

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS
ANNUAL MEETING**

MINUTES

**8:30 a.m., Friday, July 18, 1997
Enzian Inn, Leavenworth**

ATTENDANCE:

President - Mike Shelton, Island County Commissioner
Secretary/Treasurer - Dick Dixon, Grays Harbor County Commissioner
Executive Committee -
Frank A. Bishop, Cowlitz County Budget Director
Steve M. Lowe, Franklin County Prosecuting Attorney
Mary Jo Cady, Mason County Commissioner
Spence Higby, Okanogan County Commissioner
Judy Wilson, Thurston County Commissioner
Richard Brown, Whitman County Director of Administrative Services
Adams County - Leon Long, County Auditor - Alternate
Benton County - Melina Wenner, Risk Manager - Director
Chelan County - Jim Lynch, County Commissioner - Director
Cowlitz County - Rick Spangenberg, Risk Manager - Alternate
Garfield County - Vern Emerson, County Commissioner - Director
Grays Harbor County - Rose Elway, Director of Management Services - Alternate
Mary Davis, Deputy Director of Management Services - Alternate
Island County - Betty Kemp, Director of General Services - Alternate
Jefferson County - David Goldsmith, Deputy Director of Public Services - Alternate
Klickitat County - Lane Smith, County Commissioner - Director
Richard Levengood, County Administrator - Alternate
Lori Wolford, Human Resources Manager
Kitsap County - Barbara Razey, Risk Manager - Alternate
Lewis County - Russ Wigley, County Commissioner - Director
John Nacht, Risk Manager - Alternate
Mason County - Ione Siegler - Director of Administrative Services - Alternate
Pacific County - Vyrle L. Hill, County Administrative Officer - Director
San Juan County - Dave Zeretzke, Director of Administrative Services - Alternate
Spokane County - Claude L. Cox, Risk Manager - Director
Tim Durkin - Deputy Prosecuting Attorney
Skamania County - Marilyn Breckel, Administrative Coordinator - Director
Thurston County - Starleen Parsons, Human Resources/Risk Manager - Alternate
Whatcom County - Randy Watts, Chief Civil Deputy Prosecutor - Director
Yakima County - Ron Zirkle, Chief Civil Deputy Prosecutor - Director

Broker - Mike Croke, Vice President, Willis Corroon of Seattle
Janice Lembke, Willis Corroon of Seattle
Underwriter - Hale Holden III, Discover Reinsurance, San Francisco
Risk Pool Staff - John Crawford, Executive Director
Alicia Johnson, Claims Manager
Jay Winter, Programs Manager

WELCOME and ROLL CALL: The meeting was called to order at 8:31 a.m. by President Mike Shelton who welcomed all in attendance and noted that a quorum was present.

The meeting followed a Board workshop on Thursday, July 17th which included the underwriting committee report by Claude Cox, actuary report by Kevin L. Wick and Craig J. Scukas, presentation by Vyrle Hill on confidence level of reserves, reinsurance by broker Mike Croke and underwriter Chip Holden, and work plan and budget by John Crawford, Alicia Johnson and Jay Winter.

APPROVALS:

Agenda: The agenda was approved as printed, except member county reports will not be given.

Minutes: Vyrle Hill moved to approve the minutes of the April 25th Spring Meeting in Tukwila. The motion was seconded by Mary Jo Cady and was approved.

REPORTS:

Executive Committee: The minutes of the June 26th Meeting of the Executive Committee were included in the materials.

Underwriting Committee: After discussion and a motion which was withdrawn, Claude Cox moved that beginning in the 1997-1998 policy year, the Pool no longer offer members a \$5,000 deductible election. The motion was seconded by Frank Bishop and approved with one dissent.

Claude Cox moved that for the next three years the Pool would not offer members reductions in their deductible elections without one year prior notice by October 1st, and without review and approval by the Executive Committee. The motion was seconded by Vyrle Hill. John Nacht moved to amend the motion to strike the requirement for executive committee approval. The motion failed by a vote of 8 to 12. The original motion then passed with four dissenting votes.

Claude Cox moved that the committee continue for one year to review the Underwriting Policy and report back to the Board at each meeting. The motion was seconded by Vyrle Hill and approved unanimously.

Executive Director: John Crawford distributed Golden Dragon ratios showing number of claims compared to worker hours, and claims paid compared to premiums paid.

Finances: The financial statement through March 31st was included in the materials.

Claims: Alicia Johnson passed out claims summaries.

Programs: Jay Winter described training program activities planned for the new year. Discover Reinsurance Company underwriter Chip Holden answered questions on the role of a pool risk manager to implement changes.

Mary Jo Cady moved to approve the skid car interlocal agreement with Cowlitz, Grays Harbor, Skamania and Pacific Counties. The motion was seconded by Claude Cox and approved. Vyrle Hill moved to approve the skid car grant application of Spokane County. The motion was seconded by Steve Lowe and approved. The chair presented checks of \$25,000 each to Cowlitz and Spokane Counties.

