



AGENDA

Executive Committee
March 28, 2019
Holiday Inn ~ Bellingham

9:00 am	CALL TO ORDER – President Staci Jordan	Sign-in sheet
	1. Roll Call of Members and Introduction of Guests	
	2. Changes in Agenda/Motion to Accept Agenda	
	CONSENT AGENDA	Page #
	1. Minutes – February 28, 2019	002
	2. February 2019 Administrative Vouchers/Checks – Total voucher approval of \$195,162.24 including staff payroll and internet/credit card payments.	009
	3. February 2019 Claims Vouchers/Checks – Total voucher approval of \$430,539.65.	012
	DISCUSSION ITEMS	
	1. 2019 Work Plan – Jordan	016
	2. Driver Record Monitoring Program – Christianson & Powell	
	3. Governance Policy – Member Guest Program – Shipman & Christianson	019
	ACTION ITEMS	
	1. Ratios / Ratio Subcommittee Recommendation – Shinnars & Powell	021
	EXECUTIVE SESSION	
	Pursuant to RCW 42.30.110 (1) (i) to discuss with legal counsel representing the agency litigation in which a member acting in an official capacity is a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency. The Executive Session is expected to conclude after 60 minutes, unless extended by the Presiding Officer.	
	SUBCOMMITTEE REPORTS	
	1. Governance Policy Committee – Verbal report	
	2. Board Development Committee – Verbal report	
	3. Emerging Risks & Opportunities Committee – Verbal report	
	4. Underwriting Committee – Verbal report	
	5. Coverage Review Committee – Verbal Report	
12:00 pm	RECAP and ADJOURN – President Staci Jordan	
	Upcoming Committee Meetings	
	Board Development Committee Meeting – 04/25 after EC MTG	
	Governance Policy Committee Meeting – 04/25 after EC MTG	
	Emerging Risks and Opportunities Committee Meeting – 04/24 @ WSTIP	
	Underwriting Committee Meeting – April TBD @ WSTIP	
	Coverage Review Committee Meeting – TBD @ WSTIP	
	Audit Committee – 04/25 before EC MTG	



Minutes of the
Executive Committee Meeting
February 28, 2019
WSTIP Office ~ Olympia, WA

Executive Committee Members Present	Staff Present
Staci Jordan, President, Island Transit Shonda Shipman, Vice-President, Whatcom Transportation Authority Danette Brannin, Secretary, Mason Transit Authority Lynda Warren, Large Member Rep, Spokane Transit Agustin Ortega, Medium Member Rep, Yakima Transit Tom Hingson, At-Large Member Rep, Everett Transit Paul Shinnors, Past President, Kitsap Transit Suzanne Coit, Treasurer, Intercity Transit	Cedric Adams, Claims Manager Anna Broadhead, Board Relations (Virtually) Tracey Christianson, Executive Director Rick Hughes, General Counsel Laura Juell, Risk and Training Specialist (after 1 pm) Andrea Powell, Administrative Services Manager
	Board Members Present
	Mike Burress, Community Transit (virtual until 12:55 pm) Amy Cleveland, Pierce Transit

Call to Order

President Jordan called the meeting to order at 9:16 am. Jordan welcomed all participants as a sign in sheet was passed around the room, Christianson introduced virtual attendees. Jordan called for changes to the agenda, hearing no changes, she asked for a motion to approve the agenda. **Brannin moved to approve the agenda. Shinnors seconded the motion and the motion passed.**

Consent Agenda

Jordan removed consent agenda items 2-7 to discuss vouchers.

Minutes – December 6, 2018

Jordan asked for a motion to approve the December 6, 2018 Minutes. **Hingson moved to approve the December 6, 2018 Executive Committee Minutes. Shipman seconded the motion and the motion passed.**

November 2018 Administrative Vouchers/Checks, November 2018 Claims Vouchers/Checks, December 2018 Administrative Vouchers/Checks, December 2018 Claims Vouchers/Checks, January 2019 Administrative Checks/Vouchers, and January 2019 Claims Checks and Vouchers

Jordan questioned check 28112 – risk management grant to Everett ATU. Hingson explained the City of Everett has policies that don't allow them to do anything for the employees, so Everett Transit partners with the ATU for their employee recognition program and asks WSTIP to pay the ATU the risk management grant. The ATU then purchases the prizes for Everett Transit's employee recognition program. Hingson added, this way we can use the Risk Management Grant for the purposes intended. Shipman asked if the city audits the ATU. Hingson said he tells the ATU what he wants bought and then they do it. Shipman pointed out that two credit card reports need to be signed. Powell said that the unsigned documents is internal process failure and staff will be sure they are signed in future. Shinnors stated that Ristau would be proud that Shipman caught that. Jordan asked for a motion to accept consent agenda items two through seven. **Shipman moved to approve consent agenda items two through seven. Shinnors seconded the motion and the motion carried.**

Discussion Items

Executive Committee Retreat Wrap-Up

Jordan reported the packet included information regarding all the tasks and their outcomes from the retreat. Everyone attended the retreat except Shipman. Jordan and Christianson reviewed the materials with her prior to this meeting. Jordan asked if there were any questions and there were none.

Small Member Representative Vacancy

Jordan said Wojcik-Damers is no longer with Twin Transit and therefore there is a need to appoint a new Small Member Representative at the next Board meeting. Hughes explained the Bylaws state that the vacant position must be filled at the next regular Board meeting by an individual representative of the small members. The Board may appoint or hold an election. Jordan stated that Hingson will run the Small Member Representative meeting in March and tasked him with finding a willing candidate. Hingson suggested a Bylaw change to appoint the runner-up from the previous election, as it seems cumbersome to fill empty positions mid-year. Christianson stated that Bylaw changes must be approved by the State Risk Manager and the Board. Jordan asked who would start the Bylaw change process. Christianson said the Governance Policy Committee could. Shinnars suggested possibly changing the appeal process in the Bylaws as well. Christianson said she has a list of recommended changes. Jordan requested she add filling vacancies to the list. Christianson agreed.

RMIS Data Governance Committee

Powell explained this was the Committee charged with developing and recommending best practices for data collection, as well as review requests for code changes for Origami. As an aside, WSTIP has hired Christine Rouse as our Application Support Specialist starting March 1. Rouse and Powell will be meeting with Community Transit to work on Origami customizations. The charter for this Committee is included in the packet, she suggested changing the Committee to be ad-hoc so that it could report to the Executive Committee as tasks are completed. Jordan asked if the Committee had a chair. Powell asked that Mike Burress be appointed. Burress accepted the chair role. The Committee will seek additional Committee members from the membership who are Origami users (data entry, risk managers, etc.). Burress said the first topic the Committee will focus on is cause codes which will assist in the development of the safety plans that all members are required to implement by 2020. The plans will be data driven. WSTIP has the information in Origami, but the cause codes need to be updated. Updated cause codes, if used consistently among the membership, will in turn help us develop targets to reduce accidents. Jordan moved the RMIS Data Governance Charter to the action items as Action Item 4.

