

Board Members:
Amber Boice
Darren Brugmann
Madelyn Carlson
Karl Johanson
Lynn Moody
Darlene Riley

BOARD MEETING
Hopelink, Bellevue, WA
December 6, 2013, 10:00am

MINUTES

The Non Profit Insurance Program Board of Directors conducted its regular meeting on Friday, December 6, 2013 at 10:15 a.m.

ITEM 1: INTRODUCTION & ROLL CALL

PRESENT WERE:

Board Members

Amber Boice, Spokane Neighborhood Action Partners
Darren Brugmann, Senior Services of Snohomish Co.
Madelyn Carlson, People for People
Karl Johanson, Council on Aging & Human Services
Lynn Moody, Hopelink
Darlene Riley, Paratransit Services

Canfield Staff

Lance Hammond (via phone until 10:30am)
Eric Homer
Ellen Kosa
Sarah McDonnell
Rich Moore

Absent

None

Guests

Michelle Gretsch, Open Window School

Chairman Darren Brugmann welcomed all in attendance and noted that a quorum was present. Introductions were done by all meeting attendees.

ITEM 2: PUBLIC COMMENT

None.

ITEM 3: CHANGES TO THE AGENDA

None.

ITEM 4: COMMITTEE REPORTS

ITEM 4(A) – Fiscal Committee (Darlene, Lynn, Karl): Darlene Riley reported that the fiscal committee has reviewed the vouchers prior to the meeting and addressed questions with claims staff. The committee recommended that Vouchers #13/14-05 and #13/14-06 be approved by the board, as part of the consent agenda.

Riley reported that the fiscal committee had also reviewed the A/R Aging report and write-off report prior to the board meeting and would discuss, as needed under item 4(ii).

- (i) Program Premium. Sarah McDonnell provided an update of total written program premium to the full board and noted additions to the membership. There was brief discussion on the change in format of the report. Eric Homer commented on the total premium of a group vs. the potential for losses from that group.

(ii) Write-off report. Darlene Riley reported that the write-offs and the A/R report had been reviewed in detail by the committee. She reported that there were no write-offs to report to the board for this month (per the write off procedure) and the A/R report looks great.

(iii) Balance Sheet. Darlene Riley reviewed the balance sheet ending 10/31/13 with the full board. Riley noted the balance of the savings accounts and discussed pending payments. Karl Johanson questioned the reserves showed under the liabilities and there was a brief discussion on the IBNR.

(iv) Income Statement. Darlene Riley reviewed the income statement ending 10/31/13 with the full board. Riley noted the DTS line and discussed the risk control combined budgeted line items. Additionally, there was a brief discussion regarding the IBNR and reserved claims numbers and when they would be updated. Last, Karl Johanson requested an addition to the presentation of the Income Statement.

(v) Solvency Test Report. Ellen Kosa reviewed the solvency test report provided to all board members. She noted a correction regarding the years listed on the report and reminded them that this is a quarterly board report. There was a brief discussion regarding what is considered passing of the primary and secondary tests. Last, Kosa reminded the board that payments were not previously accrued but now are, explaining the difference in balances between the current and prior year.

ITEM 4(B) – Legislative Committee (Karl, Darren): Darren Brugmann reported that the legislative committee did not meet but he discussed the rule-making process currently underway by DES and the recent meeting with DES. Brugmann reported to the board that he'd personally done a public records request to DES regarding the rule-making process in an attempt to find out why the rule-making was moving forward, when the reports at the WRAC meeting were the opposite. The meeting was 12/3/13 in Olympia with Chris Liu, Majken Ryherd, Jim Richards, Farrell Presnell, and Ann Sweeney. The main goals of the meeting were 1) halt the rule-making in progress, 2) discuss the purpose, lack of process and lack of consent at the WRAC meetings, and 3) discuss the trust between the pool and its regulators. Brugmann reported that the meeting went very well and Director Liu was very open to discussion. They discussed the potential effects on NPIP's model of changing the solvency requirements. The meeting take-away was that Director Liu would halt the rule-making process for now, until he has a chance to get up to speed on the issue. Additionally, Director Liu requested some information on NPIP. Brugmann noted that Representative Clibborn has been very supportive of the issue as well as Senator Holmquist-Newbry. Karl Johanson noted that Senator Schoesler is a supporter of NPIP as well. There was a brief discussion on the purpose of increasing the solvency requirement.

