Vanpool representatives called in to talk about personal use providing the Committee with great feedback. Possible recommendation to define personal use and differentiating that from tandem/incidental to commute but not cover personal use. The committee will be tackling law enforcement liability next and will be looking for feedback from the members. Shinnars said there were a couple members advocating to keep personal use as an incentive to get vanpool drivers, right now trending towards not taking the extra risk but this is a Board decision. Branson said personal use is allowed for in the Vanpool Best Practice. Shinnars said yes but coverage is a Board decision. We need to think about how important it is to your agency or fellow member agency; the exposure is fairly limited, but some agencies allow up to 250 miles of non-commute use for the vanpool driver. Jordan is opposed to personal use if it isn't being controlled and being used as a personal family vehicle. Shipman asked about gift of public funds. Shinnars said everyone in the vanpool is paying for the miles. Jordan said the issue is a liability thing. Shipman said we don't have a vehicle available to everyone. Branson said the Vanpool groups were more concerned about the process, recognizing only four members allow personal use, and get the knowledge to the Board understanding this is an incentive to some members but a risk shared by all members.

Coverage Review Committee

Beardsley thanked the Underwriting Committee for the information on the vanpool personal use as she'd like to see a tightening of that as well. The Committee had a great meeting earlier in the week thank you to those who worked on the POL policy as it has made the General Liability (GL) policy discussions move much faster. We are looking at possibly pulling the cyber liability out of the GL policy and expect Brian White to bring back information to our August meeting. We discussed stacking issues, consistency with the POL, use of force, and UIM and attorney fees regarding underinsured/uninsured motorists and workers compensation. One or two items where more work is needed but our draft is far enough along to share with members and member legal counsel for feedback. Our goal is to present the draft policy to the EC in August and hopefully present to the Board in September.


Data Governance Committee

No report.

Recap and Adjournment

Jordan reminded everyone the Governance Policy Committee and Board Development Committee were not meeting after this meeting, their next meeting will be in August. Topics coming back for discussion in August are Wage and Hour Endorsement, Public Officials Liability Coverage Document, Governance Policies – Budget Development and Capital Funding Philosophy. Central Transit Application coming back in September. Committee requests Feig attend the August EC meeting. Christianson can bring staff benefits back when she's ready. Branson questioned if four hours would be enough time in August. Palmer asked if the meeting could possibly start earlier. Hughes said they could start earlier but it would be considered a special meeting. Instead of an early start the EC would hedge on the meeting going long and factor that into their travel plans. ***Kinney moved to adjourn the meeting at 12:31 pm. Shipman seconded the motion and the motion passed.***

Submitted this 22nd day of August 2019.

Approved: 
D36D241317C2410...
Danette Brannin, Secretary

ⁱ Check Numbers 28542 through 28599 in the amount of \$127,447.12; Internet and ACH payments for staff credit cards, travel/expense reimbursements and professional/misc. services total \$12,600.60; Transfer of \$45,123.59 for the 06/15/2019 payroll; Transfer of \$65,239.74 for the 06/31/2019 payroll; Transfer of \$12,024.14 for June Staff benefits. Total voucher approval is \$262,435.19.

ⁱⁱ Check numbers 12451 through 12582 in the amount of \$580,693.13. Total voucher approval is \$580,693.13.