Ratios / Ratio Subcommittee Recommendation

Powell reminded the Executive Committee this topic comes from the Audit Committee who created a smaller sub-committee to look at the strategic financial target ratios policy. Shinnars headed up that sub-committee. Shinnars said he has wanted to benchmark the Pool's financial status to other Pools for several years now. He reported that the Association of Government Risk Pools (AGRiP) has recently completed a financial benchmarking initiative, which is what this sub-committee used as the basis for these recommended ratios and targets. AGRiP had 14 ratios, but the sub-committee thought six would be sufficient. These benchmarks will allow us to compare ourselves to other Pools. The sub-committee consisted of Shinnars, Coit, Shipman, Powell and input from actuary Kevin Wick. Shinnars then went through the recommended changes to the policy. The sub-committee is recommending three operational ratios and three solvency ratios. The sub-committee also discussed variances, and how the Executive Director should notify the Executive Committee of variances. Reporting on the ratios make sense once the audited financials are available and a minimum of three pools should be used in the comparison. The Executive Committee then went through each of the ratios.

Solvency Ratios

Retention Leverage – This ratio compares WSTIP's net position compared to the Pool's current self-insured retention. This ratio helps determine how many times you can pay out retention level from net position (net position / current retention). The target is greater than 10 currently the Pool is at 9.08. The Pool increased our retention level in 2017.

One-Year Reserve Development Ratio – This ratio compares prior year booked reserves as a percentage of net position. This ratio is a bit trickier as it is measuring loss reserves from one year to the next (one-year reserve development / net position), rather than claim development costs. To determine this ratio, you must look at the financial notes (2017 note 10) and pull the loss reserve for one year over the next year. The target is less than 20%, currently the Pool is at 5.2%. Powell will add a note that says less is better for this ratio.

Change in Net Position – This ratio measures how much WSTIP's net position is increasing or decreasing. This ratio we always want to see would be positive and hopefully greater than 3% (current net position / prior net position). Currently, the Pool is at 1.27%. To reach the goal of \$5 million SIR by 2023, we would need to grow our net position by at least 3% each year. Some years we perform well and others we squeak along. For example, the 2016 ratio was 12%. The Committee discussed this ratio and suggested Powell add a 10-year rolling average to show if the Pool is trending in the right direction. They also asked to have the rate per mile cost, how much the rate increased year by year, and average losses per year included in the annual report to the Board.

Operational Ratios

Net Incurred Loss Ratio – This ratio compares net incurred losses as a percentage of net contribution. Christianson does not like this ratio as she isn't sure what it is really telling you if you are not meeting it consistently. This ratio is determined by taking the net incurred loss / net contributions. Shinners explained his take on this ratio. He said, here is your big pie of expenses, a big portion of those expenses is your losses, and the rest is admin expenses. The incurred losses should never exceed 70%. Currently the Pool is at 82% due to adverse claim development, however 2016 ratio was 54.4%. Hingson suggested adding the 10-year rolling average to this ratio so we would have a better sense of the direction. Coit asked that Powell clarify what was reflected in the net losses as compared to gross losses. Powell said she would put definitions on each of the ratios.

Operating Ratio – This ratio measures the percentage of member contributions that are allocated for net incurred losses and Pool's operating costs net of investment income. This ratio tells us how much of the net contribution we are spending to run WSTIP and or pay for claims and how many years we have added to or reduced the surplus. If the operating ratio is less than 100 percent, then then the Pool's net position will increase. Currently WSTIP is at 103%, however in 2016 it was 80%. This ratio is calculated by taking net incurred loss + expenses – investment earnings / net contributions.

Expense Ratio – This ratio is calculated by taking expenses / contribution and is a general reasonableness check of administrative expenses relative to contributions. It was suggested to change this to be net contribution rather than gross contribution (contribution less reinsurance costs). This is one ratio we calculated previously, our goal is to be less than 25%. Currently the Pool is at 22%.

Jordan asked what the next steps were for this topic. Christianson reminded the Executive Committee that this is a Board policy, and therefore changes to the policy require Board approval. She recommended further discussion at the March Executive Committee meeting as an action item with the goal of a pass recommendation to the full Board. Then it can be placed on the Board agenda as a discussion item in

March with action likely June. This topic will return at the March Executive Committee meeting.

The Executive Committee took a short break from 10:27 am to 10:37 am.

Coverage Appeal Process

Hughes sought clarification on the coverage appeal process that was an assigned task to Staff from the Retreat. Included in the packet is Section 52 of the Bylaws which states Members can appeal coverage decisions made by the Executive Director to the Executive Committee. If WSTIP amends the Bylaws, does the Executive Committee want to make the appeal process final or require an alternative dispute resolution process? Should staff develop a policy that outlines the appeal process; clarify the roles of the President, Executive Director, General Counsel and the coverage attorneys; and how much guidance do you want regarding Executive Session, and are only coverage denials appealable? At the retreat this topic was important but non-urgent, so the topic doesn't need a decision at this meeting. Shinnors said he felt the appeal process used in October worked well considering we didn't have a lot of structure.

Hingson asked what happens if the Executive Committee doesn't like the Executive Director's decision to extend coverage decision, how would we know and what would be the process for overruling?

Christianson said there isn't a process for that. We are talking about revising coverage documents now because if the documents aren't clear to Executive Committee then they are probably not clear to Executive Director. The issue we are talking about is when the Executive Director denies coverage and the member feels coverage shouldn't be denied. The member has the right to appeal the decision to the Executive Committee. Shipman felt a process should be memorialized and worries the Board may not like the Executive Committee's decision to cover a suit or claim outside the coverage document. Jordan felt the process went well in October, but also felt the coverage attorneys' presence was counterproductive. She thought it would be better to have just the Member and Executive Director state their reasons for denial/appeal and feels the Executive Committee must be responsible with their coverage decisions as that is what they have been elected to do.

Brannin asked what happens if the Member doesn't like the Executive Committees decision. Hughes said he believes it would require a change to the Bylaws but WSTIP could limit itself to an internal appeal process rather than proceeding to a lawsuit. He would need to take a closer look as it would be a major change, however, he noted currently nothing prevents a member from suing WSTIP for coverage.

Hingson said collectively he hopes everyone understands as a member of the Pool, you would be suing yourself. Shinnors said this is the discussion at hand, should the appeals process have more structure, should the Executive Committee have guidance on how to do the appeal including interpreting the coverage document and impacts of legislation. Hughes feels structure would be helpful to mitigate potential inconsistencies. There may be a claim out there no one has imagined yet, we don't want to over analyze and be unable to review. Hughes said he called another Pool's counsel to see if they had clearer guidelines regarding appeals, but theirs is like ours and they have had several appeals.

Burruss said they have an appeal process at Community for accidents and the review team has clear guidelines they follow. Jordan said this topic isn't urgent and the committee will take a deeper dive into it at the April Executive Committee meeting.

Driver Record Monitoring Program

Christianson said this is an urgent task because if the proposed legislation doesn't pass WSTIP could potentially not be allowed to continue its driver record monitoring program or may need to significantly change the program. If there are only partial changes to the legislation, we may have to discontinue the Interlocal Agreement members or stop monitoring vanpool drivers. We do pre-fund this program in your

assessments, so we may have to potentially return funds. The bill has left the House committee and needs a floor vote. The companion senate bill remains in committee at the Senate. The bill isn't sexy, and some legislators don't like the idea of monitoring without releases.

