

**BOARD OF DIRECTORS' MEETING
MINUTES**

December 20, 2018, 1:30 p.m.
Twigs Fashion Place, 6223 S State, Murray, 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
Dean Cox, Washington County Commissioner
William Cox, Rich County Commissioner
Dale Eyre, Sevier County Attorney
Scott Jenkins, Weber County Commissioner
Jim Kaiserman, Wasatch County Surveyor
Mike Wilkins, Uintah County Clerk/Auditor

BOARD MEMBERS ABSENT

Deb Alexander, Davis County HR Director
Blaine Breshears, Morgan County Sheriff
Mark Whitney, Beaver County Commissioner

OTHERS PRESENT

Johnnie Miller, UCIP Chief Executive Officer
Sonya White, UCIP Chief Financial Officer
Alex Getts, UCIP Education & Training Specialist

Call to Order

Bruce Adams called the meeting of the Utah Counties Indemnity Pool's Board of Directors to order at 1:30 p.m. on December 20, 2018 and welcomed those in attendance.

Recess for Public Hearing on the UCIP 2019 Budget

Scott Jenkins made a motion for the Board of Directors to recess at 1:30 p.m. on December 20, 2018 for a scheduled Public Hearing to review the Utah Counties Indemnity Pool's 2019 Budget (see attachment number one). William Cox seconded the motion, which passed unanimously. Board Members present at and participating in the public hearing were: Alma Adams, Bruce Adams, Dean Cox, William Cox, Dale Eyre, Scott Jenkins, Karla Johnson, Jim Kaiserman and Mike Wilkins. Others present and participating in the public hearing were: Alex Getts, Johnnie Miller and Sonya White.

Dean Cox made a motion to close the public hearing and reconvene the Board of Directors meeting at 1:40 p.m. on December 20, 2018. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve 2019 Budget

Following the Public Hearing, Karla Johnson, Audit Committee Chair, presented the 2019 UCIP Budget to the Board. Karla Johnson made a motion to approve the 2019 Budget as presented. Mike Wilkins seconded the motion, which passed unanimously.

Review/Excuse Board Members Absent

Mike Wilkins made a motion to excuse Deb Alexander, Blaine Breshears and Mark Whitney from this meeting. Karla Johnson seconded the motion, which passed unanimously.

Review/Approve October 25, 2018 Meeting Minutes

The draft minutes of the Board of Directors meeting held October 25, 2018 were previously sent to the Board Members for review (see attachment number two). Dean Cox made a motion to approve the October 25, 2018 Board of Directors meeting minutes as written. Jim Kaiserman seconded the motion, which passed unanimously.

Ratification and 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 December 20, 2018 (see attachment number three). Scott Jenkins asked for additional information on some items on the report. Scott Jenkins and Dean Cox indicated that additional information on some of the larger payments would be helpful. Scott Jenkins asked about the payment to American Express. Karla Johnson and Sonya White explained that during the term of the report, UCIP had expenses for its Risk Management Workshop, the UAC Conference and other personnel travel that were charged to the American Express card. Dean Cox asked about UCIP looking into the use of a Purchasing Card (P-card). The Utah Division of Finance P-card program is administered in collaboration with U.S. Bank, which pays two percent cash back. Johnnie Miller indicated that P-cards were considered when the State Auditor's office began recommending P-cards. At that time, it did not appear to provide adequate benefit to make a change, but staff re-investigate this option. Karla Johnson made a motion to approve the payments made, the payments to be made and the credit card transactions as presented. Dale Eyre seconded the motion, which passed unanimously.

Review/Approve 2018 Budget Amendments

Sonya White reported on proposed amendments to the 2018 Budget (see attachment number four). Dean Cox questioned if the proposed amendments increase the overall expenditures, which would require a public hearing. White confirmed that the overall expenses will not change with the proposed amendments. White reported that contributions increased with the receipt of Wayne Special Service District #3's contribution. White reported that pursuant to the independent auditor's instruction, contributions and reinsurance amounts are reported on an accrual basis. Therefore, actual numbers for these budgeted line items are more accurate at year end. Reinsurance costs are complicated by the property program, which renews annual on July 1, as well as the addition of new members and property true-up amounts throughout the year. White indicated that the budgeted reinsurance amount be increased by \$250,000. White reported that current losses and loss adjustment expenses paid to date are \$2.4 million and indicated that the budgeted \$3.5 million is proposed to be reduced to \$3.2 million. Risk Management costs are proposed to be reduced by \$8,000, Office expenses increased by \$8,000 and Personnel costs increased by \$45,000. White explained with these adjustments, total budgeted operating expenses remain at \$6,003,000 for 2018. Dean Cox questioned why travel by personnel is expensed from the Personnel line item. Discussion between Board Members and staff on this item lead to Johnnie Miller suggesting that the accounting for personnel travel on the budget be discussed with the independent auditors and the UCIP Audit Committee. Dean Cox made a motion to amend the 2018 budget as presented. Scott Jenkins seconded the motion, which passed unanimously.

