

**LOCAL GOVERNMENT LIABILITY POOL
BOARD MEETING
Cheyenne, Wyoming
February 10, 2009**

Board Members in Attendance:

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

Staff and Guests in Attendance:

Shuler Boone, Administrative Assistant
Monty Lauer, Executive Director
Bill Miller, Loss Control Manager
Richard Rideout, LGLP Attorney

• **APPROVAL OF MINUTES**

Chairman Don Richards called the meeting to order at 9:00 A.M., and introduced new Board member Jim Hudelson and welcomed him to the meeting. Mr. Richards then asked for a motion to approve the minutes from the October Board meeting. Ron Crook made a motion to approve the minutes from the October 30, 2008, board meeting. Brad Basse brought a few minor errors to the attention of the Board and staff, but seconded the motion based on those corrections being made. There was a vote, and the motion passed unanimously.

Brad Basse made a motion that the minutes from the Executive Session of October 30th be approved. Linda Smith seconded the motion, and it passed unanimously.

Linda Smith made a motion to approve the minutes from the Board's telephone conference of December 19, 2008. Bob Wood seconded the motion, and it passed unanimously.

• **BOARD ELECTIONS**

Chairman Don Richards announced that he would decline a nomination for the position of chairman. Brad Basse made a motion to nominate Ron Crook as chairman of the LGLP Board. Linda Smith seconded the motion. There were no further nominations, so Linda Smith made a motion that nominations for chairman cease. Brad Basse seconded the motion and it passed unanimously. There was a vote to elect Ron Crook as chairman, and it passed unanimously.

Linda Smith nominated Brad Basse for the position of Vice-Chairman. Bob Wood seconded the motion and it passed unanimously. Brad Basse was elected unanimously as Vice-Chairman.

Brad Basse nominated Linda Smith for the position of Secretary. Bob Wood seconded the motion and it passed unanimously. Linda Smith was unanimously elected to another term as Secretary.

Bob Wood nominated Will Davis for the position of Treasurer. Linda Smith seconded the motion, and the vote was unanimous. Will Davis was unanimously elected to another term as Treasurer.

● **EXECUTIVE DIRECTOR'S REPORT**

A. Election Results

Monty Lauer announced that Brad Basse and Ron Crook had run unopposed for their positions on the board, and congratulated them on their new terms. He asked the Board if it had any questions concerning the updated budget report. Monty said that there were a couple of legislative items to discuss later. He said that the Town of Wright had been reinstated to the Pool. He explained that they did not turn in a renewal application for fiscal year 2008, so they were cancelled.

B. Budget Report

Linda Smith made a motion to accept and file the budget report. Will Davis seconded the motion and it passed unanimously.

Monty said he had received a call from the City of Rawlins regarding indemnity agreements. He said that he advises entities not to sign agreements with indemnity clauses because the Pool will not cover the other party. After a short discussion on this topic, Brad Basse suggested that Bill Miller provide education for the Pool's members regarding the issue. There was another discussion concerning senior citizen centers providing transportation across state lines. Monty said that he advises senior centers that the Pool recommends they do not cross state lines.

C. Bill Miller's Report

Bill stated that in the last quarter he had provided training to eleven entities, mostly on documentation and ethics; but he had provided harassment training for one entity. Bill said that he had a presentation on policies and procedures at the Wyoming County Commissioners Association, and that Monty had a presentation on general liability. He also stated that he had also visited 14 other entities concerning policies and procedures and liability issues. Bill said he had also performed two OSHA "walk-throughs". He said he had received an email from Donna Geho from the Town of Glenrock asking him if he could be a liability correspondent for the Wyoming Association of Municipal Clerks and Treasurers (WAMCAT). Bill commented that 89 of WAMCAT's members are in the Pool. He added that if someone calls him from an entity that is not in the Pool, he tells them that he is limited as to what he can do.

Don Richards asked Bill what was going on with the sewer committee. Bill replied that the committee is stalled at this time because no one seems to want to participate. The only entity that had sent Bill some information was the City of Cheyenne. Bill added that several years down the road the sewer issues will become a crisis and the legislature will ask why someone did not come to them for help, and at least the

Pool will be able to say it attempted to facilitate the issue. The sewer issues were discussed at length. Ron Crook asked what could be done. Bob Wood suggested trying to establish another group. Bill said that he had asked WAM (the Wyoming Association of Municipalities) to become involved in the second group, but it ended up dying faster than the first sewer committee. Ron Crook suggested that the Pool make generic rules. Monty stated that no one will want to do anything about the sewer issues until it is a pressing concern. He added that the entities state that they have jetting and sewer maintenance equipment on their renewal applications, but when a claim is filed, it is sometimes discovered that the equipment does not exist. Bob Wood commented that regular sewer maintenance can be performed, but it may not necessarily prevent a backup. Monty stated that a jury can still find that there is liability even after two days after cleaning. Don Richards suggested that the chairman go to the WAM group whenever they have a meeting and explain where the Pool stands on the issue and request an interim study. Monty suggested that a separate premium could be charged for sewer claims; i.e., it costs the Pool more, so it could cost the entities more.

