

**PRESENT**

**Executive Board Members:**

Kirsten Parker, Dieringer SD  
Dr. Ron Spanjer, Blaine SD  
Diana Reaume, Quillayute Valley SD  
Dr. Mark Anderson, Spokane Public Schools  
Jason Thompson, Marysville SD  
Krestin Bahr, Eatonville School District  
Loy Dale, SWRMIC  
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)  
Jeff Boydston, ESD 112 (sitting in as Ex-Officio)

**Others:**

Chuck Hole, Board Treasurer  
James Marta, James Marta & Co.  
Mike Harrington, Bickmore Actuarial Services

**Staff:**

Deborah Callahan  
Charles Upchurch  
Dana Grandey  
Gerald Martens  
Tommy Le  
Dawn Mayes  
Ray Roberts

**ABSENT:**

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

K. Parker greeted the group acknowledging proxy Jeff Boydston from ESD112 and presenters J. Marta with Marta & Company and M. Harrington with Bickmore Risk Services.

**I. Call to Order**

K. Parker called the meeting to order at 9:11 a.m.

**II. Consideration of Consent Agenda**

D. Callahan requested two changes to the agenda. The first change is to add a Resolution designating D. Callahan as the official representative to AGRiP as part of the Executive Director Report. Secondly, D. Callahan would like to add the State of the Pool powerpoint presentation that will be given at the Annual Meeting following the Solvency Report presentation.

D. Reaume made a motion, seconded by R. Spanjer to approve the agenda as amended. **Motion approved.**

**III. Consent Agenda**

K. Bahr made a motion, seconded by J. Thompson to approve the Consent Agenda (Minutes for June 28, 2017 and Pool Expenditures & Claim Payments). **Motion carried.**

**IV. Executive Session – Claims**

The Executive Session for Claims began at 9:16 am and was estimated to last approximately 30 minutes, ending approximately at 9:45 a.m. Executive Session was extended an additional 30 minutes.

At 10:25 a.m., K. Parker returned the meeting to regular open session. R. Spanjer made a motion to extend authorization as requested, seconded by M. Anderson. **Motion carried.**

**V. Member/Public Comments**

None.

**VI. Presentation – Q4 Financial Statement**

J. Marta with Marta & Company presented the Q4 Financials.

Statement of Net Position

- Total Assets at \$70.4M; 92% of it is cash and investments
  - Reinsurance/recoveries receivable at \$4.5M.
  - Prepaid expenses at \$301K related to insurance premiums for the last quarter.
  - Investments at \$54.9M.
- Total Liabilities at \$54.3M
  - Claims liabilities at \$50.6M.
- Net Position at \$16M, 85% confidence level.

Budget to Actual Comparison Highlights

- Revenues at \$33.4M; decrease from budget as the approved budget had preliminary data.
- Claims Expense at \$31.2; \$13.5M increase from budget due to upward claims development and the October 2017 actuary ultimate loss projections for current year.
- Administrative expense at \$8M; \$954K less than approved budget primarily due to lower risk management expenses; in-part due to expired security grant amounts.

J. Thompson made a motion to accept the 4th Quarter Financials, seconded by D. Reaume.

**Motion carried.**

**VII. Solvency Report**

M. Harrington with Bickmore Risk Services presented the 2017 Solvency Report.

The Pool's liability for outstanding claims is \$50,579,000 as of August 31, 2017, an increase in assessment of the Program's outstanding liabilities. The estimate of the program's equity at the expected level has decreased by \$17,422,000 between August 31, 2016 (as previously estimated) and August 31, 2017 (as currently estimated). This is driven by an increase in the estimated outstanding liability, coupled with a decrease in estimated fund assets. As a result, the program is funded at the 85% confidence level. The Pool is in compliance with the State solvency test.

The adverse claims activity trend has occurred over the last two years which has extinguished much of the \$50M equity that existed as of August 31, 2016. The primary cause of equity loss is adverse development in E&O, and in particular sexual abuse claims. It was noted that this is not just a Washington schools issue, other pools are experiencing these claims as well. It is expected to get worse before getting better.

