

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

MINUTES

**3:00 p.m. Wednesday, April 16 and
8:30 a.m. Thursday, April 17, 2003
TRAC Facility, Pasco**

ATTENDANCE:

President – Steve M. Lowe, Franklin County Prosecuting Attorney
Secretary-Treasurer – Leon Long, Spokane County Risk Manager
Executive Committee –
 Rose Elway, Grays Harbor County Director Management Services / Insurance & Budget
 David Goldsmith, Jefferson County Administrator
 Vyrle L. Hill, Pacific County Administrative Officer
 Mike Shelton, Island County Commissioner
 Si A. Stephens, San Juan County Auditor
 Craig L. Vejraska, Okanogan County Commissioner
 R.S. Zirkle, Yakima County Prosecuting Attorney
Adams County – Linda Reimer, Clerk of the Board/Risk Manager – Alternate
Benton County – Melina Wenner, Personnel / Risk Manager – Director
Chelan County – Keith Goehner, County Commissioner – Director
Clark County – Ed Pavone, Risk Manager – Director
Columbia County – Scott Smith, County Engineer – Alternate
Cowlitz County – Clyde W. Carpenter, Risk Manager – Director
Douglas County – Steven M. Clem, Prosecuting Attorney – Director
 Thad Duvall, County Auditor – Alternate
Franklin County – Neva J. Corkrum, County Commissioner – Director
Grays Harbor County – Bob Beerbower, County Commissioner – Director
 Mary Davis, Emergency and Risk Manager – Alternate
Island County – Betty Kemp, Director of General Services – Alternate
Kitsap County – Barbara Razey, Risk Manager – Director
Lewis County – Dennis Hadaller, County Commissioner – Director
 Harry B. Green, Risk Manager – Alternate
Mason County – Herb Baze, County Commissioner – Director
Pacific County – Bryan Harrison, Director of Community Development
Skamania County – Marilyn J. Butler, Director of Administrative Services – Director
Thurston County – Diane Oberquell, County Commissioner – Director
Whatcom County – Randall J. Watts, Chief Civil Deputy Prosecuting Attorney – Director
Whitman County – Jerry Finch, County Commissioner – Director

Actuary – Kevin Wick, FCAS, MAAA, PricewaterhouseCoopers
Broker – Mike Croke, Senior Vice President, Willis of Seattle, Inc.
Risk Pool Staff - John Crawford, Executive Director
 Alicia Johnson, Claims Manager
 Jay Winter, Programs Manager
 Kitty Bottemiller, Program Assistant

WELCOME and ROLL CALL:

The meeting was called to order at 3:02 p.m. on Wednesday by President Steve Lowe who welcomed all in attendance and noted that a quorum was present. During the self-introductions, the group welcomed Steven M. Clem as the representative of new member Douglas County, new Director Keith Goehner from Chelan County, and Brian Harrison from Pacific County.

Claims Funds Credits and Deficits: Finance Committee Co-chairs Vyrle Hill and Si Stephens led the group on a discussion about surpluses enjoyed from the first five policy years and deficits suffered from the next five years.

Actuary Rate Setting Report: Actuary Kevin Wick gave a PowerPoint presentation on his rate-setting report, showing trends in automobile liability, employment practices liability and general liability, and in deductible credits, confidence levels and experience ratings. He identified three strategies we could use to deal with uncertain costs, including having a large capital / equity position, buying large amounts of reinsurance, or instituting a regular practice of reassessing members for premium shortfalls.

Claims Report: Claims Manager Alicia Johnson concluded the afternoon with a comparison of large losses from the first five years with those from the next five years. There were 42 large losses (over \$100,000) from the first five years totaling \$15.9 Million compared with 105 large losses from the next five years that totaled \$42.6 Million. The total incurred losses of the first five years cost \$25.4 Million, and were \$56.8 Million from the next five years.

With no further business for the afternoon, the meeting was recessed at 5:06 p.m. and restarted at 8:33 a.m. on Thursday. President Steve Lowe thanked Neva Corkrum for hosting the Board dinner Wednesday evening. Si Stephens introduced Douglas County Alternate Representative Thad Duvall.

APPROVAL:

Minutes: Si Stephens moved to approve the minutes of the November 7th Autumn Meeting at Vancouver. The motion was seconded by Mike Shelton and approved.

REPORTS, DISCUSSION AND ACTION:

Executive Committee: The minutes of the February 20th and March 21st meetings of the Executive Committee were placed in the meeting packet.