Hingson said we must protect WSTIP first, and then the other public entities that participate through Interlocal Agreements. He suggested possibly structuring like the drug and alcohol program so that everyone is on their toes but recommends maintaining this best practice over time. Shinnars asked what WSTIP pays now. Christianson said currently rates are \$0.06 per monitoring request and if something is on the record, we get an abstract which cost \$13 each abstract. The member pays \$1.29 per driver per month. You can pull the abstracts now for employees, but vanpool and Interlocal Agreement agencies would be out. Powell said if no changes are made employers may do monthly monitoring, but you would have to have releases from the employees monitored. Christianson said there are members who have signed releases from their employees as a condition of employment, but many do not. Do you want to continue the monitoring program?

Shinnars said but we could monitor employees if we have the release from them? Yes, that is true. Christianson said Department of Licensing (DOL) is arguing whether WSTIP can monitor for you (can WSTIP be your agent) and vanpool is excluded (release or no release) which represents the largest risk. Shinnars said but we still have to pull the abstract yearly so don't throw the baby out with the bath water. Warren asked why vanpool would be excluded. Christianson explained the rule is attached to employment purposes and insurance, vanpool drivers are not employees and WSTIP is not being recognized as the equivalent of an insurance company.

Burruss said under the new public transportation safety plan one of the pillars the Federal Transit Administration expects transit to continue efforts to improve safety. To him this rule is going against federal requirements as driver record monitoring is a way for us to ensure operators are operating with proper licenses.

Christianson said WSTA is championing this bill for us, but we need a contingency plan. Jordan reiterated to fight for WSTIP first and asked if there are other commercial solutions. Christianson said no one else is monitoring because there is no money in it, we run our program at our cost to include generating funds so WSTIP can hire a consultant to conduct an audit of DDS at least once every three years.

The committee recessed for lunch from 11:32 am to 12:00 pm.

Action Items

Adopt 2019/2020 Meeting Schedule

Note: the February 2020 meeting date is one week prior to normal meeting day. **Shipman moved to adopt the 2019/2020 Meeting Schedule. Ortega seconded the motion and the motion passed.**

Committee Charters – ER&O and Underwriting

Brannin explained the Emerging Risks and Opportunities Committee had met and revised their Charter to encompass existing risks or emerging claim trends. Jordan was concerned that adding existing risks may be duplicative of the tasks which were assigned to the Underwriting Committee. Christianson said that was her initial thought too but now understands why they would want to track existing or developing loss trends. **Hingson moved to adopt the Emerging Risks and Opportunities Committee Charter with changing it to emerging risks and existing trends. Brannin seconded the motion and the motion passed.** Brannin said Jenny George had also agreed to serve on the Committee.

Ortega said the Underwriting Committee had met and are proposing a completely revised charter. Christianson explained there was no red-line because it wouldn't have made any sense as it is so significantly changed. She added this charter does reflect what the Executive Committee envisioned during the retreat. Ortega explained the Committee have been given several tasks, basically if it could affect our contributions then we are going to look at it. **Shipman moved to approve the Underwriting Committee charter. Brannin seconded the motion and the motion passed.**

Clean-Up Loss Year 2015

Christianson explained this was a retreat topic and part of the Strategic Plan that is data-centric. The data needs more cleanup to be useful for metrics. Staff has completed data clean-up for 2016-2018; however, the 2015 data is still in the legacy RiskMaster format and will take twice as long to do data clean-up. Rather than spend additional resources on cleaning up 2015, does it make sense to update the Strategic Plan to compare to 2016 instead of 2015? **Ortega moved to change the Strategic Plan date to 2016. Shinnors seconded the motion and the motion passed.**

RMIS Data Governance Charter

Shipman moved to approve the updated RMIS Data Governance Committee Charter. Ortega seconded the motion and the motion passed.

Executive Session

The Executive Committee went into Executive Session at 12:17 pm for 45 minutes pursuant to RCW 42.30.110 (1) (i) to discuss with legal counsel representing the agency litigation in which a member acting in an official capacity is a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency. President Jordan extended the session multiple times for an additional 18 minutes. Executive Session ended at 1:20 pm. No action was taken. Buress left the meeting at 12:55 pm.

Staff Reports

Executive Staff Report

Christianson said property renewal may be difficult as property values are increasing, and the market has hardened due to catastrophic losses. We would like to start talking about the earthquake coverage as there are other products out there which may be of interest to the Board. The broker is suggesting we educate the Board on how the deductible works, what happens if there is an above limits loss, how the contributions and limits gets broken up if there are multiple members affected (who gets what) and memorialize it either in the property coverage document or a governance policy.

Shipman talked about their recent case that went to trial and how the video evidence helped, how fascinating the entire process was and reminded everyone to be sure to have clear policies and procedures in place and follow them.

Sub-Committee Reports

Governance Policy Committee

No report (meeting after Executive Committee).

Board Development Committee

No report (meeting after Executive Committee).

Emerging Risks and Opportunities Committee

Brannin had no further comments.

Underwriting Committee

No report.

Coverage Review Committee

Shinners said the committee will try to reconvene in March.

Recap and Adjournment

Jordan said charters have been approved, data clean-up changed to 2016, approved 2019/2020 schedule, further discussions regarding Burdett vs. Community Transit in April and Board Development meeting in conference room and Governance Policy Committee meeting in Christianson's office. ***Jordan adjourned the meeting at 1:36 pm.***

Submitted this 28th day of March 2019.

Approved: _____

Danette Brannin, Secretary

February 2019 Administration Voucher Approval

February 1st to February 28th 2019 vouchers audited and certified by the auditing officer as required by RCW 42.24.080,

and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been e-mailed to the Executive Committee members on March 21, 2019.

ACTION:

I, _____, as of this date, _____, 2019
Move that the following checks be approved for payment:

Vouchers: Check Numbers 28264 through 28305 in the amount of \$55,171.21. Internet transfers of \$43,554.88 for the 02/15/2019 payroll; \$41,118.40 for the 02/28/2019 payroll; and \$12,204.39 for the 02/2019 staff benefits. Internet and ACH payments for staff credit cards, travel/expense reimbursements and professional/misc. services total \$43,113.36. **Total voucher approval requested, including February 2019 staff payroll and Internet and ACH payments is \$195,162.24.**

The motion was seconded by _____ and approved by a unanimous vote.

I, the undersigned, PRESIDENT/VICE PRESIDENT OF THE WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) of the state of Washington, do hereby certify that the merchandise or services, herein specified have been received and the following checks are approved for payment.

