LOCAL GOVERNMENT LIABILITY POOL
BOARD MEETING

Cheyenne, Wyoming
Thursday, April 25, 2019

Board Members in Attendance:

Brad Basse, Chairman, At-Large Member
Kelly Krakow, Treasurer, Mayor of Town of Albin
Linda Smith, Secretary, City of Rawlins
Robert "Bob" King, Lincoln County Commissioner
Don Richards, Shoshone Municipal Pipeline (via telephone)
Tom Ringley, Sheridan County Commissioner

Board Members Absent:

Donna Geho, Glenrock Area Solid Waste Disposal District

Staff and Guests in Attendance:

Mark Pring, Executive Director
Mike Todd, Deputy Director
Bill Miller, Loss Control Manager
Todd Bishop, Geneos Wealth Management
Richard Rideout, LGLP Attorney
Shuler Boone, Claims Representative

• APPROVAL OF MINUTES

Chairman Brad Basse called the meeting to order at 8:00 A.M. He welcomed Todd Bishop with Geneos Wealth Management. Kelly Krakow made a motion the board approve both the general session and executive session minutes from the January 31, 2019, board meeting. Bob King seconded the motion. Linda Smith abstained as she did not attend the general session but had joined part of the executive session by telephone. There was no discussion, and the motion passed unanimously.

• TODD BISHOP – INVESTMENT ACCOUNT UPDATE

Todd Bishop handed out his written report to the board. The summary of the investment account through March 31, 2019 revealed the estimated annual income was $127,801 and the current yield on the account was 2.09 percent. He stated interest rates had increased gradually in 2018, but had decreased at the beginning of 2019. Todd Bishop stated the investment fee is 20 basis points and is paid quarterly.

- **EXECUTIVE DIRECTOR'S REPORT**

A. Renewal Update

Mark Pring reported Mike Todd had put a "fillable" renewal application on the Pool's website, and a substantial number of the members had used it. Four hundred twelve renewal applications had been received. Delene Applegate had been contacting those members that had not submitted their renewal application. Records showed the renewal process had progressed farther than it had this time last year. Typically, members are invoiced the same day their renewal application was received. Bill Miller reported that many of the members' payrolls had increased. Mark stated 171 members had already paid their 2020 contributions.

B. New Entities and/or Cancellations

Mark announced there was a new member that had joined January 1, 2019, Spring Hill Ranch Improvement and Service District. He added the Pool had 92 of the 99 municipalities in Wyoming as members. A few new members were picked up each year. Enrollment in the Pool had been extremely stable throughout the years. There was some discussion of tail coverage as one member had entertained quotes from other providers. The member was not unhappy, but simply wanted to shop around. The member had assured Mark that it would let him know if the Pool's quote had not been competitive. He said he hoped the member was merely comparing coverages because once a member leaves, it is very difficult for them to return to the Pool due to tail coverage.

Mark explained when the Pool was created, the State allocated $5 million for reserves, and had State Government backing until 1997. The Governmental Claims Act limits the Pool's coverage to liability. Bob King asked how tail coverage worked. Mark explained there were two primary types of liability insurance contracts in the industry, claims-made and occurrence. Claims-made policies are typically found in the private sector. They only cover claims and litigation that are made during the time the policy is in force. A claims-made policy is usually not as advantageous as an occurrence policy. The Pool's coverage is "occurrence", in other words, if a member left the Pool and a claim was received with a loss date prior to them leaving, the Pool would honor that claim. The Pool would continue to cover a member's claims two years after the member cancelled their membership. A member would have to consider tail coverage if they wished to rejoin the Pool, and is typically purchased from the same carrier they have been with. Chairman Brad Basse commented that the Pool's actuary is aware of the occurrence coverage and that is why the "incurred but not reported" (IBNR) figure is included in their evaluation.

