



WASHINGTON STATE TRANSIT INSURANCE POOL | RISK MANAGEMENT IN MOTION
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Minutes of the
 Executive Committee Meeting
 July 24, 2025
 SeaTac Conference Center Seoul Room & Zoom

Executive Committee Members Present (v) = virtual	
Joe Macdonald, President, Skagit Transit Scott Deutsch, Vice-President, C-Tran Miranda Nash, Secretary; Jefferson Transit Cyndie Eddy, Treasurer, Community Transit Paul Shinnars, Large Member Rep, Kitsap Transit	Cherie Huxtable, Medium Member Rep, Clallam Transit Brandy Pesta, Small Member Rep, Grant Transit Authority Shawn Larson, At-Large Member Rep, Link Transit Shonda Shipman, Past President, Whatcom Transportation Authority
Staff Present (v) = virtual	
Cedric Adams, Claims Manager Matthew Branson, Deputy Director Anna Broadhead, Board Relations Dominic Burrell, Senior Accountant (v) Tracey Christianson, Executive Director	Robyn Galindo, Claims Specialist (v) Richard Hughes, General Counsel Laura Juell, Risk and Training Coordinator (v) Joanne Kerrigan, Member Services Manager Patrick Nickell, Pool Application Support Specialist (v)
Board Members Present (v) = virtual	
Marcus McCreedy, Ben Franklin Transit (v) Brandon Hilby, Everett Transit (v) Ken Mehin, Grays Harbor Transit (v) Melinda Adams, Island Transit Tara Hargrave, RiverCities (v)	Jeff Benson, Whatcom Transportation Authority (v) Melanie Hall, Valley Transit (v) Angie Peters, Valley Transit (v) Greg Story, Yakima Transit (v)
Guests Present (v) = virtual	Executive Session Guest Present (v) = virtual
Andrew Halsall, GEM (v) Seth Madnick, Alliant Insurance Services (v) Jay Thebaut, Alliant Insurance Services (v) Steve Worthington, Prothman	Beth McIntyre, Law Lyman (attorney)

Call to Order

President Macdonald called the meeting to order at 9:00 am welcoming everyone to the hybrid meeting. A sign in sheet was passed around the room, virtual attendees were captured by staff. Macdonald asked if there were any changes to the agenda, hearing no changes, he asked for a motion to accept the agenda. **Shipman moved to approve the agenda. Deutsch seconded the motion, and the motion passed unanimously.**

Public Comment on Consent Agenda, Discussion, Potential Action Items

Macdonald asked for public comment. No public comments were received.

GEM Update

Christianson introduced Halsall. Halsall gave a brief overview of GEM noting that GEM retains \$2M of the risk limit it provides members. Halsall explained how the reinsurance market affects the limits GEM can offer to members like WSTIP. The limits provided to WSTIP is consistent with the other members who have transit risk. GEM's reinsurers are reluctant to offer higher limits due to nuclear verdicts in Washington, California, and even Arizona. Macdonald asked if WSTIP would see any decreases to limits offered. Halsall said no. Branson asked how long GEMs retention had been \$2 million. Halsall said it has been \$2M for some time

and whether it will increase is a topic at the GEM Board meeting next week but Halsall’s recommendation is to leave it as is. Shinnners thanked Halsall for his explanation and rational behind the challenges both GEM and WSTIP are facing. He asked about GEM’s long-term goals. Halsall said GEM is growing by adding members purposefully to increase the amount of risk we retain and have less dependency on reinsurers. Christianson said Staff (Adams, Branson, Broadhead, Christianson, and Kerrigan) will be attending the GEM Board meeting in Portland, Oregon on July 30-31. Macdonald thanked Halsall for attending.

Consent Agenda

Minutes – June 26, 2025, June 2025 Vouchers and Electronic Payments totaling \$969,207.36

				<u>Total</u>
Claims Vouchers	Numbers:	93505027	- 93505101	\$ 512,745.01
Administrative Vouchers	Numbers:	93003380	- 93003458	\$ 238,580.18
Electronic Payments	Dates:	06/01/2025	- 06/30/2025	<u>\$ 217,882.17</u>
				<u>\$ 969,207.36</u>

Macdonald asked if there were any items to remove from the consent agenda. There were no items removed from the consent agenda. **Shipman moved to approve the consent agenda. Pesta seconded the motion, and the motion passed unanimously.**

Discussion / Potential Action Items

2025 Executive Committee Work Plan

Christianson said the 2025 work plan had been updated to show longevity with the topic of Parametric coverage. There were no questions regarding the Work Plan.