R. Spanjer believes this is an important message for our Pool members to understand that the threshold of cases is not significantly high. A few cases of this nature can significantly impact the Pool.

D. Reaume made a motion, seconded by K. Bahr to approve the Actuarial Report for the 2016-17 fiscal year. **Motion carried.**

**VIII. Executive Director Report**

Annual Meeting – State of the Pool

D. Callahan presented her State of the Pool powerpoint that will be presented at the Annual Member Meeting tomorrow. She appreciates Board members input about the messaging. We will talk about where we are today, how we got here, severity and frequency of E&O/sexual abuse cases, and how we can fix this.

Lunch Break. Resumed meeting at 1:00 pm.

An Appreciation of Service Award plaque was awarded to Superintendent Dr. Michelle Reid.

M. Reid was not present, so D. Callahan will meet with M. Reid at the district to present her with the award. K. Parker also thanked Tommy Le for his service with WSRMP.

L. Dale asked the Board to consider taking action today or in the near future to approve a mid-year assessment and get the word out as it lengthens the time that districts have to respond.

D. Reaume asked if we can call a Special Board Meeting by December via tele conference.

D. Callahan said we would run through talking points, issues and questions with the finance committee before the meeting.

R. Spanjer said we could direct D. Callahan today to formulate a proposal specific to the information that's been shared for a mid-year adjustment. He suggested D. Callahan announce tomorrow at the Annual Meeting that the Board anticipates taking action in December for a mid-year rate adjustment and members can contact a board member or contact D. Callahan with any questions.

## **IX. Risk Services**

D. Callahan stated that the Board likes the quarterly Claims presentations. She has asked G. Martens to also present a quarterly Risk Services presentation to keep the Board informed on loss prevention efforts. Every quarter, G. Martens will present the loss ratios based on small district, medium district and large districts that will show variances of what different size districts are experiencing.

G. Martens summarized a menu of services that Risk Services provides:

- RAS which is transforming into the Member Benefit Review
- Mitigation Grant
- Scenario Learning and SafeSchools
- SafeSchools Alert
- Regional Trainings
- Scholarships
- Member Matters Newsletters
- Playground Inspections

Risk Services has given eight regional trainings and also offered via webinar or in the classrooms. We had 248 members in attendance, evaluation scores were outstanding, the presenters providing the trainings are giving us a great product and districts are responding to their trainings.

The School Security Grant was a two-year program that concluded on August 31, 2017. The program was received well, the response was high, including 79 districts that participated. Of the \$3,544,000 that as allocated, we paid \$3,278, 118. Many of the districts installed cameras, locks, doors, and a myriad of security features to help provide a safer environment for kids.

The Loss Control Mitigation Grant is a 50/50 matching grant up to \$2,500. Two grants were awarded last year. Loss control staff encourage districts to apply for the grant during their district visits.

We had 31 scholarship applications totaling \$27,899 approved. We offered training scholarships for the CPSI course, 12 playground maintenance technician approvals, and Right Response trainings, as well as scholarships for conferences, one for PRIMA, one for School Law, WASBO and the campus Safety West Conference.

Each year, we have the RAS survey. Twenty-six small districts 26 participated, all 26 medium districts participated and 28 of 29 large districts participated. All of our districts are currently participating in the Sexual Abuse Prevention RAS.

Risk consultants staff made 356 visits to member districts this year and are available to assist member districts with any kind of loss control risk measures you may want to implement.

This year, we issued Risk Alerts for unexpected and arising issues, including a severe weather risk alert, copper wire theft alert, changes to PRA, and Title IX updates.

K. Bahr stated appreciation for the risk alerts.

**X. Executive Director Report (Continued)**

D. Callahan continued the Executive Director's Report discussion.

AGRiP Spring Conference

The Pool has a relatively new Board. New Board members are encouraged to attend the AGRIP Spring Governance and Leadership Conference on March 4-7, 2018 in San Diego. R. Spanjer recommends the conference for Pool training. This is early notice to allow the Board time to plan and budget to attend.