C. Budget Report

Mark reported as of March 31st, the Pool was three-quarters through the current fiscal year. He explained there was a column on the budget report that showed the percentage of the budget line item that had been spent. Administrative expenses had been sixty-two percent spent of the budgeted amount. The amount budgeted for settlements had already been exceeded. Claim expenses were at sixty-six percent of the amount that had been budgeted. When administrative expenses and claim expenses were combined, only sixty-five percent of the total budgeted amount for expenses had been spent so far for the fiscal year. Mark stated the State had new rules that if total expenses exceed revenue, the budget would have to be amended. He said he had combined the budgeted amounts for settlements and judgements for the fiscal year 2020 budget. He explained an additional requirement was for the Pool to submit their budget to the State electronically. He said as long as income exceeds expenses everything was good; however, if

expenses exceeded revenue adjustments would have to be made and there would have to be a budget hearing. He would have to get in touch with the board to amend the budget before the end of the fiscal year. Linda Smith moved to approve the expenditure reports and place them on file. Bob King seconded the motion and it passed unanimously.

Mark reported the interest rates for the Pool's WyoStar account the past quarter were higher than the rates with the two investment accounts and without the fees. Compared to last year, the Pool had $500,000 more in total cash and investment accounts. The investment accounts had increased by $10 million over ten years. There had been an overall 50 percent increase in cash and financial accounts over ten years. Linda commented that good management of claims and investments had paid off.

D. Legislative Update

Mike Todd reported one of the major bills that was presented to the past legislative session involved transparency of public records. Each governmental entity would have to designate a person responsible for public records and would have to provide them within thirty days of request. The Governor's office would be contacted if there were issues in getting information in a timely manner. The bill had failed. Another bill that was introduced was a joint resolution to change the constitution to increase the amount governmental entities could receive for infrastructure work. The item would be the ballot this year. Another bill that passed, allowed governmental entities to run infrastructure for natural gas. There was also a bill to allow governmental entities to enroll in the State's health insurance program. Initially, the definition of a governmental entity in the bill did not include joint powers boards and special districts. Mark and Mike had asked the sponsors of the bill to include joint powers boards, but the bill failed in the Senate. There had been an attempt to "resurrect" the bill in the House, but it had also failed. There had been a "Citizens Standing" bill that would have allowed anyone to file a declaratory action to stop movement by an entity. The action would have to be stopped and a judge would have to decide whether the action was statutorily correct. The bill had failed. The Pool could not defend its member against a declaratory action as it falls outside the scope of coverage.

Mike mentioned there had been several lawsuits where the entity and the individual officer had been named personally. These lawsuits could really hurt the named officer because it is difficult to obtain a personal loan when you are involved in a lawsuit. Naming the individual officer had become more of a trend recently. Richard Rideout stated the practice of naming the individual officer was more common in civil rights claims as it was not necessary in tort claims. Tort claims usually simply name the entity for the tort action of the employee. Richard continued that it is usually up to the attorney how the claim or suit is filed. He explained in civil rights claims it is necessary to name an individual because it is almost always involving individual liability as there is no such thing as vicarious liability. The individual is named in a civil rights claim because they are usually the "moving force" of the violation.

Mike stated he and Mark had spoken to a few legislators concerning getting a bill started that would be similar to the law in Idaho. The law in Idaho required a pretrial hearing to determine if egregious behavior had occurred before anyone could personally be named in a lawsuit. There was no interest found in sponsoring such a bill. Richard replied that according to statute the Pool

has a duty to indemnify and defend the entity as long as the employee was within the scope of his or her duties.
Mike stated another bill clarified that police service volunteers are covered under Workers Compensation and the Governmental Claims Act. The coverage was there, but the bill simply clarified it.