Captive Information Session

Christianson reminded the EC that we have been discussing exploring captive formation since the retreat. At the last meeting, Christianson asked the EC if it was ready, based on all information already received, to issue a request for proposal (RFP) to complete a captive feasibility study. The EC did not approve that request at that time, and asked for more information. Christianson introduced Seth Madnick and Jay Thebaut from Alliant Insurance Services. [Click here](#) the presentation. Madnick went through the presentation explaining what a captive is (special purpose insurance company), costs for a Washington entity to form a captive (using Vermont as an example of where the captive could be formed and regulated). Madnick discussed how captives are a long-term commitment. He shared an example with a rent-a-captive model versus the own-a-captive model, both of which are possible in Vermont. Deutsch asked if there is risk sharing in the rent-a-captive model. Madnick said they are segregated with no co-mingling of funds, and after a period of time the rent-a-captive entity or structure can be converted to the own-a-captive structure. Deutsch then asked what happens if capital is not adequate, would it be an assessment against the Members or stop loss to fill the capital shortage. Madnick said in the early years you could purchase stop loss coverage. Christianson said you could even have an aggregate stop loss. Madnick encouraged completing a feasibility study as it is validation of go no go. Christianson said the same layer we are spending \$1 million in premium could be funding the captive. Christianson noted last year we were struggling to fill the \$5 million excess of \$5 million layer, we found a carrier, but it might be a good time to go down this road to slowly fund a captive before we need it. Shinnners expressed an interest in forming a captive with others with either similar geography or risks to share risk with us. He asked why single parent-captive as opposed to a pool of pools model. Madnick explained the Pool can choose from a number of approaches, noting it’s a price and capacity issue. Pooling of pools is doing what a captive or insurance company does already. A captive allows you to step into layers or price capacity issues. If you aren’t getting the coverages you need this could be the vehicle to create the pool of pools. There are other vehicles you could use a higher self-insured retention (SIR). A captive is a formal way of risk financing to replace access. It’s not the

overall solution, more of a long-term planning tool to go to when the insurance marketplace is not treating you well. The Pool can raise its SIR and push back the commercial market.

Macdonald asked if GEM could attach at a higher level. Christianson said GEM will offer \$3 million of reinsurance wherever we want it in the insurance tower. We always receive quotes from GEM at \$1.5, \$2, \$2.5, \$3, \$3.5, \$4, \$4.5, and \$5 million SIR and give the information to our actuary to do cost comparisons of the loss fund, generally we transfer versus retain risk. Shinners said there is no perfect option, although he does not see the benefit of being a single parent captive other than for investment opportunities, but with more members that have the same challenges we do in WA and CA could we insert a layer between WSTIP and GEM. Christianson said we do have an offer from Ohio's captive, the Transit Insurance Group (TIG), available, Ohio also had troubles placing their \$5 million excess of \$5 million layer and they are tort capped. Ohio is willing to share risk with us. Macdonald stated that given the \$1 million the state of WA requires in addition to normal capitalization of a captive maybe it is better to push our SIR up. Shinners said he does not see the benefit of having a captive of ourselves but we should go through the exploration on our own before we share risk.

Macdonald asked if the EC wanted to approve an RFP for a feasibility study. Christianson asked if Halsall wanted to speak again. Halsall said if your SIR is too high the premium to GEM would be too thin, he recommends a top down approach, what is the capacity in the market, add it all together and what remains should be your aim. The lower you are attaching the better it is for GEM. Christianson said we can bring an RFP for Feasibility Study back in August or we can table the discussion. We are expecting a smooth renewal for January 1. We can also put funding in the budget for 2026 for the study. Each EC member shared their thoughts regarding captives. Larson felt there is more discussion to be had. Shinners said build it in the budget but he doesn't see the value. Huxtable is on the fence but would like to have more information regarding feasibility and SIR comparisons. Pesta and Macdonald agreed. Deutsch said there is no harm in doing the study positives and negatives as well and there is no time constraint. Nash agrees with Shinners that it is not needed right now but a future feasibility study would be helpful. Shipman said she would do the feasibility study and invest \$2 million to explore. Eddy said it is good for us to look at for the future but more information is needed.

