

**BOARD OF DIRECTORS' MEETING
MINUTES**

August 22, 2018, 8:30 a.m.
Courtyard Marriot, 1294 S Interstate Drive, Cedar City, Utah

BOARD MEMBERS PRESENT

Bruce Adams, *President*, San Juan County Commissioner
Bret Millburn, *Vice President*, Davis County Commissioner
Karla Johnson, *Secretary/Treasurer*, Kane County Clerk/Auditor
Alma Adams, Iron County Commissioner
Deb Alexander, Davis County Human Resources Director
William Cox, Rich County Commissioner
Victor Iverson, Washington County Commissioner
Scott Jenkins, Weber County Commissioner
Mark Whitney, Beaver County Commissioner
Mike Wilkins, Uintah County Clerk/Auditor

BOARD MEMBERS ABSENT

Blaine Breshears, Morgan County Sheriff
Dale Eyre, Sevier County Attorney
James Kaiserman, Wasatch County Surveyor

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Chief Financial Officer

Call to Order

Bruce Adams called the meeting of the Utah Counties Indemnity Pool's Board of Directors to order at 8:30 a.m. on August 22, 2018 and welcomed those in attendance. Bruce Adams led the Pledge of Allegiance.

Review/Approve Weber County Appointment to the Board

Bruce Adams welcomed Commissioner Scott Jenkins to the Utah Counties Indemnity Pool's Board of Directors. Victor Iverson made a motion to approve Commissioner Jenkins as the Weber County appointment to the Board. Karla Johnson seconded the motion, which passed unanimously.

Review/Excuse Board Members Absent

Bret Millburn made a motion to excuse Blaine Breshears, Dale Eyre, and James Kaiserman from this meeting. Deb Alexander seconded the motion, which passed unanimously.

Ratification/Approval of Payments and Credit Card Transactions

Karla Johnson reported that she has reviewed the payments made, the payments to be made and the credit card transactions of the Pool as of August 22, 2018 (see attachment number one). Johnson made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve April 19, 2018 Meeting Minutes

The draft minutes of the Board of Directors meeting held June 28, 2018 were previously sent to the Board Members for review (see attachment number two). Karla Johnson made a motion to approve the June 28, 2018 Board of Directors meeting minutes as written. Deb Alexander seconded the motion, which passed unanimously.

Review/Approve Second Quarter Financial Statements

Sonya White presented the second quarter 2018 financial statements to the Board (see attachment number three). White reported, as shown on the Statement of Net Position, Assets and Liabilities total \$18M, a decrease of \$1.2M from the prior quarter primarily due to paid losses of \$684,000 and administrative costs of \$267,000. White reported, as shown on the Statement of Revenues, Expenses and Changes in Net Position, at mid-year 2018, operating income is at 52%, underwriting expenses are at 35% and administrative expenses are at 49%. UCIP's Net Position at the end of the second quarter is: \$5,851,732, an increase of \$930,573 from the Net Position at the beginning of the year. White reported that the Cash Flow Statement provides the Board with the effects of cash during the reported period. Mike Wilkins made a motion to approve the second quarter financial statements as prepared and presented. Karla Johnson seconded the motion, which passed unanimously.

Review/Approve UAC/UCIP Lease Agreement

Johnnie Miller presented a draft Office Lease Agreement, based on a memo UCIP received from the Utah Association of Counties (UAC) CEO, Adam Trupp, shortly after UCIP moved in to the building (see attachment number four). Due to scheduling issues, Miller was unable to meet with either Trupp or UAC CFO Jill Brown prior to this Board meeting to review the draft Agreement. Bret Millburn inquired as to why UCIP has been in the UAC building for three years and still does not have an official executed agreement. Miller stated that circumstances beyond his control have interfered with the process. Mark Whitney opined that a memorandum of understanding (MOU) should be sufficient for UAC and UCIP's needs. William Cox agreed that something in writing needs to be in place but wondered why UCIP was taking the lead to get it done when it should be UAC. Miller explained that an MOU had been established but expired in 2016. The current arrangement is that UCIP will not pay rent but pay half of the annual maintenance costs, which historically have been around \$30,000. Based on the Board's discussion, Miller will work with Brown and Trupp to draft an agreement to present to the Board at their October 25, 2018 Board meeting.

Review/Approve Board Compensation Policy Amendments

Sonya White presented draft amendments to the Board Compensation Policy (see attachment number five). White explained that formatting changes were made to match the same formatting as the other policies of the Board. The only other change was designating members as "Board" rather than "Trustee". Alma Adams made a motion to approve the Compensation Policy amendments as presented. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve Coverage Addendum Amendments

Johnnie Miller reported that the Coverage Addendum is proposed to include sewer and drain coverage (see attachment number six). Sublimits recommended are: \$100,000 per occurrence, with a \$500,000 annual aggregate. Mark Whitney expressed concern with covering an exposure not provided by counties. Karla Johnson explained that in some areas, the only way to get the infrastructure necessary for sewers and drains is to establish special service districts. Miller indicated that more municipalities are pushing services onto the counties. Therefore, UCIP needs to be prepared to cover services the counties are willing to protect. Mike Wilkins made a motion to approve the Coverage Addendum amendments as presented. Alma Adams seconded the motion, which passed unanimously.

