

**PRESENT**

**Executive Board Members:**

Patty Page, North Kitsap SD  
Diana Reaume, Quillayute Valley SD  
Loy Dale, SWRMIC  
Dr. Mark Anderson, Spokane Public Schools (by phone)  
Krestin Bahr, Eatonville School District  
Jason Thompson, Marysville SD  
Frank Ashby, PSESD 121 (Ex-Officio)  
Jerry McDermott, NEWESD 101 (Ex-Officio)  
Michelle Dearlove, ESD 123 (Ex-Officio)  
Lisa Matthews, NWESD 189 (Ex-Officio)  
Monica Hunsaker, OESD 114 (Ex-Officio)  
Peggy Sandberg, ESD 112 (Alternate Ex-Officio)

**Others:**

James Marta, James Marta & Co.  
Karen Graham, Arthur J. Gallagher  
Saundra Groshong, State Auditor's Office  
Megan McCallum, State Auditor's Office  
Brandi Breaux, State Auditor's Office  
Richard Staudt, Seattle Public Schools

**Staff:**

Deborah Callahan  
Charles Upchurch  
Bob Fulmer  
Dana Grandey  
Gerald Martens  
Tommy Le  
Dawn Mayes  
Laura Bisbee  
Keith Kenway  
Yzabel McKee  
Sharon Carmichael  
Amber Garriott  
Everett Tyrell

**ABSENT:**

Kirsten Parker, Dieringer SD  
Dr. Ron Spanjer, Blaine SD  
Dr. Gary Plano, Mercer Island School District  
Chuck Hole, Board Treasurer

Dr. Michelle Reid, Northshore SD  
Tom Fleming, ESD 105 (Ex-Officio)  
Gavin Hottman, ESD 112 (Ex-Officio)

**I. Call to Order**

P. Page called the meeting to order at 9:10 a.m.

**II. Consideration of Consent Agenda**

P. Page said there were two requests to change the agenda, from D. Callahan and L. Dale. D. Callahan requested adding an extra half hour to the Claims Executive Session due to the addition of a report by corporate counsel on a claim, and also to move the Reinsurance Renewal presentation in front of the State Auditor presentation. L. Dale requested the minutes be pulled from the Consent Agenda. We also received notice that M. Reid will be leaving at noon so there may be quorum questions.

D. Reaume made a motion to change the agenda as requested by D. Callahan and L. Dale, and made a motion to approve the amended agenda, seconded by J. Thompson. **Motion carried.**

L. Dale requested that the April 24, 2017 Board Meeting minutes, Subsection 7 Rates, be changed to include the actual percent rate increase. D. Callahan replied that when L. Dale made a motion several meetings ago requesting the board packet be made available to the membership, the Executive Board agreed with putting an abridged packet online. WSRMP is not required by the State Auditor to provide board packets to members; only the meeting agenda. Redacted information includes attorney client privileged information, rates and marketing information because of the proprietary nature and competition.

J. Thompson made a motion, seconded by K. Parker to keep the April 2017 Board Minutes the same. **Motion carried.**

**III. Consent Agenda**

D. Reaume motioned, seconded by J. Thompson to approve the Consent Agenda (Minutes for April 24, 2017 and Pool Expenditures & Claim Payments). **Motion carried.**

**IV. Member/Public Comments**

None.

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

The first Executive Session to discuss the Executive Director’s performance evaluation will begin at 9:18 am, estimated to last approximately 30 minutes, followed by the Executive Session for Claims estimated to last one hour, ending approximately at 11:15 a.m. Motions will be entertained after both Executive Sessions.

At 11:12 a.m., P. Page returned the meeting to regular open session.

D. Reaume made a motion to accept requests for claims authorities for #'s 25682, 29261, 30904 for authority for the amounts requested, seconded by K. Bahr. **Motion carried.**

**VI. Presentation – Q3 Financial Statement**

J. Marta with Marta & Company presented the Q3 Financials.

- Assets are at \$80.6M.
- Net Position at \$27.4M, above 90% confidence level.
- Expenses were higher than budgeted due to upward claims development and reconciled to the actuary's October 2016 report subsequent to the rate making.
- Net loss of \$8M was expected due to increase in claims expenses last year, including the bus barn fire loss, snow property damage, and investigation for sex abuse claims that developed into claims attributing to the higher costs.

D. Reaume made a motion to accept the 3rd Quarter Financials, seconded by K. Bahr. **Motion carried.**

**VII. Reinsurance Renewal**

K. Graham with A.J. Gallagher (AJG) presented recommendations for the 2017 reinsurance renewal.

Casualty Reinsurance Layer

United Educators (UE) provided renewal terms based on the expiring limits (\$9M xs \$1M), and expiring retentions, terms and conditions with a 7.9% increase over the expiring premium.

Excess Liability Layers

All Excess Liability layers have been quoted, there are five layers this year instead of four over last year and we have three new additional carriers.

Property/Equipment

Lexington provided renewal terms based on expiring limits of the \$500M limit but also offered an increased Loss Limit to \$1B. With the addition of a new member, higher limits, and increased property values, the 2017-18 renewal increased by approximately 18%.

Stand Alone Terrorism and NCBR

Coverage renewing at a 5% decrease.

Network Security and Privacy Liability

Coverage renewing at a 5% decrease.

Overall, there is a 12% increase in premiums.

P. Page thanked K. Graham and AJ Gallagher for pulling together the numbers in time for the Board meeting. K. Graham acknowledged staff member Laura Bisbee. D. Callahan and L. Dale

also commended K. Graham.