PRESIDENT/VICE-PRESIDENT

DATE

**Washington State Transit Insurance Pool
February 2019 Administration Vouchers
US Bank Administration Account**

<u>Date</u>	<u>Num</u>	<u>Payee</u>	<u>Description</u>	<u>Account</u>	<u>Amount</u>
02/04/2019	ACH	Christian DeVoll	Travel/Expense Reimbursement	US Bank Admin	1,505.42
02/04/2019	ACH	Joanne Kerrigan	Travel Reimbursement	US Bank Admin	82.84
02/05/2019	ACH	Andrea Powell	Travel Reimbursement	US Bank Admin	30.62
02/05/2019	ACH	Janet M. Gates	Coverage Review Cmte Transcription	US Bank Admin	570.00
02/07/2019	28264	A-L-S American Landscape Services, LLC	Landscape Maintenance - February	US Bank Admin	540.14
02/07/2019	28265	Alliant Insurance - Newport Beach	Notary Bond	US Bank Admin	50.00
02/07/2019	28266	American Driving Records	Driver Reports - Abstracts	US Bank Admin	33.70
02/07/2019	28267	Express Personnel Services	Temp Services - Moving Services	US Bank Admin	384.85
02/07/2019	28268	Law Office of Richard L. Hughes PLLC	General Counsel Services - 01/2019	US Bank Admin	8,098.46
02/07/2019	28269	Office Depot	Office Supplies	US Bank Admin	25.98
02/07/2019	28270	Quill Corporation	Office Supplies	US Bank Admin	494.93
02/07/2019	28271	SHI International Corp	Desktop License Renewal	US Bank Admin	2,849.77
02/07/2019	28272	Wells Fargo Bank, N.A.	Trustee and Admin Fees	US Bank Admin	187.50
02/11/2019	ACH	Cedarbrook Lodge	Room Rental/Lodging/Catering Services	US Bank Admin	11,257.40
02/14/2019	28273	1099 Pro, Inc.	Package Renewal & Rush Fee	US Bank Admin	276.44
02/14/2019	28274	Clean-Rite Janitorial Services Inc.	Janitorial Services - January	US Bank Admin	982.50
02/14/2019	28275	Comcast	Comcast Business Services	US Bank Admin	522.95
02/14/2019	28276	Etter, McMahon, Lamberson & Clary, P.C.	Columbia Co.	US Bank Admin	1,500.00
02/14/2019	28277	Finser	Monthly Processing - WSTIP Portfolio	US Bank Admin	100.00
02/14/2019	28278	Fire & Safety Northwest	Service Call	US Bank Admin	39.95
02/14/2019	28279	Hatten & Sons Landworks LLC	Snow Removal	US Bank Admin	377.65
02/14/2019	28280	Island Transit	2019 Jeffrey S. Ristau Scholarship	US Bank Admin	1,000.00
02/14/2019	28281	Lemay - Pacific Disposal	Shredding/Waste & Recycling Services	US Bank Admin	153.53
02/14/2019	28282	Network Computing Architects, Inc.	Mitel Upgrade	US Bank Admin	1,306.80
02/14/2019	28283	Nicoll Black & Feig PLLC	Spokane Transit / WSTIP	US Bank Admin	1,150.00
02/14/2019	28284	Office Depot	Office Supplies	US Bank Admin	173.14
02/14/2019	28285	Puget Sound Energy	Electric Utilities	US Bank Admin	707.89
02/14/2019	28286	Remedy Intelligent Staffing	Temp Services - C. Damelio	US Bank Admin	207.00
02/14/2019	28287	Thurston County Treasurer	2019 Property Taxes	US Bank Admin	9.55
02/14/2019	28288	Verizon Wireless	Staff Wireless Services	US Bank Admin	428.38
02/15/2019	ACH	Data Driven Safety, Inc.	Driver Record Monitoring	US Bank Admin	24,608.26
02/19/2019	ACH	Cedric Adams	Travel/Expense Reimbursement	US Bank Admin	1,844.23
02/22/2019	28289	Association of Washington Cities	Associate Member-Public Agency	US Bank Admin	500.00
02/22/2019	28290	City of Olympia - Utilities	Utilities: Current Billing 2/15/2019	US Bank Admin	476.08
02/22/2019	28291	Dept of Licensing	Driver Record Monitoring	US Bank Admin	2,129.28
02/22/2019	28292	StraderHallett PS	Accounting Services	US Bank Admin	1,300.00
02/22/2019	28293	The Demich Group	2018 Annual Report Draft	US Bank Admin	990.00
02/22/2019	28294	WAPRO	Spring Training Registration - A. Powell	US Bank Admin	175.00

**Washington State Transit Insurance Pool
February 2019 Administration Vouchers
US Bank Administration Account**

<u>Date</u>	<u>Num</u>	<u>Payee</u>	<u>Description</u>	<u>Account</u>	<u>Amount</u>
02/22/2019	28295	Western States Fire Protection Co.	Service Call	US Bank Admin	299.20
02/22/2019	28296	PRICEWATERHOUSE COOPERS	June 2018 Rate Review	US Bank Admin	4,100.00
02/27/2019	ACH	Cedric Adams	Travel/Expense Reimbursement	US Bank Admin	114.59
02/27/2019	28297	CenturyLink	Telephone Services	US Bank Admin	651.22
02/27/2019	28298	Clean-Rite Janitorial Services Inc.	Janitorial Services - February	US Bank Admin	610.00
02/27/2019	28299	Crystal Springs (TX)	Bottled Water	US Bank Admin	68.58
02/27/2019	28300	FedEx	FedEx Services	US Bank Admin	59.05
02/27/2019	28301	Frix Technologies	Laserfiche Cloud	US Bank Admin	8,468.06
02/27/2019	28302	Network Computing Architects, Inc.	ShoreTel IP655 Phones	US Bank Admin	1,204.26
02/27/2019	28303	Spokane Transit Authority	Driver Recognition Program	US Bank Admin	1,525.00
02/27/2019	28304	WA State Dept of Revenue	Leasehold Excise Tax - Q4 18	US Bank Admin	629.80
02/27/2019	28305	University of Washington (Grant Acct'g)	Pierce Transit FTA Grant (CAWS)	US Bank Admin	10,384.57
02/28/2019	ACH	Janet M. Gates	Pierce Transit FTA Grant (CAWS)	US Bank Admin	900.00
02/28/2019	ACH	Jerome M. Lutin, PhD, PE, AICP, F.ITE	Pierce Transit FTA Grant (CAWS)	US Bank Admin	2,200.00
					<u>98,284.57</u>
02/07/2019	5885	Health Care Authority	Staff Benefits - Inv Month: 02/2019	US Bank Payroll	12,204.39
02/15/2019		Wire Trans WSTIP Payroll Account	02/15/2019 Payroll & Taxes	US Bank Payroll	43,554.88
02/28/2019		Wire Trans WSTIP Payroll Account	02/28/2019 Payroll & Taxes	US Bank Payroll	41,118.40
				Total	195,162.24

February 2019 Claims Voucher Approval

February 1st to February 28th 2019 vouchers audited and certified by the auditing officer as required by RCW 42.24.080,

and those expense reimbursement claims certified as required by RCW 42.24.090, have been recorded on a listing which has been e-mailed to the Executive Committee members on March 21, 2019.

ACTION:

I, _____, as of this date, _____, 2019
Move that the following checks be approved for payment:

Vouchers: Check Numbers 12005 through 12104 in the amount of \$430,539.65. **Total voucher approval requested is \$430,539.65.**

The motion was seconded by _____ and approved by a unanimous vote.