● APPROVAL OF EXPENDITURES

Don Richards asked if the Pool's auditor had ever expressed concern that charges on the VISA bill are approved by the Board after the fact. Monty and Shuler answered that nothing had ever been expressed to them. Jim Hudelson made a motion that the expenditures be approved. Don Richards seconded the motion. There was a vote, and the motion passed unanimously.

● TIM MOSS, HUB INTERNATIONAL – UPDATE ON PROPERTY INSURANCE

Monty explained that Tim Moss, with HUB International, as well as Karen Graham, CIC, with Arthur J. Gallagher & Company, the Pool's excess carrier, had planned to attend the meeting, but were unable to when it was rescheduled due to weather conditions. He stated that Karen had been talking to carriers concerning a property program. Don Richards asked if the program would replace or be in conjunction with the current program with BHJ (Hub International). Monty answered that the program would be in conjunction with the current one. He explained that they were trying to come up with a program that would be comparable and able to compete with other property carriers in Wyoming. He stated that two entities had spoken with him and had expressed concern that the current program with Travelers is expensive.

Linda Smith asked Monty if he was still having trouble finding adjusters. Monty answered that most of the adjuster that he uses are near retirement age and there are few new ones coming into the profession. There are few adjusters that know how to assign liability.

● UPDATE ON HOSPITALS JOINING THE POOL

Monty reported that no hospitals had joined the Pool. There was one that had expressed an interest, but joined another pool. Monty explained to the Board the circumstances that had led to the hospital not joining the Pool. The former CEO had told Monty that their board had voted to join the Pool, but the new CEO came in and convinced the board to stay with their current carrier, who lowered their rates and made some changes. Monty said that the hospital's board said it would consider joining the Pool next year.

Brad Basse commented that if nothing else, the hospital's current carrier had lowered their rates. Monty agreed that they had saved money simply by considering joining the Pool.

• **APPROVAL OF RATES FOR FY2010 COVERAGE YEAR**

Monty brought to the Board's attention to the actuarial report and his report comparing the rates the actuary had recommended and those he recommended. He also asked the Board to consider his loss ratio report by entity, as some entities' are well over 100 percent. He explained that 42 percent of the Pool's members are generating the losses, and those generating the losses are paying 69 percent of the premium. Don Richards asked Monty if he kept his records by entity or by case. Monty answered that he kept his records by entity. Ron Crook asked Monty if his loss ratio report was generated by Risk Envision. Monty answered, "Yes" and added that sometimes, if there are manual entries, the process can be time-consuming. Monty brought the Board's attention to another report, "Cost Distribution From 1997 to January 2, 2009. He stated that the Pool's administrative costs were 25.38% of total costs, incurred losses were 26.97 percent, with 47% being contributed to surplus. Monty explained that when the Pool was part of the State, the figures were considerably different, as the contribution to surplus was much higher as there were no administrative costs. Don Richards asked Monty if he could break down the information on the cost distribution report on an annual basis. Monty answered, "Yes". Brad Basse asked if the information on Monty's report could be broken down by fiscal year. Monty answered, "Yes"; but reminded the Board that any fiscal year could still generate costs due to unreported claims.

Monty Lauer explained to the Board how he arrived at his recommended rates for the next fiscal year. He stated that he believed very strongly that when the renewal applications and financial documents were received, that most entities would report a five to ten percent increase in their payrolls, resulting in an increase in contributions. He added that the current economic crisis being felt in the country had not "creeped" its way into Wyoming as of yet. He added that he believed in approximately 18 months, entities would respond to the economic crisis by not filling vacant job positions, , payrolls would decrease, resulting in a decrease in contributions. Brad Basse commented that fewer employees may produce a decrease in claims. Monty commented that the Pool had an abundance of surplus, so it would not hurt to give the members a "break". Will Davis said he thought that it would be mostly the counties and cities that would have to cut employees. After some discussion, Will Davis said he was more inclined to leave the rate structure as it was. He added that if the Board were to reduce rates in a good year, it may have to increase rates to make up for it in a year that is economically bad. The Board decided to break for lunch at 11:20 A.M

The Board meeting reconvened at 12:55 P.M., and continued its discussion on setting rates for the 2010 fiscal year. Will Davis suggested again to keeping the rates steady for the present, thereby enabling the Pool to be in a position to possibly help its members later. Linda Smith concurred and stated that there will be a new executive director, so it will be even more important for the Pool to keep its security. Bob Wood agreed with Linda. Don Richards suggested sending a letter out with the renewals, informing the entities that rates would not be increased at this time. Jim Hudelson said he thought he understood the potential risk of claims coming in and asked if the cap was \$250,000. Monty explained that federal claims would not be capped at \$250,000 and may be any amount. He also explained that since most entities' payroll had increased since last year, that would cause an automatic increase in contributions. He commented that this was an item that would need to be watched carefully, but for now, a fifty percent contribution to surplus is rather high. Brad Basse stated that the actuary always recommends a raise in rates, but this year they recommended lowering them by 26 percent. Ron Crook asked Monty if the

