

**LOCAL GOVERNMENT LIABILITY POOL**  
**BOARD MEETING**  
**Cheyenne, Wyoming**  
**April 30, 2009**

**LOCAL GOVERNMENT**  
**DEC 29 2009**  
**LIABILITY POOL**

Board Members in Attendance:

Ron Crook, Chairman, Lincoln County Weed & Pest District  
Brad Basse, Vice-Chairman, Hot Springs County Commissioner  
Will Davis, Treasurer, Mayor of Evanston  
Linda Smith, Secretary, At-Large Member  
Jim Hudelson, Goshen County Commissioner  
Don Richards, Shoshone Municipal Pipeline  
Bob Wood, Mayor of Dayton

Board Members Absent:

none

Staff and Guests in Attendance:

Shuler Boone, Administrative Assistant  
Paul Howard, RBC Dain Rauscher  
Monty Lauer, Executive Director  
Priscilla McCoy, CRM, CIC, Arthur J. Gallagher  
Tim Moss, Hub International  
Mark Pring, Executive Director (beginning July 1<sup>st</sup>)  
Richard Rideout, LGLP Attorney

● **APPROVAL OF MINUTES**

Chairman Ron Crook called the meeting to order at 9:00 A.M, and welcomed Mark Pring and Richard Rideout. Don Richards made a motion that the minutes from the meeting, as well as the Executive Session, held on February 10, 2009 be approved. Jim Hudelson seconded the motion. There was a vote, and the motion passed unanimously. Don Richards made a suggestion that the minutes from the Executive Session not be mailed to board members. Linda Smith said that in her time as clerk that the minutes from the executive session were not approved. Brad Basse suggested putting more detail into the Executive Session minutes such as stating what cases were discussed. Chairman Crook suggested simply accepting the minutes and putting them on file. Shuler asked the Board if it wished more detail in the Executive Session minutes. The Board decided that, in the future, the Secretary of the Board would take and prepare the Executive Session minutes.

● **EXECUTIVE DIRECTOR'S REPORT**

**A. Budget Report**

Monty Lauer reported that that there were a couple of line items that were over their budgeted amounts. He said that settlements looked close to being over budget, but it was a particularly difficult to predict.

Jim Hudelson asked Monty if the Pool was required to have a balanced budget and if the budget had to be adjusted when line items went over budget. Monty answered that all adjustments must be made prior to June 30th.

### **B. New Members**

Monty said that he had prepared a quotation for Parker Draw Improvement and Service District, Cheyenne Regional Airport Board, and Tongue River Valley Community Center. He reported that new members of the Pool were Byron Drainage District, Laramie County Weed and Pest District, and South Central Wyoming Emergency Medical Services Joint Powers Board. Monty said he was not concerned if a hospital district or hospital joined the Pool. He said he would send their payroll to the actuary, Mujtaba Dato, with ArmTech, and he would calculate the contribution. Monty stated that it was discovered that the Big Horn Airport Board was not under the county's coverage. State statute defines an airport board as a separate entity. He said he had provided them a quotation, and that they would join the Pool. Monty said he did not know why the legislature had "picked" on airport boards in the statute, as library, museum and airport boards are essentially the same. Brad Basse asked if it would be prudent to send a letter to all the counties concerning the issue. Monty said that it could be done, but he thought that most counties form airport joint powers boards and not a separate board.

### **C. Renewals**

Monty stated that it was obvious that most entities have experienced an increase in payroll from last year. He added that if an entity is not where it should be in the switch from calculating contributions by payroll instead of expenditures, five percent is added. He added that the average increase in payroll was 15 percent.

### **D. Board Elections**

Monty announced that Don Richards, Bob Wood, and Will Davis terms would expire in January. Will Davis and Don Richards stated that they would run for reelection.

### **E. Bill Miller's Report**

Bill Miller was "on the road", but had left the Board a written report of what he had done since the last Board meeting.