I, the undersigned, PRESIDENT/VICE PRESIDENT OF THE WASHINGTON STATE TRANSIT INSURANCE POOL (WSTIP) of the state of Washington, do hereby certify that the merchandise or services, herein specified have been received and the following checks are approved for payment.

PRESIDENT/VICE-PRESIDENT

DATE

**Washington State Transit Insurance Pool
February 2019 Claims Vouchers
US Bank Claims Account**

Issue Date	Check Number	Status	Pay To The Order Of	Bank Account	Amount
2/5/2019	12005	Cleared	Martin, Erin	US Bank Claims	327.59
2/5/2019	12006	Cleared	Huisingh, Ken	US Bank Claims	400.00
2/8/2019	12007	Cleared	Blanco, Raul	US Bank Claims	11,208.46
2/8/2019	12008	Cleared	Carlson, McMahan & Sealby, PLLC	US Bank Claims	7,812.80
2/8/2019	12009	Cleared	CIOX Health, LLC	US Bank Claims	49.65
2/8/2019	12010	Cleared	Classic Claims Service, Inc.	US Bank Claims	1,399.55
2/8/2019	12011	Cleared	American Family Insurance	US Bank Claims	5,613.91
2/8/2019	12012	Cleared	Clallam Transit	US Bank Claims	1,214.43
2/8/2019	12013	Cleared	Community Transit	US Bank Claims	8,006.71
2/8/2019	12014	Cleared	Copart	US Bank Claims	1,353.14
2/8/2019	12015	Cleared	Dishman Dodge Ram Chrysler Jeep	US Bank Claims	360.56
2/8/2019	12016	Cleared	Enterprise Rent A Car	US Bank Claims	2,672.52
2/8/2019	12017	Cleared	Garcia, Nyceydi	US Bank Claims	200.00
2/8/2019	12018	Cleared	GEICO General Insurance Co.	US Bank Claims	1,272.23
2/8/2019	12019	Cleared	Integral Roofing & Contruccion, LLC	US Bank Claims	1,907.00
2/8/2019	12020	Cleared	James, Sanderson & Lowers	US Bank Claims	1,844.68
2/8/2019	12021	Cleared	Kaiser Permanente	US Bank Claims	172.00
2/8/2019	12022	Cleared	Kulshan Law, PLLC	US Bank Claims	1,696.00
2/8/2019	12023	Cleared	Law, Lyman, Daniel, Kamerrer & Bogdanovich, PS	US Bank Claims	4,623.53
2/8/2019	12024	Cleared	Mathews Auto Body LLC	US Bank Claims	417.28
2/8/2019	12025	Cleared	OccuMedix, Inc.	US Bank Claims	1,050.00
2/8/2019	12026	Cleared	Garcia, Nyceydi	US Bank Claims	83.72
2/8/2019	12027	Cleared	Mills Meyers Swartling PS	US Bank Claims	832.50
2/8/2019	12028	Cleared	Olympic Medical Center	US Bank Claims	1,903.11
2/8/2019	12029	Cleared	Latitude Subrogation Services, LLC	US Bank Claims	6,892.05
2/8/2019	12030	Cleared	Absolute Auto Body, Inc.	US Bank Claims	6,544.74
2/8/2019	12031	Cleared	Performance Physical Therapy Inc., P.S.	US Bank Claims	62.23
2/8/2019	12032	Cleared	Buell Real Time Reporting	US Bank Claims	249.35
2/8/2019	12033	Cleared	Markel, Roger	US Bank Claims	898.49
2/8/2019	12034	Cleared	Radia Inc., PS	US Bank Claims	362.60
2/8/2019	12035	Cleared	Summit Rehabilitation, LLC	US Bank Claims	35.28
2/8/2019	12036	Cleared	Williams Kastner & Gibbs PLLC	US Bank Claims	1,925.50
2/8/2019	12037	Cleared	Spokane Transit Authority	US Bank Claims	10,062.07
2/8/2019	12038	Cleared	Yamaguchi Obien Mangio, LLC	US Bank Claims	351.85
2/15/2019	12039	Cleared	AC Branch Holdings, LLC (dba AmeriClaim)	US Bank Claims	2,498.75
2/15/2019	12040	Issued	Adi, Nadima	US Bank Claims	4,000.00
2/15/2019	12041	Issued	Adi, Nadima as parent and guardian for Sereen Taha	US Bank Claims	500.00
2/15/2019	12042	Issued	Adi, Nadima as parent and guardian for Yaseen Taha	US Bank Claims	500.00
2/15/2019	12043	Cleared	Alliant Insurance Services, Inc.	US Bank Claims	5,644.20
2/15/2019	12044	Issued	Carlson, McMahan & Sealby, PLLC	US Bank Claims	2,353.30

**Washington State Transit Insurance Pool
February 2019 Claims Vouchers
US Bank Claims Account**

Issue Date	Check Number	Status	Pay To The Order Of	Bank Account	Amount
2/15/2019	12045	Cleared	Engineering Accident Analysis	US Bank Claims	2,475.00
2/15/2019	12046	Cleared	Enterprise Rent A Car	US Bank Claims	949.03
2/15/2019	12047	Cleared	Gerber Collision & Glass Lynnwood	US Bank Claims	5,489.02
2/15/2019	12048	Cleared	JG McDonald and Associates	US Bank Claims	12,326.66
2/15/2019	12049	Cleared	Madigan Security Consulting & Investigations, Inc.	US Bank Claims	1,378.35
2/15/2019	12050	Issued	Malarchick Law Office	US Bank Claims	22,412.00
2/15/2019	12051	Cleared	Mills Meyers Swartling PS	US Bank Claims	21,369.29
2/15/2019	12052	Cleared	Optimal Health Chiropractic & Massage Clinic	US Bank Claims	160.00
2/15/2019	12053	Issued	Pierce Transit	US Bank Claims	14,200.00
2/15/2019	12054	Cleared	Skagit Transit	US Bank Claims	12,876.24
2/15/2019	12055	Cleared	South Sound Medical Group, PLLC	US Bank Claims	843.75
2/15/2019	12056	Cleared	Keating, Bucklin, & McCormack, Inc., P.S.	US Bank Claims	1,617.70
2/15/2019	12057	Cleared	Whatcom Transportation Authority	US Bank Claims	720.11
2/15/2019	12058	Cleared	Wickens Law Group, PS	US Bank Claims	10,514.20
2/15/2019	12059	Issued	Wiley's Automotive & Collision Repair	US Bank Claims	2,374.61
2/15/2019	12060	Cleared	Yakima Transit	US Bank Claims	216.00
2/15/2019	12061	Cleared	Yamaguchi Obien Mangio, LLC	US Bank Claims	1,277.70
2/15/2019	12062	Cleared	Matrix Absence Management, Inc	US Bank Claims	4,674.04
2/21/2019	12063	Issued	Blacclove, JaShanna	US Bank Claims	5,000.00
2/21/2019	12064	Issued	Blacclove, Ronte	US Bank Claims	2,500.00
2/22/2019	12065	Cleared	AC Branch Holdings, LLC (dba AmeriClaim)	US Bank Claims	1,499.30
2/22/2019	12066	Cleared	Barkley Massage & Chiropractic	US Bank Claims	39.00
2/22/2019	12067	Issued	Andrew Ernest Epstein	US Bank Claims	1,562.50
2/22/2019	12068	Cleared	BHL Court Reporters, Inc.	US Bank Claims	519.00
2/22/2019	12069	Cleared	C-Tran	US Bank Claims	8,572.80
2/22/2019	12070	Cleared	CCC Information Services, Inc.	US Bank Claims	105.09
2/22/2019	12071	Cleared	Allstate Property & Casualty	US Bank Claims	292.00
2/22/2019	12072	Cleared	Brownlie Wolf & Lee, LLP	US Bank Claims	23,751.64
2/22/2019	12073	Cleared	Community Transit	US Bank Claims	2,105.47
2/22/2019	12074	Cleared	Cruzan, Chris	US Bank Claims	4,000.00
2/22/2019	12075	Issued	Flannigan, Tanya	US Bank Claims	1,500.00
2/22/2019	12076	Issued	Gruber Chiropractic PS	US Bank Claims	3,135.00
2/22/2019	12077	Cleared	IntercityTransit	US Bank Claims	5,488.90
2/22/2019	12078	Cleared	Island Transit	US Bank Claims	215.64
2/22/2019	12079	Issued	Link Transit	US Bank Claims	6,562.25
2/22/2019	12080	Cleared	Lynnwood Auto Rebuild	US Bank Claims	3,255.59
2/22/2019	12081	Cleared	Mason Transit Authority	US Bank Claims	6,125.00
2/22/2019	12082	Cleared	Naegeli Deposition and Trial	US Bank Claims	825.00
2/22/2019	12083	Issued	Olson, Barbara	US Bank Claims	3,989.00
2/22/2019	12084	Cleared	Pacific Transit System	US Bank Claims	843.26
2/22/2019	12085	Issued	Pierce Transit	US Bank Claims	9,139.18