D. Reaume motioned to approve the Reinsurance Renewal with the additional \$1B in property limits, seconded by K. Bahr. **Motion carried.**

**VIII. SAO Audit**

Sandra Groshong, Megan McCallum and Brandy Breaux with the State Auditor's office presented the State Auditor's report.

In the areas audited, the Pool operations complied with all applicable requirements and provided adequate safeguarding of public resources. The Pool also complied with state laws and regulations and its own policies and procedures in the areas examined. No findings.

**IX. Coverage Agreement**

D. Grandey presented proposed changes to the 2017-2018 Coverage Agreement.

We are recommending six changes to the 2017/2018 WSRMP Coverage Agreement, to be effective on September 1, 2017. The changes will be sent to members for a 30-day comment period.

L. Dale made a motion to accept the 2017/18 Coverage Agreement as presented, seconded by D. Reaume. **Motion carried.**

**X. Contracts**

D. Callahan approached the PSESD about participating in an RFP for Financial Services. The PSESD decided not to participate in the RFP and thinks the current situation is working.

D. Callahan requests the Board to approve J. Marta's contract for one year, at a 3% increase.

For the PSESD Management contract, in addition to HR and payroll services, we have added \$5k for costs for employee recruitment and onboarding. C. Hole put together a helpful summary of how the PSESD calculates the formula so they can figure out the rate per FTE for WSRMP going forward.

D. Reaume moved to accept both contracts, beginning from September 1, 2017 through August 31, 2018, seconded by K. Bahr. **Motion carried.**

**XI. Board Vacancies**

P. Page announced her retirement. K. Parker agreed to move up as Chair for the next meeting. J. Thompson volunteered as Vice Chair.

K. Bahr made a motion to accept K. Parker as Chair and J. Thompson as Vice Chair, seconded by L. Dale. **Motion carried.**

**XII. ByLaws Change: FTE Division**

A year ago, a former board member was curious about how WSRMP determined small, medium and large-sized school districts by FTE in order to preserve board seats during elections. After having researched this fully and after discussion with P. Page and J. Welch, there is no motion needed. Due to the importance of preservation of the board, D. Callahan already has the authority in her job description to adjust the FTE of small, medium and large-sized districts for purposes of continuity in elections.

**XIII. Targeted Strategy: Member Benefit Review (Data Driven)**

D. Callahan introduced G. Martens to present the new Member Benefit Review. The goal of this targeted strategy is to provide data driven plans to members that are customized by their types of losses.

The Member Benefit Review will be done on an annual basis and Risk Services staff will present the districts with their results at the end of the year.

D. Reaume said this will help districts partner with the Pool, and if a district has a propensity for loss in a particular area, this will help the district improve.

D. Callahan added that as of right now, in September, members will receive 5.75% for their All Hazards Mitigation RAS. The Board has already voted that next year, members will receive 3% off their contribution from the RAS. Now we are proposing the Member Benefit Review replace the RAS to help lower contributions by lowering losses using customized action plans, which will also help lower the Pool's loss experience.

If a member has no areas of loss, they will still get 3% for doing the self-directed plan. Going forward, the member credit will be based upon the coverage line being addressed (property or liability), not both.

D. Callahan acknowledged the Risk Services staff in attendance for their work on the Member Benefit Review.

**XIV. Executive Director Report**

Notice to Withdraw

The ESD 105 sent in their notice to withdraw. We understand it is just for due diligence from a financial standpoint.

Eastmont rescinded their notice to withdraw.

Elections

In 2017, position #2, position #5, and position #8 are open for re-election, and positions #4 and #6 are vacated by retirements, so members will be voting for five open seats this year.

Annual Member Meeting

D. Callahan presented a proposed Agenda for the Annual Member Meeting. The proposed Agenda includes inviting a specialist in sex abuse to present nuts and bolts advice as to what members can do today in their district to disrupt sexual abuse.

Paperless Project

C. Upchurch spoke about our goal to become a more efficient organization and reduce the effect on our environment. There are incentives to going paperless by reduced cost, reduced risk and time savings. Moving forward, our claim files will be electronic. Over the next year, the remaining departments, starting with Finance, will also go paperless. We will see a reduction in off-site storage costs.

New Member

B. Fulmer presented the New Member Checklist for North Mason School District to the Board. They will be a member effective September 1, 2017.

**XV. Planning Calendar**

D. Callahan said the Planning Calendar is updated to include the rest of 2017 and 2018 per the dates set out for next year.

**XVI. Board Initiatives**

D. Callahan said we had a request to do a five-year look at administrative fees and review of one-time costs vs ongoing costs which was provided to the Board. P. Page thanked D. Callahan for doing that and appreciates the work involved.

D. Callahan presented retiring Board member and Board Chair P. Page with the Appreciation of Service Award for her many years of service on the Executive Board. P. Page served as Board Chair twice and was on the Board for 10 years.

An Appreciation of Service Award plaque was also awarded to Superintendent Dr. Gary Plano, also retiring from the board. G. Plano was not present, so D. Callahan will meet with G. Plano at the district to present him with his award.

**XVII. Meeting Adjournment**

At approximately 1:22 pm p.m. the meeting was adjourned.

The foregoing is a true and correct copy of the minutes of the June 28, 2017 meeting of the Board of Directors as approved by the Executive Board.



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Deborah Callahan, Executive Director