

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS ~~SPRING~~ MEETING
SUMMER
MINUTES**

**9:00 a.m. Thursday, July 28, 2005
Red Lion Hanford House, Richland**

ATTENDANCE: (* denotes Executive Committee Member)

President/Chair – *Rose Elway, Grays Harbor County, Dir, Mgt Services / Budget / Insurance

Secretary-Treasurer – *Randy Watts, Whatcom County Chief Civil Deputy Prosecutor

Adams – Linda Reimer, Clerk of the Board - Alternate

Benton County – Melina Wenner, Personnel/Risk Manager – Director

Chelan County – Keith Goehner, County Commissioner – Director

Clallam County – Marge Upham, Director of Personnel & Risk Management - Director

*Toni Gilbert, Safety/Training Specialist – Alternate

Clark County – Ed Pavone, Risk Manager – Director

Columbia County – Scott Smith, County Engineer / Risk Manager – Alternate

Cowlitz County – Clyde W. Carpenter, Risk Manager – Director

Douglas County – Thad Duvall, Auditor – Alternate

Franklin County – *Neva J. Corkrum, County Commissioner – Director

Steve Lowe, Prosecuting Attorney - Alternate

Garfield – *not represented*

Grays Harbor County – Bob Beerbower, County Commissioner - Director

Island County – *Mike Shelton, County Commissioner - Director

Betty Kemp, Director of General Services – Alternate

Jefferson County – *not represented*

Kitsap County – Mark Abernathy, Risk Manager – Director

Shelley Kneip, Senior Deputy Prosecutor - Alternate

Kittitas County – David Bowen, County Commissioner – Director

Lewis County – *Dennis Hadaller, County Commissioner - Director

Harry B. Green, Risk Manager – Alternate

Mason County – Ione Siegler, Director, Budget & Finance – Director

Okanogan County – Heidi Appel, Chief Civil Deputy Prosecutor - Director

Pacific County – Bryan Harrison, County Administrative Officer - Director

Pend Oreille County – Ken Oliver, County Commissioner - Director

San Juan County – Si Stephens, County Auditor - Director

Skagit County – Billie Kadrmas, Human Resources/Risk Manager – Alternate

Skamania County – Debi Van Camp, HR Specialist/Safety Officer – Alternate

Spokane County – *Leon Long, Risk Manager/Dir, Geiger Center – Director

Rob Binger, Senior Deputy Prosecutor/Risk Mgt Div. - Alternate

Thurston County – Diane Oberquell, County Commissioner – Director

Tammy Devlin, Risk Manager – Alternate

Walla Walla County – *Jay Winter, Personnel/Risk Manager – Director

Yakima County – Larry Peterson, Senior Deputy Prosecutor – Alternate

Actuary – Kevin Wick, FCAS, MAAA, PricewaterhouseCoopers

Broker – Mike Croke, Sr. Vice President, Willis of Seattle, Inc

State Risk Manager – John Nicholson, Office of Financial Management

Others – Ryan Verhulp, Deputy Prosecutor/Risk Manager, Franklin County; Steve Bartel, Lead Risk Manager, and Jim Kaufman, Senior Deputy Prosecutor, Spokane County; Susan Carr, Human Resources/Risk Management, Thurston County; and Gordon Lahti, Swiss Re (Western States).

Risk Pool Staff/Representatives – Rich Bodell, Loss Control Specialist; Kitty Bottemiller, Events Coordinator/Administrative Assistant; Sue Colbo, Auditing/Accounting Officer; Mike Cook, Claims Analyst; Vyrle Hill, Executive Director, Susan Looker, Claims Manager; and Claire Thompson, Claims Assistant. Also, David Goldsmith, Member Services Manager.

WELCOME and ROLL CALL: President Rose Elway called the meeting to order at 9:10 a.m. and asked that the order of agenda items “8” and “10” be considered in reverse. She also noted that a quorum was present.

APPROVAL:

Agenda: Si Stephens moved to approve the meeting agenda with the recommended changes. Mike Shelton seconded and the motion passed unanimously.

Minutes: Leon Long moved to approve the minutes of the Spring Board Meeting of April 14, 2005 at Mount Vernon, with the correction requested by Ken Oliver listing him as Pend Oreille County’s Director instead of Alternate. Si Stephens seconded. Motion carried.