**Washington State Transit Insurance Pool
February 2019 Claims Vouchers
US Bank Claims Account**

Issue Date	Check Number	Status	Pay To The Order Of	Bank Account	Amount
2/22/2019	12086	Cleared	Witherspoon Brajcich McPhee, PLLC	US Bank Claims	3,182.60
2/22/2019	12087	Cleared	MAACO	US Bank Claims	466.74
2/22/2019	12088	Cleared	Skagit Transit	US Bank Claims	8,428.20
2/28/2019	12089	Issued	Community Transit	US Bank Claims	6,066.80
2/28/2019	12090	Issued	CSMI	US Bank Claims	706.25
2/28/2019	12091	Issued	G.O.'s Collision Center	US Bank Claims	1,384.64
2/28/2019	12092	Issued	Kitsap Transit	US Bank Claims	1,527.56
2/28/2019	12093	Issued	Link Transit	US Bank Claims	2,978.22
2/28/2019	12094	Issued	Matrix Absence Management, Inc	US Bank Claims	3,213.00
2/28/2019	12095	Issued	Mills Meyers Swartling PS	US Bank Claims	9,622.75
2/28/2019	12096	Issued	Naegeli Deposition and Trial	US Bank Claims	2,444.30
2/28/2019	12097	Issued	Paine Hamblen LLP	US Bank Claims	3,281.50
2/28/2019	12098	Issued	Pierce Transit	US Bank Claims	50,843.02
2/28/2019	12099	Issued	Robert G.R. Lang, MD Inc., PS	US Bank Claims	163.97
2/28/2019	12100	Issued	Spokane Transit Authority	US Bank Claims	10,957.00
2/28/2019	12101	Issued	Summit Law Group	US Bank Claims	15,306.30
2/28/2019	12102	Issued	Williams Kastner & Gibbs PLLC	US Bank Claims	725.21
2/28/2019	12103	Issued	Willmes Law Group, PLLC	US Bank Claims	380.00
2/28/2019	12104	Issued	Whatcom Transportation Authority	US Bank Claims	2,660.49
				Total	430,539.65

2019 Executive Committee Work Plan

General Work Items	Who													2020				
		Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar		
1 Review Committees/Charter and Close Committees	EC		*	☀													*	☀
2 Establish strategic priorities	EC			*	*	☀												
3 Long-Range Strategic Vision & Financial Target Policy	Underwriting Committee		*	*	*	*	*	*	*	☀								
4 Ratios / Ratios Subcommittee	Audit Committee		*	*	*	*	☀											
5 Staff Benefits	EC		*	*	*	*	*	*	*	☀								
6 Coverage Appeal Process	EC		*	*	*	*	*	*	*	*	*	*	☀					
7 Law Enforcement and Security Liability Risks	Underwriting Committee		*	*	*	*	*	*	*	*	*	*	*					
8 Limited Mode Service Provider Contracts/Contractual Risk	Underwriting Committee		*	*	*	*	*	*	*	☀								
9 Driver Record Monitoring Program	EC		*	*	*	*	*	*	*	☀								
10 Vanpool Programs Allowing Personal Use of Vanpool	Underwriting Committee		*	*	*	*	*	*	*	*	*	*						
11																		
Subcommittees																		
20 Audit/Finance	Executive Committee/Treasurer				*	*						*						
21 Board Development	Tom, Lynda, Agustin		charter	*	*	*	*	*	*	*	*	*	*	*				
22 Coverage Review Committee	Paul, Geri, Danette, Nick, Amy, David, Ken, Sara		charter	*	*	*	*	*	*	*	*	*	*	*				
22 Emerging Risks and Opportunities	Danette, Ken, Mike B, Tom, Joe, LeeAnn, Jenny		*			*			*			*						
23 Governance Policy	Staci, Shonda, Danette		charter		*	*		*	*		*	*	☀			*	*	
24 Nominations	Staci, Shonda, Danette									*	*	*	☀					
25 Underwriting Committee	Gus, Paul, Lynda, Ken, Mike B., Dunyele		charter	*	*	*	*	*	*	*	*	*	*			*	*	

KEY: * = start and SUN SYMBOL = end

2019 Executive Committee Work Plan

WORKING PRINCIPLES*

- 1 Strive for transparency about the role you are playing.
- 2 Instead of driving an issue, the Executive Committee will work from its work plan to decide what to do.
- 3 Operate under parliamentary procedures.
- 4 Be recognized before speaking.
- 5 Members will come prepared; read materials in advance and participate during the meeting.
- 6 Try not to dominate the conversation; let someone else have a turn.
- 7 Finish the meeting on time.
- 8 No side conversations.
- 9 Show respect by adhering to principles 4 and 8.
- 10 The President runs the meetings; not the Executive Director.
- 11 The Executive Committee can agree to allocate more time to discuss a topic.
- 12 The Executive Committee decides by majority rule, but strives for consensus. Consensus is defined as the ability for every Executive Committee member to be able to live with the decision.
- 13 The Executive Committee will flag "hot topics" for members to check in with members on.
- 14 Proposals to the Board are forwarded with Executive Committee endorsement. Proposals that require Board action, Executive Committee members can share their opinion if they disagree with the Executive Committee's recommendation.
- 15 The Executive Committee will review their work plan every month and identify what needs to be taken to members.
- 16 Make sure that communication to the Board is complete.