ITEM 4(C) – Executive Committee (Darren, Lynn, Darlene): Darren Brugmann reported that the committee has no report but is still working on the Canfield evaluation. Darlene Riley noted that the continued work in various committees on goals for the TPA will help with the evaluation.

ITEM 4(D) – Transportation Standards Committee (Madelyn, Karl): There was no committee report. The board agreed that this work would fall under the committee being formed for Risk Management so this committee is now not needed and will no longer be active.

ITEM 4(E) – Nomination Committee (Darlene, Lynn): Darlene Riley reported to the board that the one lead they had hoped would run for the Region 1 position is no longer interested. Karl Johanson began a discussion regarding the election, reporting that the bylaws have a typo in them, naming two of the At-Large positions as At-Large position 3. Further, it appears the intent is for the Regional Directors 1 and 3 and the At-Large Directors 1 and 3 to run together in election and Regional Directors 2 and 4 to run with At-Large position 2 in election. There was discussion on amending the bylaws and regarding the language in the WAC regarding bylaws, election, and voting requirements. After some discussion, the board agreed that the identification of the At-Large positions currently up for election was necessary, as At-Large position 1 (currently Lynn Moody - Hopelink), At-Large position 3 (currently Karl Johanson -

Council on Aging & Human Services). Additionally, for clarification, it is noted that the At-Large position 2 is currently filled by Darren Brugmann - Senior Services of Snohomish County.

ITEM 4(F) – Broker Agent Group / Peer Committee (Darren): Eric Homer provided a summary to the board of the last meeting of this committee from October, including the renewal report, growth of the program, and changes. Brokers were encouraged to discuss detailed changes in coverage with the staff.

ITEM 5: CONSENT AGENDA

The Consent Agenda consisted of the following:

- A. Voucher #13/14-05, \$561,171.68 Date 10/16/13
- B. Voucher #13/14-06, \$587,107.74 Date 11/19/13
- C. Minutes 9/27/13
- D. Approval of New Members

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

ITEM 6: ACTION ITEMS

ITEM 6(A) - Financial Plan. Darlene Riley moved to approve as presented, motion was seconded by Lynn Moody and approved unanimously. Motion carried.

ITEM 6(B) – TPA Contract Policy. Staff provided a brief explanation of the purpose of the policy, as it is already in practice. Lynn Moody moved to approve as presented; the motion was seconded by Karl Johanson and approved unanimously. Motion carried.

ITEM 6(C) – Board of Directors Election of Officers. There was a brief discussion on the slate of current officers and their time served, including plans for future discussions of term limits. Amber Boice commented that while the board works to restructure, it is beneficial for the officers to remain the same at this time, for continuity. Karl Johanson moved to approve Darren Brugmann as Chair, Lynn Moody as Vice Chair, and Darlene Riley as Fiscal Officer. The motion was seconded by Amber Boice and approved unanimously. Motion carried.

ITEM 7: EXECUTIVE SESSION

None.

ITEM 8: BOARD/STAFF COMMUNICATION

ITEM 8(A) – Audit Update. Darlene Riley reported that staff has been in touch with the State Auditor's Office and it the audit is set to begin on or around January 2, 2014.

ITEM 8(B) – Tax Return Update. Ellen Kosa reported that NPIP's tax accountant has been working on the tax returns ending 5/31/13. Kosa reported that the taxes and penalties paid last year cannot be included in the overall bottom line when filing taxes for the current year and reminded the board that this was a significant amount. Kosa reminded the board that when the pool financials were initially completed, the tax accountant did not believe that taxes would be owed. However, after the tax accountant completes his work, if a tax payment is required, the financials can be updated. There was discussion on the reserve discounting done by the accountant. Discussion continued regarding a potential change in accounting methodology proposed by NPIP's tax accountant,

in the form of a dividend allocation. Since NPIP does not presently provide dividend payments to members, some details were reviewed by staff and board discussion followed regarding the potential effects of the decision to form a dividend account vs. leave the funds as they are today, unreserved. It was agreed by the board to allow the fiscal committee to explore the options on this further and bring a recommendation to the full board after February 2014.