Review/Approve Bylaws Amendments

Amendments to the UCIP Bylaws were previously sent to the Board for review (see attachment number five). Johnnie Miller reported that pursuant to Article 9 of the Bylaws, the Board has the authority to involuntarily terminate a member of the Pool by a three-fourths vote for failing to carry out obligations and detailed the process by which a member could be involuntarily terminated by the Board or Membership. Miller noted that the current process of terminating a member could take several months, and that the process of removing a member could result in significant loss to the Pool before the member is terminated. Miller drafted language for the Bylaws that would better protect the Pool by making it easier to remove a member if the Board feels the member is detrimental to the Pool. Dean Cox commented that 'detrimental to the Pool' may be too broad and asked if the language could be modified to clarify the circumstances when a member is detrimental to the Pool. Jim Kaiserman made a motion to approve the amendment as presented, with the understanding that Miller would meet with the Litigation Committee to further modify the Bylaw amendment related to involuntarily termination of a Member. Bret Millburn seconded the motion, which passed unanimously.

Miller reported that the Fourth-Class County election, held at the Annual Membership Meeting in November, ended in a tie. Miller reported that both candidates, Jim Kaiserman and Greg Todd, were still eligible for the Fourth-Class representative position. Miller reported that the Bylaws were silent on how an

election is to be run or how a tie is resolved and offered draft language for clarification that tie votes would be resolved by a coin toss. After weighing different options, the Board decided a coin toss would be a fair resolution to a tie vote. Dean Cox made a motion to accept the election Bylaw amendment as presented. Brett Millburn seconded the motion, which passed unanimously.

Election of Fourth-Class County Representative Resolution

Based on the revised Bylaws, Bret Millburn, as Chair of the Nominating Committee, conducted a coin toss to resolve the tied election between Jim Kaiserman and Greg Todd, the latter of whom participated telephonically. Jim Kaiserman won the coin toss to represent Fourth-Class Counties on the UCIP Board of Directors.

Oath of Office Administered to Board and Officers UCIP

Johnnie Miller reported that the members and officers of the Board needed to swear their oaths of office. Sonya White administered the oath of office to Alma Adams, Bruce Adams, Dean Cox, William Cox, Dale Eyre, Scott Jenkins, Karla Johnson, Jim Kaiserman, Mike Wilkins and Johnnie Miller. Karla Johnson administered the oath of office to Sonya White. Each member and officer of the Board signed their oath.

Elect Officers of the Board

Karla Johnson made a motion reelect Bruce Adams as President of the Board for 2019. Mike Wilkins seconded the motion, which passed unanimously. Karla Johnson made a motion to elect William Cox as Vice President of the Board for 2019. Alma Adams seconded the motion, which passed unanimously. Mike Wilkins made a motion to reelect Karla Johnson as Secretary/Treasurer of the Board for 2019. Scott Jenkins seconded the motion, which passed unanimously.

Review/Approve Bonds for County Officers—Oath of Office Bond

Sample Public Officials Oath of Office Bonds were previously sent to the Board for review (see attachment number six). Johnnie Miller explained that historically, statutes required officers taking an oath of office to have a bond in place, pursuant to resolution of their governing body, prior to taking any action as an official. However, counties no longer use bonds, instead relying on crime insurance. Miller reported that counties now use crime coverage to protect the county from misuse of public funds. Miller further explained that due to changes to statutes related to surety bonds by the legislature, a surety will not issue a bond in the state of Utah. Miller reported that he checked with the Department of Insurance and confirmed that UCIP could offer bonds to elected officials in order to meet this need. Dale Eyre suggested that this issue was likely to be taken up by the State Legislature and that further action by the Board should be postponed until after the 2019 Legislative session.

Ratify 2019 Contributions

Johnnie Miller presented the amount of each member's contributions for 2019 to the Board (see attachment number seven). The Board approved rates at their August 22, 2018 meeting. The rates have been applied to the member's exposure information, which has been updated based on exposure information reported by counties through December. Jim Kaiserman made a motion to ratify the contributions as presented. Dale Eyre seconded the motion, which passed unanimously.

