

Board Members:  
 Darren Brugmann  
 Madelyn Carlson  
 Geoff Crump  
 Lee Harper  
 Karl Johanson  
 Amber Johnson  
 Darlene Riley

BOARD MEETING  
 18000 International Blvd., SeaTac  
 February 9, 2015, 12:00pm

# MINUTES

The Non Profit Insurance Program Board of Directors conducted a regular meeting on February 9, 2015 at 12:32pm.

## ITEM 1: INTRODUCTION & ROLL CALL

### PRESENT WERE:

#### Board Members

At Large #1 Rep., **Lee Harper**, Phinney Neighborhood Association  
 Chair & At Large #2 Rep., **Darren Brugmann**, Senior Services of Snohomish Co.  
 Vice Chair & Area 3 Rep., **Madelyn Carlson**, People for People  
 Area 1 Rep., **Geoff Crump**, OlyCAP  
 At-Large #3 Rep., **Karl Johanson**, Disability Action Center – NW, Inc.  
 Area 4 Rep., **Amber Johnson**, Spokane Neighborhood Action Partners  
 Fiscal Officer & Area 2 Rep., **Darlene Riley**, Paratransit Services

#### Absent

None

#### Canfield Staff

Alice Burck  
 Lance Hammond  
 Eric Homer  
 Sarah McDonnell  
 Rich Moore  
 Phil Riche (via phone)

#### Guests

Kris Lawrence, Propel Insurance  
 Majken Ryherd, Waypoint Consulting (phone)

Chairman Brugmann welcomed all in attendance and noted that a quorum was present.

## ITEM 2: PUBLIC COMMENT

None.

## ITEM 3: CHANGES TO THE AGENDA

None.

## ITEM 4: COMMITTEE REPORTS

ITEM 4(A) – Fiscal Committee (Darlene, Karl, Geoff): Riley reported that the fiscal committee has reviewed the vouchers prior to the meeting and had no questions. The committee recommended that Vouchers #14/15-08, 14/15-07, and 14/15-06 be approved by the board, as part of Item 5: Consent Agenda.

(i) Program Premium. McDonnell summarized the premium size of the program at approximately \$13,500,000 (annualized).

(ii) Balance Sheet. Riley reviewed the balance sheet for quarter end 11/30/14 with the board.

(iii) Income Statement. Riley reviewed the income statement for quarter end 11/30/14 with the board, noting that it includes the mid-year actuarial projections.

(iv) Solvency Test. Riley reviewed the solvency test and noted that it is passing.

(v) Write-off report. None to report.

(vi) Tax Update. McDonnell reported that the returns for the 5/31/14 year had been filed timely, within the extension. There was a loss generated, which was carried back and applied to the 11/12 tax year's liability. Staff noted that the tax attorney accepted this carry back with no concerns regarding the upcoming complaint. The complaint filing process is underway; expect approximately 12 months until an opinion is received.

(vii) Audit 13-14. Riley reported on the audit done by the State Auditor's Office, noting that the work has been completed with no issues found. The auditors recommended the fiscal officer or committee review the bank statements or reconciliations regularly and the process for this review has been agreed upon by staff and the fiscal chair. Riley noted that the one issue the auditors had during the process was the way the carry back loss refund was booked by NPIP, which was recommended by NPIP's tax accountant. After a lengthy process by the auditors since they audit public entities only and, therefore, haven't encountered this issue prior to this audit, the recommendations of NPIP's accountant were accepted.

(viii) Future Audit Agency. Due to the issue mentioned in 4(A)(vii), Riley recommends the board discuss the use of a private audit firm in more detail to avoid similar issues in the future. It was determined this would be handled by the fiscal committee as a project.

(ix) Investment Policy. Moore summarized the revised language in the investment policy, for clarification of intent of when bonds will be used. This is an action item under Item 7.

ITEM 4(B) – Legislative Committee (Karl, Darren): Staff recapped the Senate and House bills, SB 5119 and HB 1249, respectively. NPIP's lobbyist, Waypoint Consulting, reported that the Senate bill is currently in the Senate Rules Committee, the House bill has been sent to the General Government Committee for further discussion. There was brief discussion on the hearing for 2/10, with note that Riley and Moore would be in attendance. There was discussion on the proposed RCW language change within the bill, which has four major points:

- 1) NPIP has outgrown the statute currently organized under, RCW 48.62.
- 2) Separation of nonprofits from governmental agencies.
- 3) Statue language is modeled after RCW 48.64, the statue which allows joint self insurance for affordable housing entities.
- 4) Statute language allows for NPIP to add members from outside of Washington State to the pool.