After discussion, the board instructed staff to file and pay the return for the 5/31/13 year by the due date, and work with the committee on potential options to changes to the financials.

ITEM 8(C) – Election Timeline. Sarah McDonnell reviewed election timeline status with the board.

ITEM 8(D) – Annual Meeting Discussion. Sarah McDonnell confirmed with the board that the annual meeting would be held in October 2014 in conjunction with the new conference date instead of March, when it was previously held.

ITEM 8(E) – Location for next board meeting. It was decided that unless the Board agrees otherwise, the meetings would be held at Hopelink in Bellevue.

ITEM 8(F) – Broker of Record Form. Eric Homer discussed the new Broker of Record form required by the state of Washington, as part of annual report submission to DES. He reminded the board that part of the Personal Services Agreement the board approves annually, includes services for Canfield as the Broker of Record for NPIP. It was agreed and noted for the minutes by all board members.

ITEM 8(G) – Workshop. There was a discussion of the recent workshop on governance and the facilitator used. Darlene Riley and Karl Johanson agreed they would like her to continue to facilitate the changes in structure to committees and help with communication on projects between the board members and the board with staff until a system is established. The administrator recommended keeping her engaged until processes are in place, as well. There was further discussion on the committee structure and charges, and next steps. It was agreed that the priority for ongoing work is 1) Strategic Planning/Mission & Vision, 2) Management of Projects, and 3) Board Operations/Succession Planning. It was agreed to set a meeting with the facilitator to discuss this focus going forward and clarify what roles would be on this work. Staff was tasked with setting this meeting.

ITEM 8(H) – Project Form. Lynn Moody and staff had previously been tasked to develop a project form to use to initiate projects/requests from the board, help the board communicate ideas to each other, and help set clear expectations to staff on requests from the board. She reviewed the draft form and explained that one goal was to clearly articulate the board vs. the staff roles regarding participation on the form. With the form, the goal is to create the “what” as a board and allow staff to create the process/solutions to be measured against board mandated benchmarks, as articulated on the form. As part of this, the board would expect staff to report to the board on whether the benefits of a request outweigh the costs, prior to implementation of a project.

It was agreed that documentation is needed regarding the process of how decisions are made. Boice commented that these decisions would incorporate into the 3-5 year strategic plan. It was agreed that the projects and committee work still needs to be prioritized. Moody explained that the project form would still need board discussion and approval at the regular meetings prior to a request implementation. She noted that priority can be discussed then as well. It was agreed by all board members to begin use of the project form immediately. It will be used to make requests from the staff, set goals and benchmarks, and to allow staff to provide further information to the full board for future board discussion.

There was discussion on the restructuring of committees and use of the committees currently in place. It was agreed that the current committees would remain in place, if they are normal and routine, but those special project committees would be absorbed into the new committee work. New committees with their chairs are: Strategic Growth – Lynn, Competitively Priced – Darlene, Market Presence – Karl, Risk Management Solutions – Madelyn,

Political Aspect/Legislative – Darren, and Best Value – Amber. Committee charges and structure will be explored further at a later time.

ITEM 8(l) – Other / Misc. Eric Homer reported on staff changes including a change in the Risk Management department's leadership effective in January. There was a brief discussion.

ITEM 9: UPCOMING CONFERENCES/MEETINGS

The next all board meeting is February 5, 2014 at 10:00am. The meeting will be held at Hopelink in Bellevue. If this changes, it will be published according to WAC guidelines. If a conference call with the facilitator can be arranged prior to this meeting, it will be published in accordance with WAC guidelines.

MEETING ADJOURNED

There being no further business, the meeting was adjourned at 2:25pm.

Respectfully submitted,



Sarah McDonnell



Darren Brugmann, Chair