Annual Report

R. Roberts presented on the new Annual Report. The format has changed expanding our communication with the members to highlight the Finance team, Admin and Operations, Executive, IT, Risk, Claims, Underwriting and Member Services. D. Callahan commended Staff for a fantastic product and is very proud to deliver the new Annual Report to our membership at the Annual Meeting tomorrow.

Cyber Coverage Improvements

C. Upchurch presented on cyber coverage. Every June, our broker AJ Gallagher presents our reinsurance renewal to the Executive Board. The presentation includes finite costs for most coverages with the exception of cyber coverage. The reason is that our cyber carrier only gives indications rather than firm quotes 60 days prior to policy inception. So, the Executive Board

has given D. Callahan the authority to place the cyber coverage based on those reasonable indications.

Earlier this year, we received an inquiry from one of our members concerned with the high cyber retentions, which are costs our members have to pay up front for every cyber claim. Our Underwriting team saw this as an opportunity to explore some options for the retentions that are borne by our members. We asked AJ Gallagher to provide a second quote based on reduced retention amounts to our members. The cost for the enhanced coverage was far below the indicated amount and even less than what we paid last year.

Unfortunately, the new quote did not provide relief for members who have unencrypted devices or have budgets in excess of \$100M but the overall coverage did provide lower retentions to many of our members.

#### Targeted Strategy: Communications

R. Roberts presented the results of the 2017 member satisfaction surveys. The purpose was to measure how the Pool is doing: are we delivering what we are promising and are the members receiving what they think they should be getting? We looked at three separate surveys: 1) member satisfaction survey sent via survey monkey, 2) claims team survey and 3) risk services team survey.

Starting with the member satisfaction survey, 54 members responded. According to the results, the Pool is overall communicating information to our members very well and in a timely manner. Combining the member satisfaction survey and claims surveys indicated 97% satisfaction with the claims department.

Risk Services received 98% satisfaction.

What did we learn? Generally, Pool services were very positively received. One area that can be improved is how we handle field staff reassignments to districts.

#### Google Analytics

T. Le presented Google Analytics to explain how the website is working. We have the ability to track users accessing the website by different time intervals, by city where member districts are located, which pages they visited or didn't visit, etc. In the past three months, we tracked how many were new visitors compared to returning visitors, how long they visited the website, the top 10 pages they visited, and operating systems they're using.

#### Targeted Strategies

We have three 18-month targeted strategies that were directed by the Board. Progress on the Communication with Members strategy was discussed and data from all of the communications made with members was posted on the website for the Board's review, demonstrating the

positive impact the Pool and Staff are making with members via member testimonials. In January, a new set of 18-month targeted strategies will be determined at the Board.

Going forward, D. Callahan will brief the Board on the progress of each targeted strategy at each meeting.

January Retreat Planning

P. Page will be assisting with the upcoming Board retreat in January, which will include the Board Self-Assessment and new 18-month targeted strategies.

Annual Member Meeting

D. Callahan summarized the program agenda and thanked Staff and D. Mayes for developing the Annual Member Meeting program content and design.

Candidates – Elections (Ex-Officio Volunteers)

C. Upchurch will be working with two Ex-Officio volunteers to tally ballots for the Board Elections.  
D. Callahan thanked J. McDermott and M. Dearlove for volunteering.

AGRIP Resolution

AGRIP shows Kent Paul as Executive Director and we need change that to D. Callahan.

R. Spanjer made a motion, seconded by L Dale to change the AGRIP Resolution. **Motion carried.**

**X. Planning Calendar**

A new Board planning calendar has been prepared for Board meetings in 2018, so the Board can set their calendars with these dates.

**XI. Board Initiatives**

K. Parker said the Board requested D. Callahan compile information on a possible Mid-Year Rate Adjustment.

**XII. Meeting Adjournment**

At approximately 2:21 p.m. the meeting was adjourned.

The foregoing is a true and correct copy of the minutes of the November 2, 2017 meeting of the Board of Directors as approved by the Executive Board.



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Deborah Callahan, Executive Director