actuary's reasoning behind recommending lower rates was the Pool's contribution to surplus. Monty answered, "Yes" and further commented that he understood Will Davis' reasoning in his suggestion to keep rates steady. Monty explained that there were two cases that would take a total of approximately \$500,000 to settle next year. Linda Smith reminded the Board that it set a goal to have \$25 million in reserve. She stated that goal was possible to reach, but a couple of large claims could divert the effort. Monty explained that previous high interest rates helped a great deal in helping the Board achieve its goal. Those rates are now gone, and the Board must rely strictly on contributions to build surplus. Don Richards commented that as soon as a hospital joins the Pool, it will need a "bigger pot", and the Board would not want to go to the Legislature to fund that. He said the \$25 million goal for surplus was a good goal to keep whether the Pool has hospitals or not. Ron Crook suggested that the Pool fund its own excess insurance one day.

Brad Basse asked if the Board still wanted to use the five percent cap (that was used last year) for those entities that had not "caught up" with the previous change from calculating contributions on payroll rather than expenditures. Linda Smith answered that if nothing is done, the members will still have an increase in contribution because their payrolls have increased. Don Richards stated that he did not think it would be fair to the other members of the Pool not to bring those members' contributions affected by the change in calculating contributions to where they should be. He suggested if a member had a complaint, the Board should address it in a telephone conference as 80 percent of the members' contributions are now where they should be.

Brad Basse made a motion that the Board accept rates for fiscal year 2010 at their current amounts and limit the increase to any member to five percent in order to get their contribution to where it should be. Don Richards seconded the motion. Monty Lauer stated that he knew of one entity that may cancel their membership in the Pool. He asked for clarification if the five percent would be added to any increase in payroll in calculating their contribution. Don Richards answered that was what had been done in the past. Brad Basse said that the intent of his motion was not to give any member an advantage over another. Monty asked for clarification of the motion by asking if a member's payroll increased five percent and their contribution was still not at the level it should be, would that add another five percent to the contribution making their total increase in contribution ten percent? Chairman Ron Crook asked Monty if he had a preference for the Board regarding setting rates. Monty answered that he agreed with Will Davis' recommendation to keep rates where they are for now. After a short discussion, Ron Crook asked if there was further discussion. There was a vote on the previous motion made by Brad Basse, and it passed unanimously.

● UPDATE ON LEGISLATION THAT MAY AFFECT LGLP

Monty Lauer stated that he had not seen anything that specifically may affect the Pool as yet. He said he had supplied the Board copies of two bills that he had received calls on. One bill involved a government pool in Colorado that operates a van pool. They supply the van, and the communities take the vans and come to Cheyenne. The pool in Colorado wants Cheyenne to cover them, but of course, the city cannot do that. Another issue is that it is not the Colorado pool's employees that are driving the vans to Wyoming. Monty added that the Colorado pool was seeking a reciprocal agreement.

Monty stated that the other bill that may affect the Pool involved "quite zones" for railroads. He said that a member's municipal engineer had called him concerning this bill. Monty said his concern with the bill was it was asking for funding for special horns and giving the railroad immunity.

Chairman Ron Crook recognized the amount of work Monty and the staff had done by making the reports and information available to the Board. Linda Smith thanked Don Richards for his service as chairman. Monty thanked the Board for their support.

• **EXECUTIVE SESSION**

Don Richards moved that the Board meeting enter Executive Session. Linda Smith seconded the motion. The vote was unanimous and the Board meeting entered Executive Session at 1:40 P.M.

At 3:53 P.M., Will Davis made a motion to exit the Executive Session. Linda Smith seconded the motion, and it passed unanimously.

Linda Smith made a motion that the Board authorize \$250,000 in settlement expense for the Hardesty vs. City of Green River case and up to the same amount for the Wilks, et. al. vs. North Big Horn Senior Center case. Don Richards seconded the motion. There was a vote, and the motion passed unanimously.

Will Davis made a motion that the Board offer Mark Pring the position of Executive Director of LGLP, with an annual salary not to exceed \$75,000 per year. Linda Smith seconded the motion. There was no further discussion, and the motion passed unanimously.

• **OLD AND NEW BUSINESS**

Monty announced that the PRIMA Conference would be held in Dallas, Texas on May 31 through June 5th. He said that he, Bill Miller and possibly Mark Pring would be planning to go. He invited any board members interested in attending the conference, and requested that he be notified as soon as possible. Monty announced that the ARMTech Conference would be held in Torrey Pines, California.

There was a short discussion concerning the planning of Monty Lauer's retirement celebration.

• **NEXT BOARD MEETING**

The Board decided to hold its next meeting on Thursday, April 30, 2009, at the Pool's office, in Cheyenne.

• **ADJOURNMENT**

Jim Hudelson made a motion that the Board meeting adjourn. Bob Wood seconded the motion. The vote was unanimous. The Board meeting adjourned at approximately 4:20 P.M.

Approved:



Ronald C. Crook, Chairman of the Board

4/30/09
Date