Macdonald ask for staff input. Christianson said from her perspective she knew it would be a hard topic as it was tough when we capitalized GEM. We can ask Barbara from Ohio to come talk about their captive, or Montana or even Arizona to talk about their experiences with captives. Deutsch, Pesta, and Shinners would like to hear from Ohio. Macdonald said he thinks Ohio's story is interesting but would like to hear from Montana and Arizona. Branson asked for clarification if the EC wanted this as part of the 2026 budget proposal so they could have a feasibility plan done in 2026 to be leveraged (shovel ready) should that be of interest. The group indicated they would like more information first. Shinners pointed out that the budget can always be adjusted to fund the feasibility study. Christianson asked for next steps. Macdonald said we'd like to hear from Montana and Ohio.

The EC took a break from 10:21 am until 10:31 am.

Executive Director Search Advisory Committee (EDSAC) Update

Deutsch said he was thankful to serve as the chair of the EDSAC, thanking Larson for filling in until the election and providing him great information. He said he met with Christianson, Worthington, and Hughes and have developed a hiring process plan. Worthington will present the top candidates to the EDSAC on August 11. EDSAC will review candidates and begin working on interview questions at their August 11 meeting. Worthington thanked the EC for having him join the meeting and for meeting with him during the stakeholder meetings, he shared how and where the position was advertised as well as click counts ([click](#)

[here](#) to view document). He said as of today there are 10 applicants, he expects a surge before the deadline, he will conduct preliminary interviews of qualified candidates and report on the candidates to the EDSAC. Worthington will work with the EDSAC to develop interview questions. Christianson said the EC will not see the questions until the September 11 interviews. There will be a meet and greet on September 10 as outlined in the memo to give feedback to the EC for use during the interviews on September 11. If the EC identifies a preferred candidate on September 11 then contract negotiations may begin with the help of Hughes, Deutsch and Christianson.

Deutsch reminded the EC that the EDSAC committee members are: Amy Cleveland (Pierce), Nancy Williams (Spokane), Crystle Stidham (Skagit), Shawn Larson (Link), Brandy Pesta (Grant), and Jenny George (Asotin). Hughes clarified that the EC can direct Hughes and Macdonald to negotiate a contract but the Board would have to approve the contract. Macdonald said there would be a virtual option for those who are unable to attend the meet and greet at SeaTac. Macdonald stated the EC needed to decide whether WSTIP would pay travel expenses for candidates. Christianson said the staff reimbursement policy in the personnel policies are easy to use. Macdonald asked for two motions, one to approve the hiring process, and another to approve reimbursing travel expenses in accordance with reimbursement section of the personnel policies.

EDSAC – Hiring Process Approval

Pesta moved to approve the hiring process as presented. Huxtable seconded the motion, and the motion passed unanimously. Macdonald moved to approve travel expenses of candidates using the expense reimbursement section of the personnel policies (employee handbook). Deutsch seconded the motion, and the motion passed unanimously.

Business Continuity Plan (BCP)

Branson reminded the EC the BCP is updated annually this year's updates include active shooter and notification to the President vs the entire EC. This topic is informational only; however, we ask that you keep a copy with you as the EC would be in charge should something happened to staff.

