MINUTES

The Non Profit Insurance Program Board of Directors conducted a regular meeting on February 12, 2018, at 1:00pm.

ITEM 1: INTRODUCTION & ROLL CALL

<table>
<thead>
<tr>
<th>Board Member Name</th>
<th>Representation Member Entity</th>
<th>Board Position</th>
<th>Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jon Andrus</td>
<td>Catholic Charities of Spokane</td>
<td>Area 4 Representaive</td>
<td>Present</td>
</tr>
<tr>
<td>Madelyn Carlson</td>
<td>People for People</td>
<td>Chair &amp; Area 3</td>
<td>Present</td>
</tr>
<tr>
<td>Cheryl Hamilton</td>
<td>Educational Opportunities for Children &amp; Fam.</td>
<td>Area 2</td>
<td>Absent – Excused</td>
</tr>
<tr>
<td>Darlene Riley</td>
<td>Paratransit Services</td>
<td>Vice Chair &amp; Area 1</td>
<td>Present</td>
</tr>
<tr>
<td>Amber Johnson</td>
<td>Spokane Neighborhood Action Partners</td>
<td>At-Large #1 Rep</td>
<td>Present</td>
</tr>
<tr>
<td>Mike Heinisch</td>
<td>Kent Youth and Family Services</td>
<td>At-Large 2</td>
<td>Present</td>
</tr>
<tr>
<td>Karl Johanson</td>
<td>Disability Action Center – NW, Inc.</td>
<td>Fiscal Officer &amp; At-Large 3</td>
<td>Present</td>
</tr>
<tr>
<td>Grant Baynes</td>
<td>Senior Life Resources</td>
<td>Alternate</td>
<td>Absent – Excused</td>
</tr>
<tr>
<td>Glenn Ford</td>
<td>Bastyr University</td>
<td>Alternate</td>
<td>Absent – Excused</td>
</tr>
</tbody>
</table>

Clear Risk Solutions:  Guests:  
Frank Andrus  Paul Rosner – via phone 1:00pm – 1:24pm
Eric Horner  Kris Lawrence – via phone 1:30pm – 2:00pm
Sarah McDonnell
Taylor Montgomery
Meghan Paysse
Rick Templeton
Brian Turnbull

Chair Carlson welcomed all in attendance and noted that a quorum was present.

ITEM 2: PUBLIC COMMENT
None

ITEM 3: CHANGES TO THE AGENDA
No changes were made to the agenda.

ITEM 4: CLOSED SESSION – started at 1:00pm.
Motion to enter closed session was made by Riley, seconded by Johnson. As none opposed the motion carried and the board entered closed session. Paul Rosner, coverage attorney, updated the board about a claim. Johnson moved to approve the end of the Closed Session, Riley seconded. All in favor, none opposed, closed session ended at 1:24pm.

ITEM 5: COMMITTEE REPORTS

STANDING COMMITTEES:
ITEM 5(A) – Fiscal Committee (Johanson-Chair, Riley, Andrus, Heinisch):

i. Summary Review
a. Write-Off Report. There are no write offs to report.

b. Accounts Receivable. The fiscal committee has reviewed the current Accounts Receivable reports. There are no items of concern at this time.

c. Bank Statements. The bank statements for the last quarter have been reviewed and the committee has no concerns at this time.

d. Investment Report. The committee has reviewed the quarterly investment report from investment advisors, Peterson Hastings, and has no concerns at this time. Staff and committee review reports from custodian and advisors quarterly.

e. Program Premium Report, New & Lost Business Report. Staff reported that no business was lost during the second quarter and approximately $121,000 in new business annualized premium was added.

f. Tax Update. The Fiscal Committee reported that they reviewed the tax summary prior to the board meeting, with no questions regarding the $25,000 installment payments made every quarter.

g. Auditor Meeting – New Timeline. Johanson reported that he and Jon Andrus, as well as staff, met with Moss Adams, the pool auditor. They discussed that there were several firm deadlines for the audit that the pool must follow per state rules. Moss Adams is now aware of the importance of the deadlines and has moved their timelines to match the ones given.

h. Investment Report. Andrus commented on the Investment Report, stating that currently it is mostly fixed income with little equity, and the return is limited because of the fixed income.

i. Funding Analysis. Staff discussed the comparison of quarterly financials with the final budget and how it reflects funding levels. Every quarter new business and associated expenses are reported.

ii. Renewal Report. Turnbull reported that staff has been working with the Fiscal Committee, as they normally handle the renewal discussions, on process for the upcoming renewal. This includes presenting a preliminary budget, which will be considered for action in April, and then the budget will be finalized at the following meeting, in August. Staff reported that a formal submission was sent to Munich to obtain renewal quotes. They are looking to hear an indication from Munich within the next few weeks. Staff feels the two year policy worked well for all parties and if reached out to see if the two-year policy is a realistic option for all parties going forward.