### **F. Mark Pring's Report**

Mark reported that the staff seems very cooperative. He said that now is a busy time as renewals are coming in, which was an interesting process, and they are over half-way done. Mark said that Monty getting him up to speed on Risk Envision, the complicated software used for claims. He reported that the one major thing he had discovered was that the position of Executive Director was not something that could be learned in two or even six months. Mark stated that he and Monty had been attending mediations and that he had found them very interesting. He said he had met some of the adjusters and attorneys that the Pool uses on a regular basis. Mark said that Monty had a presentation for the Wyoming Rural Water Association, in Casper. He reported that Monty has a good reputation with the entities. It is evident that Monty likes his job and is customer-service oriented, as he takes calls, answers questions, and is very patient in the process. Don Richards asked Mark Pring if he was overwhelmed with anything in particular. Mark answered, "No" and added that he was simply "getting in" and working his way through things, and if he has an issue that proves to be difficult, he can ask Monty. Don Richards asked Mark if he felt he would need to "lean on" Monty after two months. Mark answered, "Yes". Don said that there

was nothing in the budget to cover consulting fees for Monty. Monty announced that he planned to give up his "desk" to Mark by the middle of May. He added that he had let Mark listen to questions that have come in by phone and his responses. Chairman Ron Crook asked Monty if the Board needed to discuss his consulting fees. Monty answered, "Yes". Brad Basse said he appreciated Monty's teaching techniques of letting Mark take over the operations on May 15<sup>th</sup>.

- **APPROVAL OF EXPENDITURES**

After a short discussion, Linda Smith made a motion to approve the expenditures for the first quarter of the calendar year. Will Davis seconded the motion, and it passed unanimously.

- **EXCESS INSURANCE QUOTE**

Priscilla McCoy, from A. J. Gallagher, the Pool's excess carrier, and Tim Moss from Hub International presented the quotation for excess insurance. Priscilla McCoy referred the Board to her presentation booklet and stated that after negotiations Genesis, the Pool's excess carrier, agreed to keep the premium at \$290,600 (the premium paid last year), which equals to \$708 per member. The policy would name LGLP as insured, as well as each member of the Pool. Priscilla continued with her presentation stating the limits of the proposed policy. She explained that Genesis has two coverage agreements: Coverage A is general liability, auto liability and incidental medical malpractice at \$4 million per occurrence, with \$9 million for Teton County and a \$5 million aggregate; Coverage B is what they call public officials and employee issues. Each "tower of coverage" stands alone. Ms. McCoy said that if the Pool had outside attorneys and large claims that eroded its self insurance retention, Genesis would come in and pay those claims.

Don Richards asked what would happen if a hospital wanted to join the pool. Monty answered that a hospital would not be covered under medical malpractice. Ron Crook asked how much it would affect the premium to cover medical malpractice. Priscilla answered, "None" because they cover federal claims. She added that the negotiation process would have to be "re-approached". Monty stated that the medical malpractice portion is "claims made", and he explained "incidental medical malpractice". Priscilla said that the policy covers nurses, doctors, and administrative services for jails.

Richard Rideout asked Priscilla when they required notice of claim. She referred him to page 12 of her booklet under notice requirements and instructions to report claims. Priscilla explained that mold, fungi, war, terrorism, inverse condemnation and eminent domain were not covered. She concluded her presentation citing disclosures, confidentiality, Genesis' insurance rating of A++, and her commission of 15 percent. Linda Smith asked Monty if this coverage had been used. Monty replied, "Never". Priscilla said that included in the excess coverage was review of contracts submitted by members. She explained that quotes were requested from other companies. She added that they also offered claims advocacy services. She said that the Pool was doing great. Ron Crook asked how long the Pool had had this coverage. Monty answered, "1999". He said he felt that tenure should be reflected in the premium. Priscilla answered that they were trying their best to hold the premium the same. She thanked the Pool for its business and said she had used the Pool as a reference.