WSTIP 2026 Operations Budget

Christianson refreshed the EC on the budget process. In July Staff produce a memo outlining items we think should be included in the budget, and seek input from the EC. Branson said at the June Board meeting we received input that you want to continue the Technology Grant funding at \$500,000, and we budgeted to continue projects with AON for cyber security projects. We are anticipating higher participation of conferences next year, there will be reshuffling of the deck for software contracts, and staff will calculate the cost of living adjustment (CPI less food and energy), and have included the top end of the salary range for Executive Director to give room for negotiations. Christianson said there is also a request for adding a Claims Specialist 3 with justification included in the materials. We have tried to ease the load of our current claims staff but claims keep increasing. Macdonald asked if adding additional staff would reduce dependence on outside adjusters. Christianson said yes, and it would also have a positive impact on the loss fund. Further outside adjuster are increasingly scarce making it harder to find experienced ones. She also feels it would be a wash as subrogation efforts help recover some of those admin costs. Macdonald said he fully supports staffing an additional claims position. Shinnars appreciated the graph showing how miles have returned to pre-Covid numbers but events have clearly increased. Christianson said she dug into the numbers with Nickell and cannot explain the increase other than more events are being reported. Deutsch asked who the Claims Specialist 3 was managing. Christianson noted the adjuster won't be managing or supervising WSTIP staff rather outside adjusters. Christianson and Adams would make sure the job description reflected that more clearly. Christianson thanked the EC for their support.

The EC took a break from 11:19 am to 11:35 am.

Executive Session

At 11:35 am, President Macdonald announced the EC would enter into a 45-minute Executive Session; pursuant to RCW 42.30.110 (1) (j) to discuss litigation. The committee came out of Executive Session at 12:23 pm. *Kerrigan left the meeting at 11:49 am.* The attorney left the meeting. In open session Macdonald asked for a motion. ***Pesta moved to approve the requested settlement authority in Edwards vs C-Tran and Turner vs Ben Franklin Transit. Huxtable seconded the motion, and the motion passed unanimously.***

Staff Reports

Executive Staff Report

Christianson stated that Kerrigan had left to attend a funeral and Branson would be reporting for Kerrigan. She reminded attendees if you have a bus worth more than \$1.75 million we need to report it to the carrier to be underwritten as we will need to pay a premium for it. Alex Kaplan with Parametrics will meet with individual Members in order to move forward with a group purchase. We are working to schedule the Executive Director Candidate Meet and Greet and interviews for September 10 and 11 at a SeaTac hotel. We are expecting new Board members from Everett, Pierce and Spokane.

Branson said the 2026 underwriting campaign has kicked off to date we have six responses, thank you to those who have completed this task. We need to collect sales tax on live training we provide so we will be reporting on this for the next couple of months. Excess cyber liability and e-crime binders and invoices are arriving.

Branson on behalf of Kerrigan thanked Members who had submitted grant requests, her department is working on updating several Best Practices with the Risk and Opportunities Committee (ROC). Thanked Ben Franklin Transit for hosting the Washington Instructors Network (WIN) while they discussed updating the Operator Development Course (ODC). We received full grant funding from WSDOT for training through RTAP. Nickell is delivering added value to Members with the Origami projects he is currently working on. If you have any questions regarding Member Services activities, please reach out to Kerrigan.

Adams gave an update on open and recently closed claims, subrogation, and open litigated claims. Macdonald thanked Staff for their report.

Sub-Committee Reports

Governance Policy Committee (GPC)

No report, this committee has completed its work for the year.

Board Development Committee (BDC)

No report, this committee meets again September 5.

Risk and Opportunities Committee (ROC)

No report, this committee meets again September 9.

Coverage Review Committee (CRC)

No report, this committee has completed its work for the year.

Investment Committee

No report, this committee meets again October 6.

Audit Committee

No report, this committee meets again October 7.

Distribution of Surplus Committee (DSC)

No report, this committee meets again September 24.

Executive Director Search Advisory Committee (EDSAC)

No report, see above EDSAC Update. This committee meets on August 11.

Recap and Adjournment

Macdonald quickly recapped the meeting, no changes to the agenda, introduction of guests, presentation by Andrew Halsall from GEM, accepted the consent agenda, received information on captives from Seth Madnick and Jay Thebaut, approved the hiring process and reimbursement for candidates, received an update on the BCP, discussed the 2026 Operations budget and additional staffing, held an executive session granting staff requested settlement authority on two matters, and received the staff report. **Macdonald adjourned the meeting at 12:41 pm.**

Submitted this 28 day of August 2025.

Approved:  Signed by:
CD293BE6B04F44E
Miranda Nash, Secretary