

**PRESENT**

**Executive Board Members:**

Patty Page, North Kitsap SD (by phone for Executive Sessions)  
Kirsten Parker, Dieringer SD  
Dr. Mark Anderson, Spokane Public Schools  
Dr. Ron Spanjer, Blaine SD  
Diana Reaume, Quillayute Valley SD  
Loy Dale, SWRMIC  
Dr. Gary Plano, Mercer Island School District (arrived at 10:20 am)  
Krestin Bahr, Eatonville School District  
Jason Thompson, Marysville SD  
Tom Fleming, ESD 105 (Ex-Officio)  
Frank Ashby, PSESD 121 (Ex-Officio) (arrived before noon)  
Gavin Hottman, ESD 112 (Ex-Officio)  
Jerry McDermott, NEWESD 101 (Ex-Officio)

**Others:**

Chuck Hole, Board Treasurer  
James Marta, James Marta & Co.  
Denise Altheimer, PSESD  
Mike Harrington, Bickmore Risk Services  
Deanne Woodring, Government Portfolio Advisors  
Karen Graham, Arthur J. Gallagher  
Tyna Ek, Attorney  
Hugh Spitzer, Attorney  
Jared Holum, Perkins & Company  
Ryan Rufener, Perkins & Company  
Saundra Groshong, State Auditor's Office  
Richard Staudt, Seattle Public Schools

**Staff:**

Deborah Callahan  
Charles Upchurch  
Bob Fulmer  
Dana Grandey  
Gerald Martens  
Tommy Le  
Dawn Mayes

**ABSENT:**

Michelle Dearlove, ESD 123 (Ex-Officio)  
Lisa Matthews, NWESD 189 (Ex-Officio)  
Monica Hunsaker, OESD 114 (Ex-Officio)

Dr. Michelle Reid, Northshore SD

**I. Call to Order**

K. Parker called the meeting to order at 9:04 a.m. K. Parker is serving as Board Chair on behalf of P. Page who will be calling in for key matters. K. Parker welcomed our vendors who will be arriving at various times throughout the meeting today: Denise Altheimer with PSESD, Perkins & Company, attorneys Tyna Ek and Hugh Spitzer, AJ Gallagher, Government Portfolio Advisors, Bickmore Services and Sandra Groshong from the State Auditor's office.

**II. Consideration of Consent Agenda**

There has been a request by the CFO J. Marta to switch the budget presentation and the actuary presentation. He thinks the Board will have better information regarding the budget if they hear about rates first. R. Spanjer made a motion, seconded by D. Reaume to approve the changes to the Agenda. **Motion carried.**

**III. Consent Agenda**

J. Thompson made a motion, seconded by M. Anderson to approve the Consent Agenda (Minutes for January 31, 2017 and Pool Expenditures & Claim Payments). **Motion carried.**

**IV. Member/Public Comments**

None.

**V. Executive Session – Executive Director Review and Executive Session - Claims**

There will be two (2) back to back Executive Sessions, the first to discuss the Executive Director's performance evaluation, estimated to last approximately 30 minutes ending approximately 9:45 a.m., followed by the Executive Session for Claims estimated to last 30 minutes, ending approximately at 10:15 a.m. Motions will be entertained after both Executive Sessions. Board Chair P. Page will phone in.

At 10:05 am. K. Parker returned the meeting to regular open session.

L. Dale made a motion, seconded by D. Reaume to approve requests for claims authorities for claims #28244, 29965, 30491, and 31091. **Motion carried.**

K. Parker welcomed guest R. Staudt from Seattle Public Schools.

**VI. Presentation – Q2 Financial Statement**

J. Marta with Marta & Company presented the Q2 Financials, which is the six-month report. Everything is reported on a full accrual basis, reflecting the actual revenues and expenses so the Board has a good idea of our financial direction.

The statement of net position shows the claim liabilities are higher this year. Because of the escalation of the claim cost the Pool has experienced overall, the actuary re-estimated what the

values are, which increased our accrual costs. There may be a deficit by end of year.

Our target confidence levels are still over 95% and all of our funding targets are met except the longer term 1-100 and 1-250 year goals.

M. Anderson made a motion to accept the 2<sup>nd</sup> Quarter Financials. The motion was seconded by J. Thompson. **Motion carried.**

## VII. Rates

M. Harrington with Bickmore Risk Services presented a summary of the rates.

The industry is experiencing a liability severity problem. It is not just a trend for WSRMP but for the industry right now.