- **PROPERTY AND EXCESS INSURANCE**

Tim Moss, from Hub International, reported that the growth of the number of entities in the program has not significantly increased nor has the premium. He said that most of the entities had realized some savings, but that the market was still soft in the property area. Tim said that Travelers and Scottsdale were

still doing most of the business for them and those two companies were both strong. He said that over the past year, Monty, he and Karen Graham, from A. J. Gallagher had conversations concerning how they could form a property program that could be competitive. Monty said he had sent out letters to the entities to see if there would be interest in a property program, 25 responded with information. He added that the members of the Pool want to call one place to handle everything for them, which was a good idea and very service-oriented. Monty added that unless the Board decided to pick up a higher deductible of \$75,000 or \$100,000 per claim, it would not be possible to obtain a competitive property program. Tim said he thought it would help to put the LGLP name on a policy as a way of soliciting. Monty explained that although the statute says the Pool has to provide liability, it does not say it cannot provide other coverage. He explained that a property program may have to be handled separately. Bob Wood asked who would do the valuations on the property. Tim Moss explained that Hub International would be involved and it would be a part of their service.

Monty said he had asked Mujtaba Dato, the Pool's actuary, to study the possibility of the Pool self-insuring the excess coverage. He showed the Board a letter from Mr. Dato and a graph showing what had been paid to Genesis. He explained that the money paid to Genesis could be put into a fund to self-insure the excess coverage. Monty reported that Mr. Dato believed that the Pool could self-fund the excess coverage with the money it has. He showed that the letter stated limits and that there pros and cons to self-insuring. Monty said his thought was why give Genesis the money, since basically, the coverage was being provided to the Pool's members for free. He explained that in order to self-fund the excess, the money paid in premium could be put in a separate fund, or the members could be charged for it. This item was discussed, and the Board meeting recessed for lunch at 11:20 A.M.

The Board meeting reconvened at 12:55 P.M. Chairman Ron Crook said he appreciated the flowers that were sent to him and his family during their time of grief.

Monty Lauer continued his presentation on the Pool possibly self-insuring excess coverage. He stated if this was done, the coverage would drop from \$5 million to \$2 million. He said that one option would be for the Board to pay Genesis this year, and ask the Pool's members what they thought they needed to cover federal claims. Richard Rideout suggested buying an additional \$3 to 5 million in coverage. Monty stated that R. J. Gallagher was obtaining a bid on that. Jim Hudelson made a motion that the Pool self-insure excess coverage as per the actuary's recommendations of \$1.5 million per occurrence with a \$5 million aggregate. Brad Basse seconded the motion, and it passed unanimously.

● **PAUL HOWARD, RBC DAIN RAUSCHER**

Paul reported that for the first three months of the year, the Pool's investments with RBC Dain Rauscher were up 0.85 percent. He explained that on a relative basis, the Pool is doing well, but it is a tough environment now with interest rates so low. He showed the Board an interest rate monitor, which provided a table of where interest rates are. Paul said that they use a lot of agencies, the five-year agency is at 2.5 percent and the two year is at 1.4 percent. He said he believes there will be a time when two things will happen, interest rates will go up and inflation will come back. It is a paradox, rates increase when people have more confidence. He explained that one opportunity he sees is treasury inflation-proof securities, which are unique and came out two years ago. Paul explained that normally a bond will be issued for \$100,000, and when it matures he gets \$100,000 back. The principle adjusts for the consumer price index. If the consumer price index increases, you get more than you invested plus interest. The trade-off is you do not get much interest. He showed the board a "worse-case" scenario in investing in these securities. He said if the board did not want him to invest in these, he would like to wait. He said that investing in the inflation-proof securities were okay per the state statute. He said if the Board wanted him to be more aggressive, he could, but otherwise he would like to wait to do further investing. Chairman

Crook thanked Paul Howard for his time. Shuler showed the Board an investment analysis she had prepared that showed the interest fluctuations between April 2008 and March 2009 on the WyoStar, RBC Dain Rauscher and Kaiser investment accounts.