DISCUSSION AND ACTION:

Election of Executive Committee Members and Officers: Nominating Committee Chair Mike Shelton reported that the committee nominated Whitman County Director of Administrative Services Richard Brown, Spokane County Risk Manager Claude L. Cox, Jefferson County Deputy Director of Public Services David Goldsmith, Okanogan County Commissioner Spence Higby, Thurston County Commissioner Judy Wilson, and Yakima County Deputy Prosecuting Attorney Ron Zirkle for the four positions on the Executive Committee. Nominations were opened from the floor, and hearing none, Frank Bishop moved to close the nominations. The motion was seconded by Vyrle Hill and approved. David Goldsmith, Spence Higby, Judy Wilson and Ron Zirkle were elected by the Board. Spence Higby's name was drawn to serve the one-year unexpired term through September, 1998, with the other three serving three-year positions expiring in September, 2000.

Vyrle Hill moved to nominate Grays Harbor County Commissioner Dick Dixon for President and to cast a unanimous ballot for his election. The motion was seconded by Steve Lowe and approved. Frank Bishop moved to nominate Mary Jo Cady for the office of Secretary/ Treasurer and to cast a unanimous ballot for her election. The motion was seconded by Judy Wilson and approved.

Dick Dixon presented Mike Shelton with a wall plaque in recognition of his devoted and distinguished service as President. Mike Shelton presented Dick Brown with a framed certificate of appreciation for his years of service as an Executive Committee Member.

President Mike Shelton passed the gavel to President-Elect Dick Dixon and excused himself from the remainder of the meeting so that he could travel home for his daughter's wedding activities.

Actuary Report: Judy Wilson moved to accept the actuary report. The motion was seconded by Randy Watts and approved.

Reinsurance: Vyrle Hill moved to purchase reinsurance as proposed and recognize Willis Corroon as the Pool's reinsurance broker for the same three year period. The motion was seconded by Dick Brown and was approved unanimously.

Joint Self-Insurance Liability Policy: Claude Cox moved to table consideration of underinsured motorist liability (UM) until the Autumn meeting. The motion was seconded by Russ Wigley and approved.

Marilyn Breckel moved to approve changes in the 1997-1998 Joint Self-Insurance Liability Policy as presented regarding county sales of alcoholic beverages and employment practices liability. The motion was seconded by Frank Bishop and approved.

Reserves: Vyrle Hill moved to amend section D.2. of the Underwriting Policy as follows:
((Until October 1, 1998, t)) The reserve fund shall contain a minimum amount equal at least to the application of an actuarially estimated contingency margin for Pool reserves at the 85% confidence level before any refund is processed which has been authorized in accordance with part C.5. of the underwriting policy.

The motion was seconded by Claude Cox and was approved with one dissent.

Work Plan, Salaries and Budget: Mary Jo Cady moved to approve the work plan as presented. The motion was seconded by Russ Wigley and approved.

Dave Goldsmith moved to approve:

1. staff salaries and benefits as presented, and to refer review of the PEBSCO PEHP

2. program to the personnel committee,
2. an expense budget for the 1997-98 fiscal year in the amount of \$859,041,
3. setting the 1997-98 ending fund balance at \$77,771, and
4. a 1997-98 budget in the total amount of \$936,812.

The motion was seconded by Spence Higby and was approved.

The Chair appointed a Risk Management Committee chaired by Claude Cox with members Richard Levengood, John Nacht, Rick Spangenberg and Dave Zeretzke, to review the Risk Management Policy and report back to the Board with concrete recommendations to risk manage employment practices liability.

Vyrle Hill moved to revise the Claims Administration Policy to include a written procedure on pre-defense review. The motion was seconded by Frank Bishop and approved.

Premiums: Claude Cox moved to:

1. Compute the 1997-98 joint self-insurance premium rate by applying the 'expected' ultimate loss rates for general liability, employment practices liability, and automobile liability provided in the Coopers & Lybrand report, without discounting for future interest earnings;
2. Apportion the reinsurance and increased confidence level costs according to each county's proportional percentage amount of worker hours;
3. Apportion administrative costs, including general administration, programs, and claims, according to each county's proportional percentage amount of payment to fund the Pool's self-insurance layer;
4. Set 5:00 p.m. on Friday, August 29th as the deadline when members must notify staff in writing of changes in their exposure information and deductible elections;
5. Require payment of 105% of the 1996-97 premium as of September 30th, with the balance to be paid as of January 31st; and
6. Charge interest on unpaid premium balances at the rate of one percentage point above the equivalent coupon issue yield of the average bill rate for twenty-six week treasury bills as determined by RCW 19.52.020(1), but at not less than 6%.

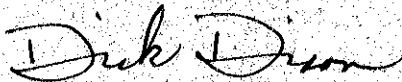
The motion was seconded by Frank Bishop and was approved.

OTHER BUSINESS:

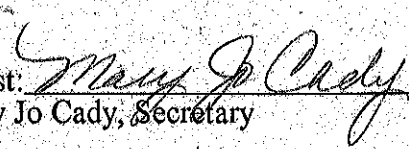
Future Board Meetings: The Autumn Board Meeting is Thursday, October 23rd in Yakima.

The meeting was adjourned at 11:45 a.m.

MINUTES APPROVED: 10 / 23 / 97



Dick Dixon, President
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Attest: 
Mary Jo Cady, Secretary