Rates for 2017-18 will show how much money is needed to fund for losses and expenses for next year's program. Last year we identified potential trends but the rates remained unchanged. This year, there have been significant adverse development in the losses. A rate increase is indicated.

D. Callahan suggested tabling a motion to approve rates until the budget presentation.

## VIII. Financial Audit

Jared Holum and Ryan Rufener with Perkins & Company presented the results of the Financial Audit findings. They propose to issue an unmodified opinion. There were no disagreements with management, nor any audit findings or areas of recommendation for improvements. Management was very helpful in completing the audit.

D. Reaume made a motion, seconded by G. Plano to approve the Financial Audit as presented. **Motion carried.**

D. Callahan introduced Sandra Groshong with the State Auditor's office who was present to listen to the Financial Audit presentation. She will present the State auditor's report at the June meeting.

## IX. Budget

J. Marta presented the annual operating budget.

The areas of largest impact to the budget as compared to last year are:

- Member Contributions – increase to offset increased claims expenses.
- Claims Expenses – increase based on the actuary's latest report
- Investment Income has been removed from the 2017-18 budget

G. Plano made a motion recommending to adopt the revised Budget as presented with the

updated excess reinsurance indications and the revised actuary indication. The motion was seconded by K. Bahr. **Motion carried.**

**VII. Rates (Continued)**

G. Plano made a motion to approve a rate increase for the 2017/18 year, seconded by D. Reaume. **Motion carried.**

D. Callahan would like to extend the Bickmore Risk Services contract for another year. All contracts will be moved to expire August 31, 2018 so when the Board reviews contracts in June, they are ahead of the contracts to expire.

D. Reaume made motion to approve Bickmore Risk Services contract extension through August 31, 2018, seconded by M. Anderson. **Motion carried.**

**X. Investment Strategy**

D. Woodring with Government Portfolio Advisors presented an overview of our portfolio and modifications to the Investment Policy. At the January meeting, we discussed modifying the investment policy and strategy to add the newly allowable corporate securities.

L. Dale made a motion, seconded by R. Spanjer to approve the modifications to the Investment Policy as presented. **Motion carried.**

L. Dale made a motion, seconded by J. Thompson to approve the revised Investment Strategy as presented. **Motion carried.**

**XI. Executive Session – Entity Question**

K. Parker announced we will go into Executive Session to ask qualified counsel questions about the structure of WSRMP.

K. Parker returned the meeting to regular session at 2:00 pm. G. Plano made a motion to ask Hugh Spitzer to produce a Legal Opinion to the WSRMP Board as to it's legal status. The motion was seconded by K. Bahr. **Motion carried.**

**XII. Renewal Indications**

K. Graham with A.J. Gallagher (AJG) presented early indications of the 2017 reinsurance renewal from the marketplace.

K. Graham will return in June to present findings and recommendations for renewal.

**XIII. Executive Director Report**

AGRIP Article

D. Callahan attended the Spring AGRIP Orlando conference. The speaker of AGRIP welcomed

the attendees and said they named their conference ‘The Power of Why’ based upon D. Callahan’s presentation last year at AGRIP Fall Conference in Denver, when she and Bob Fulmer presented about why WSRMP changed its mission.

AGRIP wrote a nice article about WSRMP on their website.

Member Portal Demo

D. Callahan and Tommy Le demonstrated the Member Portal. One person from each district will have access and they will be called Portal Master.

RAS Demo

G. Martens presented the new 2017 Risk Assessment Survey (RAS) on sexual abuse in schools.

The RAS is a gap analysis divided into three parts: prevention, recognition and response.

We recognize we are distributing the RAS later in the year, so we added an extra month to the deadline of January 31, 2017.

D. Callahan thanked G. Martens and the Risk Services staff for their work and willingness to listen to members at Roundtables. D. Callahan will be submitting the RAS to AGRIP for consideration for an award in risk management.

**XIV. Planning Calendar**

D. Callahan said the Planning Calendar advises what is happening in June: renewal, contracts, coverage agreement changes, data driven program, board elections and how we calculate FTE.

There are no new board initiatives to add at this time.

**XV. Board Initiatives**

D. Callahan stated the following board initiatives were requested at the January meeting to be addressed today. Due to the work given Staff at the January Board meeting, D. Callahan and J. Marta were able to finish one of the initiatives, and the other two will be discussed in June.

**XVI. Meeting Adjournment**

At approximately 2:55 p.m. the meeting was adjourned.

The foregoing is a true and correct copy of the minutes of the April 24, 2017 meeting of the Board of Directors as approved by the Executive Board.



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Deborah Callahan, Executive Director