Monty asked the Board what it wanted to do concerning the property insurance issue. Don Richards suggested tabling the issue until after the transition of the Executive Director position. Ron Crook asked Monty if the Pool's actuary could help. Monty answered that he would like to offer that convenience, but there would be a cost associated with it. Will Davis suggested waiting to see what Tim Moss and Priscilla could offer. The Board agreed to table the issue of property coverage.

### ● **CERTIFICATES OF DEPOSIT**

Monty showed the Board a spreadsheet that Shuler had prepared that reflected that several certificates of deposit were going to mature in May and August. He said that the certificates of deposit that were over \$1 million and suggested that it might be necessary to separate each certificate of deposit into two certificates. The Board agreed to allow the certificates to be quoted by the staff and if the quotes proved to be below what was being earned in the Wyo-Star account, then the monies would be deposited into the WyoStar account. They also did not want the certificates separated unless it was absolutely necessary to obtain quotes.

### ● **COMPANY CAR – PURCHASE VERSUS RENTAL**

Monty said that Bill Miller had reported to him that Avis and Enterprise car rental companies were raising their rates. The Pool pays \$54 per day for a sedan, which will increase to \$67 a day in June. An SUV is needed nine months out of the year due to weather, which rents at an even higher rate of \$84 a day. Monty reported that Bill is averaging 12,500 miles per year traveling in the state. Monty said if the Board purchased a car, it would probably last four to five years, it would be convenient, but there would be maintenance costs. He said that other staff members would be using the car to go to the post office, office supply stores and the bank. Only Nissan, Toyota and Honda lease vehicles. Don Richards made a motion to obtain quotes on a vehicle and those bids be presented at the next board meeting for approval. Bob Wood seconded the motion. Brad Basse suggested considering resale value when requesting bids. Will Davis stated that some automobile companies offer long-term warranties on power trains, and that would be an important factor to consider. Chairman Crook suggested that the Board could decide the issue on a conference call. Don Richards amended his motion to include the fact that the vehicle would be purchased in the next fiscal year. Bob Wood suggested a cost of approximately \$40,000 for an SUV and seconded the motion. Richard Rideout suggested advertising for bids. There was a vote and the motion passed unanimously.

### ● **APPROVAL OF FY2010 BUDGET**

Monty showed the Board his proposed budget for fiscal year 2010. He stated that the health insurance had increased 8.2 percent, and because of increased claims the Pool had to increase a level, so the total increase was 13 percent. He added that there would be a premium holiday in January, so the total increase would average 8 percent. Monty said that the concrete slab under the deck of the building was cracking and he had the architect who designed the building to look at it. The architect had informed Monty that footers were to be installed underneath the slab to prevent cracking when the building was being built. The architect said he would check with the contractor to make sure those footers had been installed. Monty stated that there was no construction, nor vehicle nor consulting fees in the fiscal year

2010 budget, but he had allowed 13 percent increase for health insurance. Ron Crook asked Monty what he could foresee for consulting fees. Monty said he would like to be on an hourly basis as needed. Don Richards suggested adding \$25,000 to the proposed FY2010 budget for consulting fees. Monty stated that the travel line item could be reduced by \$7,000 if a line item was added for vehicle purchase. Jim Hudelson said he would like to decrease the travel line item by \$7,000. Linda Smith said she would like for the Board to offer Monty \$50 per hour for consulting. Jim asked if the Board should require a proposal from Monty. Monty agreed to the \$50 per hour rate on an "as needed" basis. Brad Basse made a motion that the Board move to Executive Session to discuss personnel issues. Don Richards seconded the motion, and it passed unanimously.