*Working Principles originally formed during the 2007 Executive Committee Retreat, November 29 and 30, 2007; revised during 2009 Executive Committee Retreat, January 22 and 23, 2009. Reviewed at Executive Committee 2011 Retreat. Revised during the 2012 Retreat. Working principles were not changed in 2014, 2015, 2016, and 2019.

TRIBAL RULES*

- 1 Put the needs of WSTIP first.
- 2 Serve as member representative before taking a leadership role.
- 3 Provide a development track for members.
- 4 Expect people to take a leadership role.
- 5 Everyone who ran for Executive Committee office can come to the Executive Committee retreat.
- 6 No side deals -- raise your concerns with the entire Executive Committee
- 7 Everyone's views are heard. Once Board decision is made, support it.
- 8 Respect the office -- respect the roles each person takes.

*Tribal Rules added at 2012 retreat and unchanged since addition.

2019 Executive Committee Work Plan

MENTAL MODELS

- 1 . WSTIP Board will meet four times per year.
- 2 . WSTIP will offer \$25,000,000 in policy limits for Auto/General Liability.
- 3 . All Members will receive the same Risk Management Grant of \$2,500.
- 4 . All members are assessed on the same rating methodology.
- 5 . The Executive Director will be hired by the Board and evaluated annually.
- 6 . General Counsel is hired by the EC and evaluated annually.
- 6 . All best practices will be agreed to on a voluntary basis (exception: driver record monitoring).
- 7 . Membership is restricted to Washington State transits of a minimum size and experience history.
- 8 . WSTIP primary purpose is insurance.
- 9 . No rail or ferry coverage will be offered.
- 10 . General wage adjustments are subject to the action taken by Intercity Transit and approval by the Board.
- 11 . Auto liability rates are determined by mileage and experience.
- 12 . General/Public Officials (E & O)/Property rates are all determined by the actuary with no experience rating.
- 13 . Claims will be resolved in a "fair, equitable and responsible" manner.
- 14 . Subrogation is a value added service.
- 15 . WSTIP offices will be located in Olympia.
- 16 . WSTIP/WSTA relationship will be collaborative and mutual.



Purpose

1. To establish a program to facilitate and encourage Member employees, Board members, and primary or alternate Member representatives to attend Pool quarterly meetings; and
2. To enhance and promote knowledge of the work and workings of the Pool to develop new Pool leaders and facilitate succession planning; and
3. To establish when and to what extent the Pool will pay and/or reimburse for attendance at quarterly Board meetings.

Authority

1. Interlocal Agreement, section 3a (“all things necessary and proper”) and section 3h (“exercise all powers [for] all lawful programs”); and
2. Board Development Policy
3. Expense Reimbursement Policy
4. Governance Policy
 - a. Section 1: “[D]evelop Member representatives who [have] knowledge of the Pool and its business”; and
 - b. Section 2: “Ensur[e] management succession.”

Definitions

1. Quarterly Board meeting – includes the Executive Committee meeting, all work sessions, member representative meetings, and the Board meeting.

Policy Statement

1. Primary and Alternate Representatives – at least one should attend every quarterly Board meeting. Twice per year, the Pool will reimburse for related expenses for both to attend the quarterly Board meeting.
2. Executive Committee (EC) Members – are expected to attend all Executive Committee and Board meetings. The Pool will reimburse for related expenses for the EC member to attend all EC meetings and for the primary or alternate representative to attend up to four quarterly Board meetings annually.
3. Succession Candidates – if a successor candidate to the Board has been identified for a retirement less than a year away, the Pool will reimburse for related expenses for both the current representative and the succession candidate to attend up to four quarterly Board meetings annually.
4. Guests – are encouraged to attend quarterly Board meetings. Once per year, the Pool will reimburse for related expenses for a member guest (other than those indicated in 1-3 above) to attend one of the four quarterly Board meetings.

Passed by the Executive Committee on **DATE**.

Attest:

Approved as to form:

Staci Jordan, President

Danette Brannin, Secretary

Richard Hughes, General Counsel



Purpose

1. To establish a program to facilitate and encourage Member employees, board members, and non-voting Member representatives to attend Pool quarterly meetings; and
2. To enhance and promote knowledge of the work and workings of the Pool to develop new Pool leaders and facilitate succession planning.

Authority

1. Interlocal Agreement, section 3a (“all things necessary and proper”) and section 3h (“exercise all powers [for] all lawful programs”); and
2. Governance Policy
 - a. Section 1: “[D]evelop Member representatives who [have] knowledge of the Pool and its business”; and
 - b. Section 2: “Ensur[e] management succession.”

Policy Statement

1. Overview. This policy establishes when and to what extent the Pool will reimburse for attendance at quarterly meetings by: (a) non-voting Member representatives, (b) non-voting Member representatives who are succession candidates to a voting Member representative, (c) a Member representative from a Member when another of its Member representatives is serving on the Executive Committee, and (d) other Member personnel.
2. Non-voting Member representatives. Twice per year the Pool will reimburse a Member for expenses incurred by a non-voting Member representative for attendance at a quarterly board meeting; Provided, reimbursement is limited to one non-voting Member representative per meeting.
3. Succession candidates. When a Member’s voting Member representative has an established retirement date less than a year away, the Pool will reimburse a Member for expenses incurred by its non-voting Member representative who is designated to succeed the retiring Member representative for attendance at up to four quarterly meetings. In addition succession candidates shall be invited to attend the annual Executive Committee retreat.
4. Executive Committee service. When a Member representative is serving on the Executive Committee, the Pool will reimburse Member for expenses incurred by another of its Member representatives for attendance at quarterly board meetings.
5. Member guests. Once per year the Pool will reimburse a Member for expenses incurred by a full-time employee of Member or an incumbent of Member’s governing board for the expenses incurred by that person for attendance at a quarterly board meeting.
6. Quarterly meeting defined. For reimbursement as set forth above, the attendee must attend the Executive Committee meeting, any work session, and the Board meeting which are all part of the quarterly meeting.

Passed by the Executive Committee on October 25, 2016.

Attest:

Approved as to form:

Paul Shinnors, President

Shonda Shipman Secretary

Richard Hughes, General Counsel



March 28, 2019

TO: WSTIP Executive Committee

FROM: Andrea Powell, Administrative Services Manager

SUBJECT: **Ratios / Ratio Subcommittee Recommendation**
Governance Policy: Target Ratios Policy
(formerly Strategic Target Financial Ratios Policy)

Action Requested

Staff ask for the Executive Committee to accept the updated Target Ratios Policy and targets with a pass recommendation to the Board.

Background

The Strategic Target Financial Ratios policy was adopted as part of the 2008 strategic plan. In 2018, the Audit Committee appointed a ratios subcommittee to review and update these ratios. This was a topic of discussion at the January 2019 Retreat and the Executive Committee in February 2019. These ratios, in conjunction with the Capital Funding Study, provide metrics to assess WSTIP's financial performance and health.

