

PRESENT

Executive Board Members:

Jason Thompson, Marysville SD
Krestin Bahr, Eatonville School District
Dr. Ron Spanjer, Blaine SD
Diana Reaume, Quillayute Valley SD
Lydia Sellie, Northshore SD
Thomas Jay, Skykomish SD
Kathi Weight, Steilacoom Historical SD
Loy Dale, SWRMIC
Frank Ashby, PSESD 121 (Ex-Officio)
Jeff Boydston for Gavin Hottman, ESD 112 (Ex-Officio)
Michelle Dearlove, ESD 123 (Ex-Officio)
Lisa Matthews, NWESD 189 (Ex-Officio)

Others:

Chuck Hole, Board Treasurer
James Marta, James Marta & Co.
Mike Harrington, Bickmore Risk Services
Karen Graham, AJ Gallagher
Patricia Buchanan, Patterson, Buchanan, Fobes & Leitch
Patrick Schoenburg, Wood, Smith, Henning and Berman
Richard Staudt, Seattle Public Schools

Staff:

Deborah Callahan
Charles Upchurch
Bob Fulmer
Dana Grandey
Gerald Martens
Dawn Mayes
Kenneth Curtis
Suzanne Bissett
Lisa Day
Patty Nylin

ABSENT:

Dr. Mark Anderson, Spokane Public Schools
Jerry McDermott, NEWESD 101 (Ex-Officio)
Monica Hunsaker, OESD 114 (Ex-Officio)
Erin Murphy, Bainbridge Island SD
Tom Fleming, ESD 105 (Ex-Officio)

I. Call to Order

J. Thompson called the meeting to order at 9:03 a.m.

II. Consideration of Consent Agenda

K. Weight made a motion, seconded by D. Reaume to accept the agenda as presented.

Motion carried.

III. Consent Agenda

D. Reaume made a motion, seconded by L. Sellie to approve the Consent Agenda (Minutes for April 30, 2017, Pool Expenditures & Claims Payments, and Treasurer's Report). **Motion carried.**

IV. Executive Session – Claims and Executive Session – Executive Director Evaluation

Executive Session for Claims began at 9:04 a.m., estimated to last approx. 30 minutes. Executive Session will immediately move into the Executive Director Evaluation, estimated to last 30 minutes. At 11:45 a.m., the Board Chair returned to regular open session.

R. Spanjer made a motion to approve requested authorization for claims #27868-SEP, 31151-SS, and 31529-PN, seconded by K. Bahr. **Motion carried.**

D. Reaume made a motion to renew D. Callahan's contract for the upcoming year, seconded by K. Weight. **Motion carried.**

V. Member/Public Comments

None.

VI. Reinsurance Renewal

K. Graham discussed five lines of coverage.

Overall, there is a 14% increase this year in premiums due to the settlement on the Marysville claim, increase in reserves for sex abuse claims and the property appraisals which increased property values by 15%. We were able to maintain all limits, terms and conditions.

L. Dale made a motion, seconded by D. Reaume to approve the 2018-19 Reinsurance Renewal and grant the Executive Director authority to finalize the renewal, once firm quotes are received. **Motion carried.**

VII. Q3 Financials

J. Marta summarized the financial highlights.

- Assets are at \$79.5M; 86% of it is cash and investments.
- Total Liabilities at \$61.4M.
- Three quarters of the mid-term rate adjustment has been recognized in income through May 31, 2018. The mid-term rate adjustment served to stabilize the funding for this program.

- Net Position at \$18.1M, 85% confidence level.
- Primary and Secondary asset tests were met.

T. Jay made a motion, seconded by R. Spanjer to approve the Q3 Financial Statement.

Motion carried.

VIII. Solvency Report

M. Harrington with Bickmore Risk Services provided a summary of the third quarter actuarial report.

The Pool is seeing very favorable development for the first three quarters. The program's liability for outstanding claims is estimated to be \$49,350,984 as of August 31, 2018. Available assets are expected to be \$67,346,641 as of August 31, 2018. This results in expected program equity of \$17,995,657 with the pool funded between the 85% and 90% confidence levels.

With the increase in equity, the Pool is expected to remain in compliance with both the primary asset test and the total asset test, as well as the 80% confidence level minimum set by the state.

K. Bahr made a motion, seconded by D. Reaume to approve the Solvency Report.

Motion carried.

IX. Contracts

D. Callahan said at the April 2018 Board meeting, we discussed extending the broker and investment advisor contracts for one year, through August 31, 2019.