Financial Report: A copy of the minutes of the March 7th telephone conference of the Finance Committee was placed in the meeting packet. Si Stephens reported that our investments are mainly deposited with the State Treasurer's Local Government Investment Pool for liquidity purposes and because of the historical low interest rates. Our assets to liability ratio have dipped below 1.0 and he recommends that we approve the retroactive assessment to improve the ratio.

Budget Supplement: John Crawford asked for an administrative budget supplement to authorize the expenditure of \$34,276 in new revenues, including the replacement of the departing programs manager with a new employee at the same salary level. David Goldsmith moved to approve the request as proposed. The motion was seconded by Craig Vejraska and approved.

Claims Report: At 9:00 a.m., the Chair conducted the meeting in executive session in accordance with RCW 48.62.101, to discuss litigation and settlement of claims. Public discussion would impair the Risk Pool's ability to conduct its business effectively; and/or it was for the purpose of setting reserves. The Executive Session was concluded at 9:17 a.m.

Claims Funds Credits and Deficits: Finance Committee Co-chairs Vyrle Hill and Si Stephens revisited the surpluses from the first five years and deficits from the second five years. Five votes were then taken, and all votes were without dissent:

Mike Shelton moved to close the first five policy years. The motion was seconded by Diane Oberquell and was approved.

Craig Vejraska moved to fix surplus earnings of \$4,296,384 from the first five policy years as of October 1, 2002, calculate credits according to the proportionate amounts that qualifying counties paid into the Pool loss fund for each of the separate policy years, and transfer them as credits to qualifying current members that did not have a subsequent break in Pool membership to partially fund deficits of the next five years. The motion was seconded by Ron Zirkle and was approved.

Mike Shelton moved to set deficits of \$11,939,901 for the second five policy years as per the October 2002 actuary reserving report, to revise the retroactive assessments to \$7,643,547 after the application of surplus credits, and to approve the retro assessment formula to be the proportionate amounts that a member county paid into the Pool loss fund, with each separate policy year calculated separately. The motion was seconded by David Goldsmith and was approved.

Mike Shelton moved to collect the retro assessments in six equal annual installments, with the first collection starting in April 2003 with a ninety-day payment period, and the remaining amounts billed in December 2003 and Decembers of following years for collection in December or January, at the member's option. The motion was seconded by Rose Elway and was approved.

Mike Shelton moved to authorize an advance payment discount using a 2% compounded interest rate for each additional year paid. The motion was seconded by Randy Watts and was approved.

The Chair thanked the members for their votes and stated that retroactive assessments should be reviewed annually, with the Board reserving the right to amend or modify the assessments by resolution.

Broker's Report: Mike Croke described the timetable for the reinsurance renewal to allow the reinsurance companies and the Risk Pool adequate time to achieve a successful renewal.

Interlocal Agreement: John Crawford discussed opening membership to allow for non-voting affiliate members that provide the same type of services that some counties provide. Mike Shelton moved to recommend that the legislative bodies of our member counties approve an amended Interlocal Agreement as proposed. The motion was seconded by Si Stephens and approved. Several representatives were concerned that we will open our program too wide. Vyrle Hill moved to self-limit affiliate membership to WSAC, WACO and WAPA until the Board has a chance to review the Bylaws and Underwriting Policy and develop further policy. The motion was seconded by Randy Watts and approved without dissent.

Underwriting Committee: Co-chairs Marilyn Butler and Craig Vejraska reported that there had been a breakfast meeting to review Joint Self-Insurance Liability Policy coverages regarding employment practices, environmental coverage, and adult family homes. They asked for

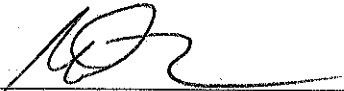
suggestions from member counties regarding policy improvements. Barbara Razey reported that DSHS is sending out a new master contract to counties that has a difficult indemnification clause.

Programs Report: Jay Winter highlighted that training addresses the mission of the Pool to reduce risk liability losses and exposures, and assist member counties in developing effective loss control programs. Steve Lowe thanked Jay for his ten years of service as the Pool's Programs Manager and presented him with a recognition certificate. David Goldsmith asked to be heard, and proceeded with a fine roast of Jay. David then presented the *Fickle Finger of Frank Award* to Thurston County for the Hawk's Prairie Landfill case.


FUTURE BOARD MEETINGS: The Summer Workshop and Annual Meeting will be at the WestCoast Grand Hotel in Spokane on Thursday and Friday, July 31st and August 1st.

With no further business, the meeting was adjourned at 12:04 p.m.

MINUTES APPROVED:



Steve M. Lowe, President
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Attest: 

Leon Long, Secretary