The Fiscal Committee also discussed their recommendation to the full board on the financial restructure, including dividends. Full report is listed under Item 7A i.

ITEM 5(B) – Executive Committee (Carlson, Johanson, Riley): Carlson reported that the committee reviewed and briefly discussed a member claim, which was discussed in more detail at the closed session earlier today.

OTHER COMMITTEES:
Legislative Committee (Johanson, Carlson, Hamilton): Carlson summarized the workshop call with the lobbyists, reporting that several board members have met with legislators and have been discussing the pool and nonprofits. Several have even briefly discussed the expansion into Oregon with interest from the legislators. She requested that
Board members continue to meet with them, to educate legislators about NPIP. Several board members, joined by the lobbyists, met with Jason Selms and discussed the pool. Heinisch also discussed the multistate project the board is working on. Overall the meeting went well.

Board Recruitment Committee (Carlson, Riley, Johnson): The committee reported they didn’t meet as the board is currently full.

ITEM 6: CONSENT AGENDA

The Consent Agenda consisted of the following:

A. Voucher #17/18-05
B. Voucher #17/18-06
C. Voucher #17/18-07
D. Voucher #17/18-08
E. Minutes 11/3/17
F. Balance Sheet 11/30/17
G. Income Statement 11/30/17
H. Solvency Test 11/30/17
I. New Member Report

The Consent Agenda items were reviewed prior to the meeting by all board members. Motion to approve consent agenda by Riley, the motion was seconded by Johnson and approved by the rest of the board. Motion carried.

ITEM 7: Board/Staff Communication

ITEM 7(A) Project Form Reports / Workshop:
   i. Financial Restructure. The Fiscal Committee reported their recommendation to the Board and there was discussion the impact of a dividend restructure to the pool’s financials prior to the board meeting, at a workshop. The Board has tasked staff with researching the impact of the nonprofit status within Washington and working with the accountant to figure out the financial impact from previous reviews the IRS has done. They agreed it was best to review the program’s equity fund goals, revisit the cost/benefit analysis at a future meeting, and if needed, table the discussion for a few years.

   ii. Board Orientations. The project group has been working with staff to create a simple power point presentation to help new board members. It was decided that after a few minor changes to the slideshow, and after discussing the current process, all will remain in place and handled by McDonnell, with the addition of other Board members as it makes sense.

ITEM 7(B) – Claims Audit: Staff is currently waiting on the final claims audit for the prior fiscal year, ending 5/31/17, to present to the Board.

Financial Audit: McDonnell reported to the Board that since the Fiscal Committee discussed with the auditors, Moss Adams, the timeline with hard deadlines, they are expecting this year’s audit to go smoothly. Moss Adams will begin the audit in August.

ITEM 7(C) – Election 2018: McDonnell reported that everything is on track and in compliance with the WAC. We will be using electronic voting to help encourage member participation. Voting will begin on 2/26/18 and end 3/26/18 with results reported at the Board meeting in April.

ITEM 7(D) – Annual Meeting. It was reported, by staff, that the Go-To Meeting platform worked well for the Annual Meeting back in December. The Board is considering using the same platform for future annual meetings. There was brief discussion to move the date to August.
ITEM 7(E) – Staff Update – CRS. Homer updated the board with a few changes. McDonnell's role has changed to solely focus on NPIP's administration and development. Meghan Paysse is now solely Eric's assistant and has been training off and on with McDonnell during the transition. Lance Hammond retired at the beginning of the year and Rich McBride stepped in as the new Director of Risk Management and Educational Services.

ITEM 7(F) – Misc./Other: None.

ITEM 8: ACTION ITEMS

A. Date Retention & Information Security Policy. McDonnell recommended that the Board consider the proposed policy. While the WAC only mentions a few things regarding document retention, staff recommends using the standard CORE as guidelines, with a few modifications, as they are established and used by other joint self-insurance risk pools in Washington. Staff suggests a two year limit for documents on the website. Johanson reviewed the sample policy before the meeting and recommended to the rest of the board that it is a good idea to get a policy in place. Johanson moved to approve the policy as presented by staff. Riley seconded the motion. With none opposed the motion carried. There will be a project formed to review this for future.

ITEM 9: UPCOMING MEETINGS/CONFERENCES

A) April 11-13 – Board Retreat in Suncadia, Cle Elum
B) April 13 – Board Meeting, Suncadia, Cle Elum
C) April 18 – NPIP Risk Sessions at Washington Nonprofits Conference in Yakima

MEETING ADJOURNED
There being no further business, the meeting was adjourned at 2:45pm.

Respectfully submitted,

Sarah McDonnell

Madelyn Carlson, Chair