Review/Approve Reinsurance Renewal

County Reinsurance Limited's (CRL) pricing analysis for the liability reinsurance renewal was previously sent to the Board for review (see attachment number eight). Johnnie Miller explained the renewal pricing, member equity and indications to increase UCIP's self-insured retention to the Board. Miller reported that the policy provides a \$5 million limit per occurrence, with a \$250,000 per occurrence self-insured retention for a premium just over \$1 million. Clash coverage is provided for \$29,000 and ensures that if multiple counties are sued for the same claim, the Pool is only charged one self-insured retention. There is a \$31,000 minimum premium for county related entity members that do not have any exposures to rate. Miller reported that property insurance would renew in July. Miller reported that this renewal increased \$50,000 over the prior year, primarily due to covering more law enforcement employees. Alma Adams made a motion to approve the CRL liability reinsurance renewal as presented. Jim Kaiserman seconded the motion, which passed unanimously.

Review/Approve Crime Renewal

The government crime policy renewal binder was previously sent to the Board for review (see attachment number nine). Johnnie Miller reported that excess crime coverage is purchased through the insurance brokerage firm of Arthur J. Gallagher and covered through National Union Fire Insurance Company at a \$2.5 million policy limit and a \$250,000 deductible. The policy covers all members. Mike Wilkins made a motion to approve crime renewal as presented. Dean Cox seconded the motion, which passed unanimously.

Review/Approve Workers Compensation Renewal

UCIP's joint purchase program renewal for workers compensation coverage through WCF Insurance was previously sent to the Board for review (see attachment number ten). Miller indicated the increase was due to new members and increased payroll and changes to each Member's experience modification factor, as the rates for all county class codes were reduced from the prior year. Karla Johnson made a motion to approve the UCIP/WCF 2019 Workers Compensation Joint Purchase Program. Alma Adams seconded the motion, which passed unanimously.

Review/Approve Local GovU Renewal

The renewal information for UCIP's online training program through Local GovU was previously sent to the Board for review (see attachment number 11). Johnnie Miller explained that member usage continued to increase over the past year and recommended that UCIP continue the Local GovU online training program in 2019 by purchasing a block of 5,000 courses for \$28,750. Dean Cox made a motion to continue the Local GovU online training program in 2019 as recommended. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve County Related Entities Membership

Mike Wilkins provided a membership application summary report for the Elk Meadows Special Service District (see attachment number 12). Elk Meadows Special Service District provides water to businesses and individuals, as well as road maintenance, within the district, and would be a non-voting, non-equity member. Beaver County is the sponsoring Member County. Alma Adams made a motion to approve the membership of the Elk Meadows Special Service District in the Utah Counties Indemnity Pool. Mike Wilkins seconded the motion, which passed unanimously.

Review/Approve Personnel Policy Amendments

Amendments to the UCIP Personnel Policy were previously sent to the Board for review (see attachment number 13). The amendments were reviewed and discussed by the Personnel Committee of the Board and, in the absence of Deb Alexander, Johnnie Miller presented their recommendations. First, the Board previously approved the issuance of credit cards for the Chief Executive Officer and Chief Financial Officer. An amendment would allow the Audit Committee Chair to enforce employee reimbursement in the event cards were used for expenses not approved. Second, the Board previously granted a \$75 per month cell phone allowances to the CEO, CFO and Claims Manager. An amendment would discontinue cell phone allowances as it may make personal cell phones subject to GRAMA requests. Dean Cox recommended increasing the CEO, CFO and Claims Manager salaries by \$50 monthly (\$600 annually), as the standard government rate based on the cost of a state contract for cell service with Verizon. Third, an amendment is proposed to include the Board of Directors in the Award language. Fourth, an amendment to the Holidays that exchanges Veteran's Day for Christmas Eve since staff is asked to work on Veteran's Day to prepare for and attend the UAC Annual Convention. Fifth, an amendment to the earned sick and vacation leave adding language 'not to exceed' hours per calendar year. Dean Cox suggested changing the status of salaried employees to exempt employees. Dale Eyre recommended that the Personnel Committee of the Board should meet, discuss and research the issue of salaried v. exempt employees and report back to the Board. Dean Cox asked about the use of personal time off rather than sick and vacation time. Miller indicated that item was reviewed a couple years ago, but that the Personnel Committee could review that request again. Mike Wilkins made a motion to approve the Personnel Policy Amendments as written with the Personnel Committee providing a recommendation to the Board at their next meeting on exempt status employees. Bret Millburn seconded the motion, which passed. Scott Jenkins opposed.