REPORTS, DISCUSSION AND ACTION:

State Risk Management Report: John Nicholson said this is the first year in memory that all of OFM’s pools have financial ratios in “very good shape.” He commented very favorably on WCRP’s improved financial status and generally supported the rating enhancements suggested in the new actuarial report.

David Goldsmith asked about the revised DSHS consolidated contract language, which was generated in part from John’s office, and what was he doing to facilitate communication between the agency and the counties? John said the issue has been going on for a long time, and that an OFM representative attends meetings on the subject. He did not have a solution offhand.

Leon Long asked what is being done to resolve DOC problems. DOC just reorganized and has undergone an extensive evaluation of liabilities. It was noted that there is an upcoming meeting for discussing DOC liabilities.

Diane Oberquell asked if DSHS was doing anything to improve its risk management. John noted that the department has not had a formal risk management program in two years. Its last Risk Manager left in January and has not been replaced. One program getting risk management attention involves children. President Elway thanked John for the report.

Reinsurer Comments: President Elway introduced Gordon Lahti of Swiss Re, who oversees marketing and account activity in the western states. Gordon mentioned having met earlier this year in New York with Rose Elway, Randy Watts and Vyrle Hill and Mike Croke to review Pool activities. He lauded WCRP’s aggressive approach to claims handling as “outstanding.” In the coming year, he said, the underwriters will review WCRP’s operation. He said he looks forward to a long-term partnership.

Executive Committee Minutes: Minutes from Executive Committee meetings of April 13 and June 30 were included in the Board agenda packet. No comments were made.

Executive Committee Nominations & Election of WCRP Officers: President Elway reported that the Nominating Committee had selected five nominees for the four upcoming positions with three-year terms (Oct. 1, 2005 through September 30, 2008). They were: Mike Shelton, Toni Gilbert, Dennis Hadaller, Diane Oberquell and Keith Goehner. The floor was opened for additional nominations. Si Stephens moved to close the nominations; Randy Watts seconded, and the motion carried. Si Stephens passed out ballots. *(NOTE: With counting overseen by Si Stephens and Thad Duvall, the Executive Committee*

election results were reported following Service Recognition as Mike Shelton, Toni Gilbert, Diane Oberquell and Keith Goehner being selected to serve the four, three-year terms.)

President Elway reported that the Nominating Committee had selected Randy Watts for nomination as the President and Steve Clem as the Secretary/Treasurer for 2005-06. No other nominations were forthcoming from the floor, so Diane Oberquell moved to close the nominations. Leon Long seconded, and the motion carried. Leon Long then moved to cast unanimous ballots for Randy Watts as President and Steve Clem as Secretary/Treasurer; Neva Corkrum seconded, and the motion carried.

Service Recognition: Vyrle Hill recognized Neva Corkrum and Melina Wenner for their efforts re: the previous evening's social event at Neva's home. He also recognized Mike Croke, Dave Imbler of CV Starr/AIG (who could not attend the meeting, but had attended other conference activities) and Gordon Lahti as co-sponsors of Wednesday evening's dinner cruise.

Vyrle then acknowledged President Elway for her attendance at 60 of the 69 meetings of the Board of Directors since the Pool's inception. He also presented Pool awards to David Zeretzke and Si Stephens (both San Juan County) for fifteen years of service; Ione Siegler (Mason County), Randy Watts (Whatcom County) and David Goldsmith (WCRP and Jefferson County) for ten years of service, and Linda Reimer (Adams County) for five years of service.

3rd Quarter (2005) Financial Report: Vyrle Hill summarized the report presented in the meeting packet. Si Stephens moved approval of the report; Mike Shelton seconded, and the motion carried. Diane Oberquell thanked everyone involved in answering all her budget-related questions during the Workshop the previous afternoon.

2004 Retroactive Assessment: Finance Committee Chair Si Stephens noted that the majority of the money due the WCRP had been collected from the *Vicwood-Meridian class action* case. An estimated \$130,000 maximum remained in uncollected legal fees. Si noted the Finance and Executive Committees were supporting the Executive Director's recommendation to move forward with collecting the uncollectible legal fees and reverse the remaining balance of the 2004 Retroactive Assessment. Leon Long so moved; Neva Corkrum seconded, and the motion carried.

Actuarial Loss Rate Review: Kevin Wick presented the estimated costs for 2006 (Year R) from the rate-setting report in the meeting packet. Si Stephens moved to accept the loss rates listed in Kevin's letter dated June 23rd with the understanding that they would be modified accordingly to reflect the confidence factor agreed upon later in this meeting. Mike Shelton seconded, and the motion carried.