The Board took a break before Executive Session at 2:45 P.M., and reconvened in Executive Session at 2:55 P.M. Brad Basse moved that the Board reconvene into its regular session at 3:45 P.M. Jim Hudelson seconded the motion, and it passed unanimously. Brad Basse made a motion that the following changes be made to the proposed budget for the 2010 fiscal year: travel line item decreased to \$28,000; construction be set at \$60,000; and \$40,000 be added for a vehicle; and a \$100 per month salary raise for employees. He explained that the salary raise did not include Mark Pring's salary, which had already been decided at the last board meeting. Will Davis seconded the previous motion. There was no further discussion, so there was a vote and the motion passed unanimously.

#### ● **SENIOR CENTERS – GOVERNMENTAL ENTITIES?**

Monty told the Board that the statute that governs the Pool says that senior centers are private, non-profit corporations. The Governmental Claims Act defines them as public corporations. Most are 501(c)(3)'s (non profit). Richard Rideout said that the question was not whether they are eligible for Pool membership; it is whether they are eligible for the cap on limits. Linda Smith made a motion to reduce to writing and take the question to the attorney general. Brad Basse seconded the motion, and it passed unanimously.

#### ● **WYDOT CLAIM**

Monty stated that the Wyoming Department of Transportation had a claim against one of the Pool's members. He said that he had asked Tom Thompson to research it because one governmental entity cannot sue another governmental entity. He said the claim was sent to the state because it was a peace officer issue. Monty said he was informed that John Renneisen would work on the case.

#### ● **SWIMMING POOL ISSUE**

Monty stated that Bill had visited a town do employee training and found a swimming pool with no lifeguard on duty when he went to the recreation center. Bill informed them that they have to have a full-time lifeguard. They had signs that parents should watch their children, but if they cannot have a lifeguard on duty, they need to close their doors. Monty said that a letter should be sent to all the entities informing them that they must have a full-time lifeguard on duty for every 40 people in a pool.

#### ● **RECONSIDERATION OF VEHICLE CLAIM**

Monty stated that there was a claim that a city employee had filed because he backed into his own vehicle with the city backhoe. Monty said he had denied the claim as the city cannot file a claim against itself.

He said he had received a letter from the city attorney and city council requesting that he reconsider the claim. Monty read the letter to the Board and explained that if the employee were to sue the city, he would have to name himself, so he would be virtually filing a claim against himself. There was a discussion concerning recently settled claims.

• **OLD AND NEW BUSINESS**

Monty Lauer reported that that a town had called him because they had bought a swing set, but did not have the money for installing proper ground underneath it, so they wanted to put it on grass. He said he had told them if they did not have the required surface, that it should not be installed.

• **PRIMA AND ARMTECH CONFERENCES**

Monty said that the deadline was last week on whether anyone wished to go to the PRIMA Conference. No one expressed an interest in attempting to attend the PRIMA Conference. Monty announced that that he, Mark and Bill would be attending.

Monty said that the deadline for registering for the ArmTech Conference was July 30<sup>th</sup>. The ArmTech Conference will be held August 2<sup>nd</sup> to August 5<sup>th</sup> at Torrey Pines in LaJolla, California. Monty stated that ArmTech Conference was more geared toward pools. Linda Smith, Bob Wood, Ron Crook, Don Richards, and Brad Basse all expressed interest in attending the ArmTech Conference. The Board agreed that Monty should also attend, along with Mark Pring and Bill Miller.

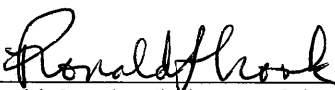
• **NEXT BOARD MEETING**

The Board decided that the next board meeting would be held on Friday, June 26<sup>th</sup>, at the office in Cheyenne.

• **ADJOURNMENT**

Don Richards made a motion that the meeting adjourn. Linda Smith seconded the motion. The motion passed unanimously, and the meeting adjourned at 4:53 P.M.

Approved:

  
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Ronald Crook, Chairman of the Board

  
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Date