

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS AUTUMN MEETING
MINUTES**

**9:00 a.m., October 26, 2006
Red Lion Hotel at the Park, Spokane**

ATTENDANCE:

* denotes Executive Committee Member

Chair: Adams County: Linda Reimer, Clerk of the Board - Alternate
Benton County: *not represented*
Chelan County: *Secretary- Treasurer Keith Goehner, Chelan County Commissioner - Director
Clallam County: Toni Gilbert, Safety/Training Officer - Alternate
Clark County: Bronson Potter, Senior Deputy Prosecutor - Alternate
Columbia County: Drew Woods, County Engineer/Risk Manager - Director
Cowlitz County: Clyde Carpenter, Risk Manager - Director
Douglas County: *President Steve Clem, Prosecuting Attorney – Director
Franklin County: *Neva Corkrum, Commissioner - Director
Garfield County: *not represented*
Grays Harbor County: Bob Beerbower, Commissioner - Director
Island County: *Mike Shelton, Commissioner – Director
Betty Kemp, Director, General Services Administration - Alternate
Jefferson County: David Alvarez, Civil Deputy Prosecuting Attorney - Alternate
Kitsap County: Mark Abernathy, Risk Manager – Director
Neil Wachter, Senior Deputy Prosecuting Attorney – Interim Alternate
Maureen Walker, Risk Management Specialist
Kittitas County: *not represented*
Lisa Young, HR Department
Lewis County: Dennis Hadaller, Commissioner – Director
Harry Green, Risk Manager - Alternate
Mason County: Ione Slegler, Budget & Finance Director - Alternate
Okanogan County: Andrew Lampe, Commissioner - Director
Pacific County: Bryan Harrison, County Administrative Officer - Director
Pend Oreille County: Ken Oliver, Commissioner - Director
San Juan County: David Zeretzke, Administrative Services Director - Alternate
Skagit County: Billie Kadrmas, HR/Risk Manager - Alternate
Skamania County: Marilyn Butler, Administrative Services Director – Director
Spokane County: *Leon Long, Risk Manager/ Director, Geiger Center – Director
Steve Bartel, Risk Management Supervisor – Alternate
Jim Kaufman, Civil Deputy Prosecuting Attorney
Thurston County: *Diane Oberquell, Commissioner – Director
Tammy Devlin, Risk Manager - Alternate
Walla Walla County: *Jay Winter, Personnel/Risk Manager - Director
Whatcom County: Randy Watts, Chief Civil Deputy Prosecuting Attorney - Director
Yakima County: Ron Zirkle, Prosecuting Attorney – Director
Larry Peterson, Senior Civil Deputy Prosecuting Attorney - Alternate

Broker: Mike Croke, Senior Vice President, Willis of Seattle, Inc.

Risk Pool Staff: Vyrle Hill, Executive Director; Susan Looker, Claims Manager; David Goldsmith, Member Services Manager; and Kitty Bottemiller, Admin Asst/Events Coordinator.

WELCOME & CALL TO ORDER: President Clem called the meeting to order at 9:00 a.m. with an around-the-table introduction and verifying that a quorum was present.

AGENDA: Steve Bartel asked that two items of new business be added following the committee reports; 1) requesting that the Pool's scholarship program be allowed to make payments to the educational institutions as well as reimbursing the counties, and 2) requesting authority for administrative extensions

for coverage determination appeals. Randy Watts moved for approval of the agenda with the added items; Ron Zirkle seconded, and the motion was approved without dissent.

Minutes of the 2006 Annual Meeting – July 27, 2006: Mike Shelton moved for approval as circulated; Ken Oliver seconded, and the motion was approved without dissent.

Review/Revise Organizational Development Strategy; David Goldsmith presented the compiled results from yesterday's survey and discussed ways the Pool might improve its effectiveness, including holding orientations for new Board members. Ron Zirkle suggested an annual session on boardsmanship. David said that the Spring Session would be a possibility for this. He acknowledged the Pool's well-functioning committee structure, and noted its involvement in Board development. He noted that the Pool doesn't do much on the advocacy front and no lobbying, but it could pressure WSAC to do more on its member counties' behalf. President Clem requested a written summary of the survey's results of strengths and weaknesses, and noted that the Board could expect training sessions on member duties. He noted that more discussion on this matter is scheduled for the December 7th Executive Committee meeting. He and Mike Shelton encouraged committee involvement.

