

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

BOARD MEETING  
Office Complex at 18000 International Blvd, SeaTac  
August 6, 2014, 10:00am

## MINUTES

The Non Profit Insurance Program Board of Directors conducted its regular meeting on Wednesday, August 6, 2014 at 10:00 a.m.

### ITEM 1: INTRODUCTION & ROLL CALL

#### PRESENT WERE:

##### Board Members

Chair & At Large #2, Darren Brugmann, Senior Services of Snohomish Co.  
Vice Chair & Area 3 Rep., Madelyn Carlson, People for People (via phone)  
Area 1 Rep., Geoff Crump, OlyCAP  
At-Large #3, Karl Johanson, Council on Aging & Human Services  
Area 4 Rep., Amber Johnson, Spokane Neighborhood Action Partners  
Fiscal Officer & Area 2 Rep., Darlene Riley, Paratransit Services

##### Canfield Staff

Darlene Brooks  
Eric Homer  
Ellen Kosa  
Sarah McDonnell  
Rich Moore

##### Absent

None

##### Guests

Sarah Scott, First Place (Board)  
Jordan Stair, The Partners Group  
Paul Vleck, The Partners Group

Chairman Brugmann welcomed all in attendance and noted that a quorum was present. Brugmann noted that August 20, 2004 marks 10 years since inception of the program.

### 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 #14/15-01 and #14/15-02 be approved by the board, as part of Item 5: Consent Agenda.

(i) Program Premium. Homer summarized the premium size of the program and discussed renewal, competitors, and quotes.

(ii) Write-off report. There were no write offs in committee or for board approval.

(iii) Balance Sheet. Riley reviewed the balance sheet for the full board. There was discussion on growth goals and total premium added throughout the fiscal year. It was decided that as part of the project forms process, the future growth goals and appetite for classes of business should be further explored.

(iv) Income Statement. Riley reviewed the income statement with the board. There was discussion on the actuarial determined reserve numbers and ways to enhance communication between the staff and board on the impact the numbers have on the financials, as early as possible. Kosa discussed communication from Phil Riche regarding the claims performance of the program and performance of specific classes of business. Further, staff reminded the board of the impact on the reserves when NPIP switched from a \$25,000 self insured retention (SIR) to the \$50,000 SIR.

(v) Solvency Report. The report was reviewed by board members with no discussion.

(vi) Tax Update. McDonnell gave an update on the status of the penalty appeal underway, reporting that the tax accountant is still working with the IRS to appeal penalties assessed for the fiscal year ending 5/31/09. Additionally, McDonnell reported that a prepayment for the year ending 5/31/14 had been made to help avoid further penalties being assessed.

(vii) Restructure of financials. Riley reminded the board that the fiscal committee was tasked with exploring the recommendation from the accountant to use all or a portion of unreserved equity to set aside a member dividend, which would not necessarily have to be given a timeline for payout to the membership. Riley reported that the committee could not come to a consensus so was now bringing the issue back to the full board for discussion.

Riley explained one opinion: if a dividend is established, the members' perception may be that they would receive a dividend payout, as an existing or exiting member of the program. Additionally, Riley expressed concern that the membership agreements and resolutions would need to be revised and recollected from each member. Last, that if the board were ever to choose to move money out of what is allocated as dividends, the money would be taxable again.

Johanson noted that although it may be too laborious currently, he would like to educate the members and explain to them how this would benefit this pool. He explained to the board the other opinion within the committee: currently NPIP is treated as a business by the IRS and, therefore, NPIP should act as a business to ensure we are not missing out on potential business advantages. Additionally, we have hired an expert to advise us on tax issues, due to extensive experience with business taxes. If it is the opinion of the expert that this is a beneficial option for our program, we should do it. However, the mechanism for how to move forward needs to be seriously explored, including member communication.

Staff clarified that if this change to the financials should occur; it would not apply retroactively, but would only affect future years. Also, that according to the attorney and the accountant, this change would not influence the claim for refund currently in progress or the lawsuit that may soon be initiated.

After much discussion, it was determined to take no action at this time. Rather, to wait until the IRS responds to the current claim for refund and possibly resolution of the lawsuit that will likely follow the claim, before determining next steps.

In the mean time, staff was tasked with developing an outline for the process, so that should the board decide to proceed with the financial restructure, the change could be expedited. This will include recommendations for communicating the intent of this change with the membership.

ITEM 4(B) – Legislative Committee (Karl, Darren): Brugmann reported that he and the lobbyists are scheduled to meet with Troy Kelly, from the State Auditor's Office. He discussed changes with the lobbyist's office. Additionally, the WRAC meeting was mentioned with the guest speaker and discussion on rate-making.