Review/Approve Internal Accounting Controls Policy Amendments

Sonya White presented draft amendments to the Internal Accounting Controls Policy (see attachment number seven). Amendments include updates to the formatting to match the other Board policies. Amendments include: 1) language included for unclaimed property reported to the Utah State Treasurer Unclaimed Property Division annually for unclaimed property valued at \$50 or more; 2) property and equipment purchased at a cost greater than \$5,000 will be capitalized instead of a cost of \$500; 3) depreciation is recorded quarterly; 4) a physical inspection and inventory will be taken of all fixed assets annually; and 5) language added to include the disposition of property. Deb Alexander made a motion to approve the Internal Accounting Controls Policy amendments as presented and to include language that *all personnel files include but are not limited to* the items in Section VI.K.1. Bret Millburn seconded the motion, which passed unanimously.

Review/Approve Pre-Loss Legal Program Policy

Johnnie Miller explained that Dale Eyre discussed the need for a Pre-Loss Legal Assistance Program Policy at the June 28, 2018 Board meeting. Miller presented a draft Pre-Loss Legal Assistance Program Policy to the Board (see attachment number eight). Miller explained that the Policy outlines the procedures and responsibilities of members when utilizing the Program including the approval of the Member's County Attorney prior to contacting UCIP's defense panel for legal consultative services. Deb Alexander made a motion to approve the Pre-Loss Legal Assistance Program Policy as presented. Bret Millburn seconded the motion, which passed unanimously.

Review/Approve Reimbursement Policy Amendments

Johnnie Miller presented draft amendments to the Reimbursement Policy (see attachment number nine). Amendments include terminology designating members as "Board" rather than "Trustee". Additionally, the word "travel" was removed from Section II, as that policy speaks specifically to the reimbursement of travel expenses. The Reimbursement Policy is applicable to both UCIP staff and the Board. Also, the amendments update the mileage reimbursement rate based on the increase for State employees effective July 1, 2018 as well as the rate for use of a private vehicle by employees. Karla Johnson made a motion to approve the Reimbursement Policy Amendments as presented. Alma Adams seconded the motion, which passed unanimously.

Review/Approve County Related Entities Membership

Mike Wilkins presented a membership application for Wilson Arch Water & Sewer Special Service District (see attachment number 10). Based on the recommendation of staff, Wilkins made a motion to approve the Wilson Arch Water & Sewer Special Service District as a non-equity, non-voting member of the Pool. Bret Millburn seconded the motion, which passed unanimously.

Review/Approve 2019 Actuarial Rate Analysis

Sonya White explained that based on the report provided by Mary Jean King of By The Numbers Actuarial Consulting during the Board's Strategic Planning sessions the previous day (see attachment number 11), Board approval is needed for the 2019 Rate Analysis. Mike Wilkins made a motion to approve the 2019 Actuarial Rate Analysis as presented. Scott Jenkins seconded the motion, which passed unanimously.

Review/Approve 2019 Rates and Estimated Member Contributions

Sonya White reported that based on the rates and indicated contributions for 2019 provided by the actuaries of By The Numbers Actuarial Consulting, rates for each line of coverage were provided to the Board for approval (see attachment number 12), White explained that the rates recommended calculate to between a 70-80% actuarial confidence level. During the underwriting process, 70 additional properties were appraised, including 55 properties in the open. The Pool is seeing an overall increase of 2-3% in member exposures for 2019. Ancillary coverages include: clash, cyber, additional defense, terrorism, and drones. The Pool has not passed the cost of clash, additional defense and terrorism to its members in the past, but it is recommended that these costs be included in contributions instead of depleting surplus. Reinsurance rates for automobile liability has decreased 20%, general liability rates decreased 1%, law enforcement liability rates increased 10% and public officials liability rates increased 15%. The recommended rates included all these factors: member growth, ancillary coverage costs, decreases/increases in actuarial and reinsurance rates, and the objective of the Board to increase surplus. It is recommended that the rate stabilization fund not be incorporated into the contributions formula for 2019 as it had been in 2017 and 2018. Therefore, White provided the Board with the estimated member contributions for 2019 for their review and discussion (see attachment number 12). Mark Whitney made a motion to approve the 2019 Rates and Estimated Member Contributions as presented. Alma Adams seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

William Cox made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Pending or Reasonably Imminent Litigation*. Deb Alexander seconded the motion, which passed unanimously.

Action on Litigation Matters

William Cox made a motion to strike agenda item: *Action on Litigation Matters*. Deb Alexander seconded the motion, which passed unanimously.

Set Date and Time for Closed Meeting

William Cox made a motion to strike agenda item: *Set Date and Time for a Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual*. Deb Alexander seconded the motion, which passed unanimously.

Action on Personnel Matters

William Cox made a motion to strike agenda item: *Action on Personnel Matters*. Deb Alexander seconded the motion, which passed unanimously.

Chief Executive Officer's Report

Johnnie Miller had previously provided a report at the Board's Strategic Planning sessions the day before.

Other Business

The next meeting of the Board of Directors will be held Thursday, October 25, 2018 at 1:45 p.m. at the Hilton Garden Inn, 227 Segoe Lily Drive, Sandy, Utah.

William Cox made a motion to adjourn the meeting of the Utah Counties Indemnity Pool Board of Directors at 11:15 a.m. on August 22, 2018. Deb Alexander seconded the motion, which passed unanimously.

Prepared by:

Sonya White, UCIP Chief Financial Officer

Submitted on this _____ day of _____
_____ 2018

Karla Johnson, Secretary/Treasurer

Approved on this _____ day of _____
_____ 2018

Bruce Adams, President