E. Bill Miller's Report
Bill Miller stated last quarter the Loss Control department had visited 19 members, taught 20 different classes and attended four conferences. Bill had done a short presentation for newly-elected officials at the Wyoming County Clerks Association conference. He had also worked on four different members on the policies and procedures manuals. He had spent two days in Niobrara County and met the new attorney. He had taught a couple of classes, but had spent most of his time working on calculating contributions for renewals. The loss control department was gathering data during the renewal process to determine which members need to be visited. He said those members with playgrounds, no policies and procedures manual, and no job descriptions for volunteers would be visited. Mark stated they were also tracking those members that travel out of state.

There was a recess at 9:25 A.M. The board meeting resumed at 9:40 A.M.

- **EXPENDITURES FOR JANUARY, FEBRUARY AND MARCH**

Mark Pring referred the board to their packets and reviewed the check detail and credit card statements for the last quarter. There were no questions or comments. Kelly Krakow made a motion the board approve the expenditures and the credit card bills for the past quarter. Linda Smith seconded the motion and it passed unanimously.

- **EXECUTIVE SESSION**

Tom Ringley made a motion the board meeting enter executive session to discuss claims and personnel issues for the purpose of matters allowed by law. Bob King seconded the motion, and it passed unanimously. The executive session began at 9:40 A.M.

Bob King made a motion the executive session be concluded and the regular board meeting resume. Kelly Krakow seconded the motion, and it passed unanimously. The regular board meeting resumed at 11:25 A.M.

- **OLD AND NEW BUSINESS**

A. PRIMA Conference June 9-12, 2019
Bill Miller stated he was the only one going to the PRIMA conference this year. He said he would give the board a full report at the next meeting. He said he was expecting there to be many human resource items discussed. Mike Todd and Judi Just would be attending the WAM Conference in Sheridan.

Mike stated two quotes had been obtained for reinsurance, one for $386,000 and another for $500,000. Linda Smith asked what was the recommendation. Chairman Brad Basse stated he thought that the board should stay with self-funding reinsurance at the present time. Everyone agreed.

B. Building Matters

Mike Todd reported there had been issues getting the roof replaced for the building. The building was on a contractor's list to be done, but that all fell through. He had obtained an additional quote from a contractor that had been in business for seven years and seemed very professional. They were also having someone provide an estimate on painting the siding. Chairman Brad Basse asked if the repairs were being paid from insurance proceeds. Mark Pring answered, "Yes". The insurance company had partially paid for replacement of the roof and gutters. They have changed the Pool's deductible from $1,000 to one percent of the building value. Mark said it would cost an extra $2,500 to get heavier impact-resistant shingles.

- **FISCAL YEAR 2020 BUDGET HEARING AND APPROVAL**

Chairman Brad Basse opened the public hearing. He asked if there was any member that wished to comment. There were no comments received. Mark Pring presented the proposed budget for fiscal year 2020. Salaries and payroll liabilities had been decreased since there had been no success on pursuing another loss control person. The office supplies, office equipment, promotional expense and printing line items had been increased. The claims software line item had been increased due to acquiring a new claims software provider. The vehicle maintenance and repairs line item had been increased due to the vehicles requiring new tires. The investment fee line item had been increased because the investment account balances had increased. The settlements and judgements line items had been combined and increased due to the number of open claims and current litigation. Legal fees and expert witness fees had also been increased because the hourly rate for what attorneys were being paid required adjustment. Linda Smith asked if the decrease of total administrative expenses were partially because of the vacant position. Mark replied, "Yes". Don Richards made a motion to close discussion and approve the proposed budget for fiscal year 2020. Linda Smith seconded the motion and it passed unanimously.

- **NEXT BOARD MEETING**

The board decided the next board meeting would be held at 8:00 A.M., on Thursday, July 25, 2019, at a location to be announced in Casper.

- **ADJOURNMENT**

Bob King made a motion the meeting adjourn. Don Richards seconded the motion, and the vote was unanimous. The board meeting adjourned at approximately 11:51 P.M.

Approved:

B W. Basse 7-25-19

Brad Basse, Board Chairman Date