Kevin Wick from PricewaterhouseCoopers (PwC) worked with the ratios subcommittee to develop these ratios and targets. Six financial ratios have been identified and preliminary targets have been proposed. The Strategic Target Financial Ratios Policy (renamed the Target Ratios Policy) has been updated with these new ratios. Explanation of these ratios and proposed targets are attached.

Action Requested

Staff request the Executive Committee approve the updated Target Ratios Policy and targets with a pass recommendation to the Board. This topic is also on the Board agenda as a discussion topic.

Attached:

- Target Ratios Policy
- Ratios as of December 12/31/2017



Solvency Ratios

1. Retention Leverage

What this Ratio Measures: WSTIP's net position compared to the Pool's current self-insured retention (SIR). AGRIP's recommendation is greater than 10. Lower retention leverage may indicate the need for additional capital.

Target: Greater than 10.

2. One Year Reserve Development Ratio

What this Ratio Measures: Development of prior year booked reserves as a percentage of net position.

Target: Less than 20%

3. Change in Net Position

What this Ratio Measures: How much is WSTIP's net position increasing or decreasing?

Target: Greater than 3%, however future funding strategies may require a greater percentage.

Operational Ratios

4. Net Incurred Loss Ratio

What this Ratio Measures: Net incurred losses as a percentage of net contribution. Helpful for trending and benchmarking.

Target: Less than 70%

5. Operating Ratio

What this Ratio Measures: Percentage of Member Contributions that are allocated for net incurred losses and Pool's operating costs net of investment income. Do our losses & operating costs (net of interest revenue) exceed the pool's net contribution? If the operating ratio is less than 100%, then WSTIP's net position will increase.

Target: Less than 95%

6. Expense Ratio

What this Ratio Measures: A general reasonableness check of administrative expenses relative to gross contributions. An excessively small percentage could indicate support services are insufficient to adequately prevent or control losses. Conversely, a large percentage could indicate that administrative expenses may be larger than what a pool might expect relative to its contributions.

Target: Less than 25%, may be higher to accommodate special projects or programs included in the budget.

/ap



~~Strategic Target Financial Ratios Policy~~ **Target Ratios Policy**

Governance Section: Finance

Revision Date: TBD 2019

Page: 1 of 3

Purpose

In order to ~~ensure~~ that the Pool remains financially strong, it is necessary to annually evaluate and compare financial performance for the ~~past prior five ten years period for which audited financials are available with current financial performance~~. This policy adopts target ~~financial~~ ratios and provides for an annual comparative study of these ratios.

Commented [AP1]: Current year financials would not be a true comparison as budget numbers would be for all of 2019, whereas loss data would be as of August 31.

Authority

1. ~~Interlocal Agreement, Sections 3 ("all things necessary and proper for the establishment of self-insurance programs") and 4 ("adopt an annual budget"); and~~
2. ~~Bylaws, Section 4b ("adoption of annual budget").~~

Commented [AP2]: Renaming to avoid confusion with the Financial Target Policy

Commented [AP3]: Removed reference to "adopt an annual budget" authority as we have separated this review from the budget process

Policy Statement

1. ~~Financial ratios~~. The Pool shall ~~strive to maintain the~~ monitor the following financial ratios:

Solvency Ratios

- 1.1 Change in Net Position
- 1.2 One Year Reserve Development
- 1.3 Retention Leverage

Operational Ratios

- 1.4 Net Incurred Loss Ratio
- 1.5 Operating Ratio
- 1.6 Expense Ratio

2. ~~The WSTIP financials, as audited by the Washington State Auditor's office, will be used as the basis for ratio calculation.~~
3. ~~A n annual comparison between the Pool's ratios and a minimum of three the other pools will be completed annually as practicable.~~
4. ~~The comparison will Ratios and targets will be reviewed annually by the Executive Committee. Should there be a variance from the target, the Executive Committee shall determine actions steps.~~
1. ~~Annual report. By September of each year and for use in the annual budget development process, the Pool's executive director shall provide the Board with a report of the financial ratios set forth above for a running six year period. The six year period shall be for the current year and for five years prior to the current year.~~
2.
3. ~~Collection of information~~ In order to calculate the ratios the executive director shall collect from all Pool members and Pool members shall provide for each year in the ratio analysis actual or estimated:
 - a. ~~Vehicle miles for all modes;~~
 - b. ~~Number of vehicles and their values;~~
 - c. ~~Property values; and~~
 - d. ~~Number of employees.~~

Commented [AP4]: Addressed as part of the Assessment Allocation Policy – not needed for ratios.



~~Strategic Target Financial Ratios Policy~~ Target Ratios Policy

Governance Section: Finance

Revision Date: TBD 2019

Page: 2 of 3

4. ~~Variance from ratios. In the event any of the actual values are at variance from target values set forth in 1a-c, the executive director shall provide the Executive Committee with an action plan which, if implemented, will bring the ratio within the target value. The action plan shall include a timetable for implementation. The Executive Committee shall consider the executive director's action plan and, after making whatever changes it deems appropriate, shall forward it to the Board for consideration.~~
5. The Pool ~~shall~~ may engage an actuary or external accountant to assist in the computation of these ratios.



~~Strategic Target Financial Ratios Policy~~ Target Ratios Policy

Governance Section: Finance

Revision Date: TBD 2019

Page: 3 of 3

Amendment

The Pool's Board may amend this policy.

Policy History

The groundwork for this policy was developed as part of the Pool's 2008 six-year strategic plan.

Passed by the Board of Directors June 24, 2016.

[Amended by the Board of Directors TBD 2019](#)

Attest:

Approved as to form:

Staci Jordan, President

Danette Brannin, Secretary

Richard Hughes, General Counsel



Target Ratios Policy

Governance Section: Finance

Revision Date: TBD 2019

Page: 1 of 1

Purpose

In order to ensure that the Pool remains financially strong, it is necessary to annually evaluate and compare financial performance for the prior ten year period for which audited financials are available. This policy adopts target ratios and provides for an annual comparative study of these ratios.

Authority

Interlocal Agreement, Sections 3 (“all things necessary and proper for the establishment of self-insurance programs”)

Policy Statement

1. The Pool shall monitor the following financial ratios:

Solvency Ratios

- 1.1 Change in Net Position
- 1.2 One Year Reserve Development
- 1.3 Retention Leverage

Operational Ratios

- 1.4 Net Incurred Loss Ratio
- 1.5 Operating Ratio
- 1.6 Expense Ratio

2. The WSTIP financials, as audited by the Washington State Auditor’s office, will be used as the basis for ratio calculation.
3. A comparison between the Pool’s ratios and a minimum of three other pools will be completed annually.
4. The comparison will be reviewed by the Executive Committee. Should there be a variance from the target, the Executive Committee shall determine action steps.
5. The Pool may engage an actuary or external accountant to assist in the computation of these ratios.

Amendment

The Pool’s Board may amend this policy.

Policy History

The groundwork for this policy was developed as part of the Pool’s 2008 six-year strategic plan.

Passed by the Board of Directors June 24, 2016.

Amended by the Board of Directors TBD 2019

Attest:

Approved as to form:

Staci Jordan, President

Danette Brannin, Secretary

Richard Hughes, General Counsel