Review/Approve Electronic Meeting Policy

The Electronic Meeting Policy was previously sent to the Board for review (see attachment number 14). Johnnie Miller reported that he had no recommended changes. Dale Eyre made a motion to approve the Electronic Meeting Policy as written. William Cox seconded the motion, which passed unanimously.

Review/Approve Statewide Fraud Reporting Program

A memorandum from Johnnie Miller regarding a Statewide Fraud Reporting Program was previously sent to the Board for review (see attachment number 15). Johnnie Miller reported that the State Auditor's office highly recommended the implementation of a fraud reporting tip line. In researching for a presentation on how to establish this for the Clerk/Auditor's affiliate group, Miller found it raised more questions than answers. Miller reported that the Pool's crime and theft insurance provider does not consider that such tip lines are a best practice for government agencies. Miller expressed concern that a fraud tip line can create numerous due process and legal issues if not properly set up. Miller reported that the Clerk/Auditors unanimously voted in support of either the Pool or the Utah Association of Counties creating a singular statewide fraud hotline. Miller reported that the hotline would likely be answered by a third-party call center, who would then report information to the Pool or UAC. The Pool could establish a screening committee to determine the validity of claims, but where the claim went from there would still need to be determined. Miller reported that such a service would be relatively inexpensive and would be a benefit to members to effectively and appropriately give the counties greater ability to police their officials under the law. Dean Cox asked if it would be possible to do the program on a yearlong contingency program. Miller stated that would be a possibility. Miller reported that he would work with the Clerk/Auditors Association to draft a framework on the program and present it to the Board at a later date. Dean Cox made a motion approving staff to move forward in development of a Fraud Reporting Program and a statewide Local Ethics Committee as presented. Jim Kaiserman seconded the motion, which passed unanimously.

Set Date, Time and Place of Regular Meetings for 2019

Sonya White provided the Board with the tentative regular meeting schedule of the Board for 2010 (see attachment number 16). The Board will continue to meet every even numbered month on the third Thursday of that month. Karla Johnson made a motion to approve the regular meeting schedule for 2019. Mike Wilkins 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. Dean Cox seconded the motion, which passed unanimously.

Action on Personnel Matters

William Cox made a motion to strike agenda item: Action on Personnel Matters. Dean Cox 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. Karla Johnson seconded the motion, which passed unanimously.

Action on Litigation Matters

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

Presentation of Award of Recognition of Service to UCIP

Johnnie Miller presented an award of recognition of service to UCIP to the Board of Directors and staff.

Audit Committee Report

Karla Johnson reported that the Audit Committee was unable to meet with the independent auditors, Larson & Company, to review UCIP's audit plan for the year ended December 31, 2018. Johnson reported that she had copies of the Engagement Letter and Audit Plan. Miller stated that the

Engagement Letter met the requirements of the Board. Mike Wilkins made a motion to approve the Engagement Letter. Dale Eyre seconded the motion, which passed unanimously. The Audit Committee will make arrangements to meet with the independent auditors prior to the beginning of the 2018 financial audit of the Pool.

Chief Executive Officer's Report

Johnnie Miller had no additional items to report.

Other Business

Sonya White reported that the Association of Governmental Risk Pools' 2019 Governance and Leadership Conference will be held Sunday, March 3 through Wednesday, March 6, 2019 in St. Louis, MO. White reported that AGRIP changed how registration for the conference is handled, and in response she pre-registered some Board members and booked several hotel rooms. William Cox stated that the dates of AGRIP's Conference conflict with NACO. White asked Members of the Board to decide early whether they will be attending the AGRIP Conference.

The next meeting of the Board of Directors will be held Thursday, February 21, 2019 at 12:00 p.m. at the Utah State Capitol, Copper Room.

William Cox made a motion to adjourn the meeting of the Utah Counties Indemnity Pool Board of Directors at 4:30 p.m. on December 20, 2018. Karla Johnson seconded the motion, which passed unanimously. Bruce Adams adjourned the meeting at 4:30 p.m.

Prepared by:

Sonya White, UCIP Chief Financial Officer

Submitted on this _____ day of _____ 2018

Karla Johnson, Secretary/Treasurer

Approved on this _____ day of _____ 2018

William Cox, Vice-President