Joint Self-Insurance Liability Policy: With the Underwriting Committee co-chairs absent, David Goldsmith reviewed the proposed changes in the insuring agreement being recommended by the Underwriting and Executive Committees. He noted several points including non-insured activities and facilities. President Elway thanked him then asked for comments/questions. Larry Peterson suggested inserting the word "tort" before liability, and adding "motor" to vehicles in reference to vehicle-racing facilities. Leon Long noted there can still be liability in non-motorized events. Mike Shelton opposed adding "motor" because of organized bike races.

Following discussion, Leon Long moved to approve the Joint Self-Insurance Liability Policy document for 2006 with the proposed changes; Mike Shelton seconded, and the motion carried with 4 "nay" votes.

Agenda Adjustment: President Elway asked for the Board's permission to change the order of agenda items 9 and 10. Si Stephens moved in support of the agenda change; Neva Corkrum seconded and the motion carried.

Brokers' Report: Mike Croke gave a brief report on Willis' reinsurance/excess insurance renewal efforts. Following a brief discussion, Si Stephens moved to approve the reinsurance/excess insurance

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liability program the Broker was recommending for the Pool for 2005-06 and offer the additional \$5 million excess of \$20 million insurance layer as an option for each member county to consider; Marge Upham seconded, and the motion carried.

President Elway called a break at 10:15 a.m. The meeting resumed at 10:30 a.m.

Property Insurance Proposal: Mike Croke presented a modified "composite" property program proposal. Mike Shelton asked about potential administrative costs to the Pool. Vyrle said he expects some impact, but not heavy, and noted that Susan Looker and Mike Cook both have credentials with property claims. He asked that the now-vacant Senior Claims Analyst position be funded as a property program expense. Vyrle said more would be known about the program needs next year.

Mike Shelton said the Pool should estimate costs prior to October 1st so non-property counties don't feel short-changed. He would agree to operate on the current plan if the program is evaluated at year's end for impact. Mark Abernathy said it was hard to see a competitive premium advantage with the proposal when administrative costs were added. Mike Croke said initial calculations show that all counties will receive reductions. Mark asked how many claims go over the counties' deductibles. Not many, Mike responded.

Mike Shelton called it a huge mistake and irresponsible to leave administration of the program with Willis. President Elway said she envisioned initial values taking significant time, and noted that Willis has the capacity to run the program now. The Pool could easily assign an adjuster, she said. Tammy Devlin noted there is a different claims structure in a property program, and that Willis' expertise might be of value. Mike Croke said that the only major losses Willis' other property program holders have had were snow and windstorm damage. Vyrle asked Susan Looker about expected impact. She said there are property adjusters available to help. Vyrle said the Claims Division budget would need to be reexamined again next year.

Leon Long moved to approve the modified "composite" property program subject to the administrative expenses involved in its operation being tracked and billed back against the participants. Diane Oberquell seconded and the motion carried.

Claims Administration and Claims Database Policies: David Goldsmith noted that an additional change in the proposed Claims Administration Policy was suggested during yesterday's Workshop; that is: Paragraphs 2.a.i. and 2.a.ii would be revised to read: "All claims where monetary damages will equal or exceed *the lesser of \$50,000 or* 50% of the member's deductible within xx days from formal presentment to the county." Diane Oberquell moved to adopt the Claims Administration and Claims Database Policies with the revisions being recommended. Mike Shelton seconded and the motion passed.

Personnel Policy: It was noted that the Personnel Policy proposal had been withdrawn from consideration at the Executive Director's request and agreed to by the Personnel Committee. (Chair Ron Zirkle communicated this at Wednesday's Workshop, and noted that the committee will try to have a proposal ready for a later Board meeting.)

(Financial Management) Travel Policy: Si Stephens moved approval of the proposed Travel Policy allowing reimbursements for attending Board meetings effective October 1, 2005. Neva Corkrum seconded and the motion carried. For clarification, it was agreed that the Travel Policy would be removed from the Financial Management Policy and presented as an individual policy of the Board.

Vyrle gave a brief review of travel-related expenses for Board meetings allowed for reimbursement.