There was discussion on adding members in other states; however, at this time, it is the desire to begin with neighboring states.

ITEM 4(C) – Executive Committee (Darren, Darlene, Madelyn): No report.

ITEM 4(D) – Board Recruitment Committee (Madelyn, Darlene): No report.

## ITEM 5: CONSENT AGENDA

The Consent Agenda consisted of the following:

- A. Voucher #14/15-6, 11/25/14, \$2,193,317.96
- B. Voucher #14/15-7, 12/17/14, \$1,885,811.84
- C. Voucher #14/15-8, 1/27/15, \$931,128.93
- D. Minutes 11/19/14
- E. Approval of New Members

Motion to approve consent agenda by Riley; the motion was seconded by Carlson and approved unanimously. Motion carried.

#### **ITEM 6: BOARD / STAFF COMMUNICATION**

ITEM 6(A) – Canfield. Homer reported that soon, Canfield will be Clear Risk Solutions. It is purely a re-brand, with no ownership or management change at this time. Additionally, there is no change in relationship as a Third Party Administrator, Staff, and Board.

ITEM 6(B) – Claims Audit Report. Riche reminded the board that per state rules, a claims audit is required every three years. Gary Jennings performed this audit and had minor recommendations that were reviewed in detail with the board, including what adjustments, if any, staff has made as a result of the recommendations. There was discussion on sharing the clean audit results with the membership – the website will be utilized. The board requested an earlier report from staff following the next completed claims audit.

ITEM 6(C) – Renewal Update. There was brief discussion regarding the upcoming renewal and expected pricing from the excess market. Additionally, Homer reported on personnel changes at Munich Re, noting that there would be no negative impact on the NPIP relationship.

ITEM 6(D) – Board of Directors Elections. McDonnell reported that the next board elections are in 2016 for At Large #2, Area 2 rep, and Area 4 rep.

ITEM 6(E) - Annual Meeting 2015. There was discussion on what components are expected to be in the annual report to the membership including: legislative update, financial stability. There was brief discussion on the conference and it was decided the meeting will again be part of the annual conference.

ITEM 6(F) – OPMA Board Training. Johnson and Harper have completed the OPMA (Open Public Meetings Act) board member requirements timely. All other board members have previously completed it.

ITEM 6(G) – OPMA Policy. Moore reviewed the policy as it was previously presented, noting that it has not yet been adopted. There was no discussion. This is under Item 7 for action.

ITEM 6(H) – Project Reports. (i) Risk Management. The Risk Management Project was designed to establish guidelines of the board for reporting and management purposes, within compliance of the board's risk management policy adopted on 8/5/14. The guidelines include member performance review, board reporting, pool/member loss trending and response(s), coverage evaluation, and, if any, special areas of focus. The board will have regular review of members not open to improvement and those receiving the highest level of risk control focus. The board accepts the guidelines outlined in staff's annual risk management plan. A new project has been formed as a result of these discussions, but with a preventative focus.

(ii) Legislative Project. The Legislative Project was designed to discuss member communication for legislative news, issues, or concerns and regular discussion of lobbyists for NPIP. There was discussion in committee and workshop and work is ongoing. Additionally, it was decided to add a new project on general member communication (not specific to legislative issues).

(iii) Equity Project. It has been the goal of the board to establish guidelines to develop pool equity. The guidelines discussed were accepted by the board, noting that they are guidelines only for budget planning purposes and not intended to be policy or procedure.

ITEM 6(I) – Misc./Other. None.

**ITEM 7: ACTION ITEMS**

ITEM 7(A) – OPMA policy. Johanson motioned to approve the policy as presented; Johnson seconded the motion. Motion carried.

ITEM 7(B) – Investment policy. Riley motioned to approve the investment policy, as presented at this meeting, Crump seconded the motion. Motion carried.

**ITEM 8: EXECUTIVE SESSION**

None.

**ITEM 9: UPCOMING CONFERENCES / MEETINGS:**

ITEM 9(A): Retreat April 15-17, 2015, Cedarbrook Lodge or SeaTac area.

**MEETING ADJOURNED**

There being no further business, the meeting was adjourned at 2:04pm.

Respectfully submitted,



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Sarah McDonnell



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Darren Brugmann, Chair