The PSESD Management contract extension is slightly lower than last year due to the removal of a \$10k amount for communications.

J. Marta's contract extension is proposed through December to help with training and consistency for a transition in hiring an in-house CFO.

D. Reaume made a motion, seconded by T. Jay to approve the contracts. **Motion carried.**

X. Coverage Agreement

D. Grandey presented proposed changes to the 2018-19 Coverage Agreement.

There are two proposed increases to coverage under Emergency Medical Expense and Special Education Coverage. There are two proposed clarifications of coverage under Automobile Liability coverage and Sexual Abuse Coverage. There is one proposed decrease in coverage for Firearm Liability.

D. Reaume made a motion, seconded L. Sellie to approve the recommended increase in coverages and clarification of coverages to the 2018-19 Coverage Agreement. **Motion carried.**

L. Sellie made a motion to approve the firearms exclusion and the excess language, seconded by K. Weight and to approve the 2018-19 Coverage Agreement. L. Dale stated for the record that he is opposed. **Motion carried.**

XI. Executive Director Report

D. Callahan delivered the Executive Director's Report.

Targeted Strategies

D. Callahan gave an update on the progress of the two Targeted Strategies:

- 1) Ensure Stable Financial Strategies
- 2) Reduce Student Sexual Abuse in our Schools

SAPAC

C. Upchurch gave an update on the work of the Sexual Abuse Prevention Advisory Committee (SAPAC), including meeting topics, speakers and initiatives.

Risk Services Report

G. Martens gave an update on Risk Services activities, including the delivery of the Member Benefit Review (MBR).

Claims Update

D. Grandey presented an overview on the claims.

- As of end of May, we had 892 claims
- 90% of claims are lower than \$100k
- We are making headway on the reserves in both total incurred and in E&O

At the January board retreat, K. Bahr asked for a review of district successes and opportunities to close claims early. Focusing on E&O and sex abuse claims, D. Grandey provided a review from both an administrative and school site level.

Member Withdrawal

WSRMP received notice to withdraw from SWRMIC and ESD 112, which are combined notices, and also from Orting SD, a long-term, original member.

D. Reaume asked to hear the Board's thoughts on Governance Policy GC-8 Board Trustee Conflict of Interest. Discussion resulted in a board directive for the Executive Director to ask corporate counsel to review the policies and ByLaws and provide a legal opinion to the Board.

RFPs

Milliman was hired as our new actuary and will present the Q4 actuary report at the November meeting. D. Callahan thanked L. Mathews and L. Dale who sat in on the interviews.

For the CFO position, we decided to hire an in-house CFO and hope to have the position filled by September 1. If unsuccessful, we will go out to RFP for a CFO company.

Annual Meeting Update

D. Callahan presented a proposed agenda for the Annual Member Meeting.

WASBO Puget Sound Regional Meeting

D. Callahan recognized G. Martens and D. Grandey for a great presentation at the WASBO Puget Sound Regional Meeting who spoke about sex abuse claims and safety.

XII. Planning Calendar

D. Callahan said the Planning Calendar is updated to include the rest of 2018 and 2019 per the dates set out for next year. However, in 2019, the November board meeting is scheduled for October 31 (Halloween).

L. Sellie recommends changing the date of the Board meeting to Monday with the Annual Meeting following on Tuesday. We will change the Annual meeting to October 29, 2019.

XIII. Board Initiatives

D. Callahan reported on the following Board initiatives from the January meeting:

1. D. Grandey informed the Board earlier in today's meeting of the results of the review of districts making claims more easily closed. This is done.
2. The Board requested a tutorial to members on the use of the AssetWorks AMP module. An article will be included in the December newsletter.
3. The Board suggested changing the name of the SAPAC Committee. This is done.
4. The Board requested an article on how members can use investigative coverage to report potential claims sooner. An article was included in the summer issue of the Member Matters Newsletter. This is done.
5. One new initiative is to check with Tyna Ek, our corporate attorney, on language in the Bylaws and Board policies around board members who give notice while serving on the Board. This is done.
6. L. Dale asked, given some of the 50-60% changes in TIV that occurred overall, can we get an overview summary of how that third year factored into the three years and how that affected the property rates? L. Dale said maybe we don't need a granular summary but could we see how the property adjustment, both values and rates, were allocated so we can understand it?

XIV. Meeting Adjournment

At approximately 3:00 p.m. the meeting was adjourned.

The foregoing is a true and correct copy of the minutes of the June 27, 2018 Board meeting of the Board of Directors as approved by the Executive Board.



Deborah Callahan, Executive Director