2005-06 (Year R) Operating Budget & Work Plan: Vyrle briefly reviewed the proposed operational budget recommended by the Finance and Executive Committees. Elements highlighted were:

- Reflects an increase of \$68,643 (+6.6%),

- Includes funding to support Travel Policy amendment to reimburse one representative per member county for attending future WCRP board meetings,
- Includes membership outreach program with contracted Member Services management,
- Includes staff salary schedule adjustments (COLA) of 2.48%,
- Part-time Auditing/Accounting Officer position moves to full-time,
- Temporary Help position wasn't funded, and
- Training dollars, although less than current year, should meet the Risk Management Committee's desires

Finance Committee Chair Si Stephens expressed enthusiasm about the efforts to enhance our Member Services and to assure board involvement, especially from our smaller counties. Si Stephens moved to approve the administrative budget totaling \$1,111,568 and the work plans as proposed; Leon Long seconded and the motion passed.

Member County Deposit Premiums: Vyrle spoke on this item, as Kevin Wick had to leave prior to its discussion. He noted that the deposit premiums would be computed using the counties' exposure units and making a series of adjustments for deductible levels, experience modification factors, and loading for administrative expenses. He noted that counties should have a brief period to correct errors in their exposure units (worker hours and licensed vehicles), and noted that the final calculations may need further adjustment for a change in the "confidence factor" still to be agreed upon.

Tammy recommended that any county considering increasing their deductible level check the reserve funding the county would need.

Si Stephens moved that the Pool compute its 2005-06 liability insurance premium using the methodology suggested by actuary Kevin Wick in his July 22nd proposal but adjusting the funding level to achieve an 85% "confidence factor" in three to five years and limiting the annual increase to about 5%, and that addresses: deductible credits, maintaining the Pool's \$100,000 retention level, purchasing the earlier agreed upon reinsurance and excess insurance, applying experience modification factors, and apportioning the approved administrative budget; setting 5:00 p.m. Wednesday, August 31st as the deadline for members to notify the WCRP Executive Director in writing of changes in their exposure data, deductible elections, and whether they wish to purchase the optional layer of excess insurance being offered; requiring each member county by September 30, 2005 to pay either their 2005-06 deposit premium, or if lesser 105% of their 2004-05 deposit premium with the remaining balance to be paid by January 31, 2006; and finally to charge interest on any unpaid deposit premium balances remaining after the applicable deadline at the rate of 8% APR. Mike Shelton seconded, and the motion carried.

Interlocal Agreement Amendment (Associate Membership): Steve Lowe asked what the status was of the proposed amendment that would have allowed certain types of entities to become members of the Pool; specifically WSAC, WACO and WAPA. It was noted that three counties did not act favorably upon the 2003 proposed amendment: Clallam, Lewis and Spokane Counties. Lewis and Spokane representatives didn't feel the concern remained, and Vyrle said he would try to discuss the concerns during his upcoming Clallam visit. Ken Oliver mentioned that a number of counties have had issues with WSAC, but their concerns have been expressed as commissioners and members of that organization.

President Elway asked Vyrle to work on the Interlocal Agreement amendment needed to allow associate membership and coverage for related county entities and report back at the next Board meeting.

The WCRP Director Reference Manuals were updated to include all applicable revisions through the 2005 Spring Board Meeting. The revised manuals were provided to those attending the Summer Conference. Additional updates addressing this Annual Meeting's changes will be provided at the upcoming Autumn Meeting.

Future Meetings:

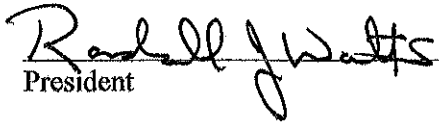
Autumn Board: Mike Shelton moved to hold the Autumn Board Meeting in Walla Walla at the Marcus Whitman Hotel. Si Stephens seconded, and the motion carried.

Summer 2006: Mike Shelton moved to hold next year's WCRP Summer Conference in Leavenworth; Ed Pavone seconded, and the motion carried. Vyrle suggested delegating the specific location and dates to the Executive Committee after some inquiries can be made. There were no objections.

Vyrle also asked about changing the schedule of future meetings – meeting on Fridays rather than Thursdays – as they were until a few years ago. Again there were no objections.

Mike Shelton moved to adjourn the meeting; and President Elway acknowledged the request and adjourned the meeting at 11:40 a.m. with no objections.

MINUTES APPROVED:



President

Attest: 

Secretary/Treasurer