ITEM 4(C) – Executive Committee (Darren, Darlene, Madelyn): The committee reported that the Request for Qualifications process has begun for both TPA and Brokerage Services. The deadline for response is August 15, 2014 and to date, only one company has responded to both.

ITEM 4(D) – Board Recruitment Committee (Madelyn, Darlene): Riley reported that the committee has met and is considering 3 resumes of member representatives that have expressed interest in the past. They will have names of interested parties at the next full board meeting for discussion with the full board, in an effort to appoint the At-Large Area 1 position, term ending 5/31/18.

#### **ITEM 5: CONSENT AGENDA**

The Consent Agenda consisted of the following:

- A. Voucher #14/15-1, \$2,780,548.06, Date 6/19/14
- B. Voucher #14/15-2, \$1,648,434.53, Date 7/25/14
- C. Minutes 6/13/14
- D. Approval of New Members

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

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

ITEM 6(A) – Project Committee Reports.

- i. Mission/Vision. Johnson summarized the project form work done on the mission, vision, and core values. There was discussion amongst the board members and it was agreed that the vision and core values are okay as presented, but the mission needs further consideration. There was agreement for Johnson to revisit the mission in workshop and present to the board again at the next meeting. Additionally, to formally adopt the vision and core values at that time.
- ii. Financial Planning/Policy. Moore reviewed the financial plan/policy and the process for which it was drafted. It was agreed that the board would adopt the policy and allow the staff to create the procedure in which to implement the board policy. The policy will be considered and possibly considered for change by the financial project committee, depending on goals in the future. As Action Item 7A, the board would approve the policy only.
- iii. Paperless Board. Johanson discussed the benefit for having a paperless board system in place. There was a discussion on logistics, today was introduction only and the purchase of a paperless device for each board member, to implement this change, would be an action item at the next board meeting.

ITEM 6(B) – NRMC. After discussion, it was decided that the board members would not be attending this year.

ITEM 6(C) – Misc/Other. There was discussion on Sterling Concepts and her work as facilitator at board workshops. It was determined that her help has been beneficial so far, as she has helped to establish a process for the board to work and communicate on key topics, but the work remaining is that of the board. All members were in agreement that at this time, they will move forward without her help, but may chose to re-enlist her services at a later date.

#### **ITEM 7: ACTION ITEMS**

ITEM 7(A) – Financial Plan Policy. Motion to approve by Darlene Riley; the motion was seconded by Geoff Crump and approved unanimously. Motion carried.

ITEM 7(B) – TPA Contract Selection Policy. Motion to approve by Amber Johnson; the motion was seconded by Darlene Riley and approved unanimously. Motion carried.

ITEM 7(C) – Plan of Termination. Motion to approve by Darlene Riley; the motion was seconded by Karl Johanson and approved unanimously. Motion carried.

ITEM 7(D) – Conflict of Interest Policy. Motion to approve by Amber Johnson; the motion was seconded by Karl Johanson and approved unanimously. Motion carried.

ITEM 7(E) – Risk Management Program. Motion to approve by Karl Johanson; the motion was seconded by Darlene Riley and approved unanimously. Motion carried.

ITEM 7(F) – Claims Administration Program. Motion to approve by Karl Johanson; the motion was seconded by Amber Johnson and approved unanimously. Motion carried.

ITEM 7(G) – Lobbyist Contract. Homer and Brugmann summarized the prior contracts with the lobbyists including the prior rate of \$2,500 per month and explained the new negotiated rate of \$1,500 per month starting in July. There was discussion on what the contract includes. Karl Johanson motioned to authorize Brugmann and/or Homer to renegotiate. Discussion followed that the contract needs to be further defined with goals and expectations of the lobbyists by NPIP. The idea of having them come to the board meetings to provide a legislative update was presented. The motion was amended by Darlene Riley to be approval of the payments at \$1,500 month-to-month until a new contract is negotiated. Karl Johanson seconded the motion. No further discussion. All in favor, motion carried.

#### **ITEM 8: EXECUTIVE SESSION**

None.

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

The board decided that the next board meeting would be on October 13, one day prior to the annual conference. The meeting will be published and advertised according to WAC guidelines. Additionally it was determined that the Fall board retreat in November will be at Cedarbrook in SeaTac.

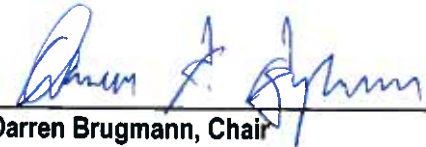
#### **MEETING ADJOURNED**

There being no further business, the meeting was adjourned at 12:02 pm.

Respectfully submitted,



Sarah McDonnell



Darren Brugmann, Chair