Committee Reports

Executive Committee: President Clem asked Keith Goehner to summarize the actions and substantial activities of the Executive Committee during the October 25th late-afternoon meeting. Keith responded with the approval of contract extensions with Executive Director Vyrle Hill, David Goldsmith, Willis, and with PricewaterhouseCoopers for actuarial services, and noted that the claims auditing services contract extension will be held until the December meeting. President Clem then noted that copies of the July 26-27, 2006 Executive Committee meeting minutes were included in the meeting packet for review.

Personnel Policy Revisions: A draft containing the changes to the Pool's Personnel Policy suggested during the Annual Meeting was presented for consideration. President Clem noted that the Executive Committee is recommending approved of the draft. Jay Winter moved to approve the proposed revision of the Pool's Personnel Policy, and Marilyn Butler seconded. Andrew Lampe suggested that supervisors be required to complete evaluations on or before the anniversary dates, but President Clem noted that the language implies the Executive Director would be completing the evaluations. With no further discussion, the question was called and the motion was approved without dissent.

Loss Control Work Plan: This discussion continued from the Summer Meeting. The most recent proposal recognizes the present Loss Control Coordinator vacancy and recruitment. The draft included in the meeting packet was a good "wish list" but unrealistic as a work plan, Vyrle said. RMC Chair Green said the longer-term plan was to help member counties individually as well as collectively, based on the results of the audits and self-assessments. He again noted that the RMC plans to have available in March a listing of one- and two-year goals. Executive Director Hill said he planned to hold meetings with all member counties staffs to discuss loss-control needs and resources, and the draft a work plan for the balance of this year and maybe one for next year for presentation during the spring Board meeting. David Alvarez asked if there was any way to show Pool losses. David Goldsmith explained how the compact works, noting there is no requirement for a county to report back to the Pool.

President Clem noted the recommendation on the table from the Risk Management Committee was not to adopt the draft in the packet; rather, to adopt a simple interim Loss Control Work Plan that reflected the current vacancy and the need for familiarization of the new staffer with the member counties and their risk management personnel. Bryan Harrison moved for approval of the interim plan, and Steve Bartel seconded. David Zeretzke asked who would oversee the maintenance and/or training for the RiskMaster system. ED Hill responded that he would take responsibility for it, and noted that the Pool now contracts with Scott Weaver for tech support. He also noted that a user-group meeting is scheduled for November 7th to review pending issues and desires. He also noted that he does not view this as a function of the Loss Control position. The motion was approved without dissent.

Finance Committee: Chair Mike Shelton called attention to the preliminary financial reports for FY06 (Tab 6) and asked on ED Hill to provide a review of the highlights. Because the report is "preliminary," it is not yet ready for adoption, ED Hill noted, adding that the closing entries from the actuaries were due shortly. He noted that the report showed significant growth of net assets. He also noted that the normal quarterly report was due to go to the State Risk Manager shortly. Chair Mike called the Pool's current financial position "the best since he's been on the Board," and attributed it primarily to the result of a

summer decision two years ago in which the philosophy of the Pool was changed to build worth through appropriate member-county assessments.

Personnel Committee: Chair Jay Winter explained that the vacant Loss Control Coordinator position had not been advertised yet... the changes discussed earlier in this session had to be formally approved by the Executive Committee. He then noted that the major work needed in the personnel arena had been completed, and that the committee would stand ready to address any personnel-related issues that arise.

Risk Management Committee: Chair Harry Green had nothing to add to the earlier discussions. David Goldsmith asked him to comment further on the Loss Control Work Plan drafting. Harry then noted that the RMC plans to distribute by the March Session a sample Risk Management and Claims Administration Policy, adding that counties are required to have adopted such in keeping with the WCRP Membership Compact. The committee will also review the results of the county audits, looking for consistent inconsistencies, and focusing its attention on those items to provide suggestions on how the Pool's Loss Control Coordinator could help the counties. He also said the RMC would try to draft a two-year plan.

Underwriting Committee: Co-chair Marilyn Butler noted two issues the group plans to work on: drafting changes desired in the policy document, and looking at different lines of insurances that might be offered by the Pool. She invited all members to forward underwriting-related issues to this committee.

New Business: Steve Bartel asked if the Pool could change the way it issues payment for training scholarships, especially since the reimbursement procedure in his county does not return the funds to his department's line-item budget... "Can the Pool pay directly to the training institution," Steve asked? David Goldsmith noted that there had been a problem when a registrant was a no-show and that left it up to the Pool to try to get the money back. Vyrle Hill said the scholarship form could be amended to help address that sort of situation. President Clem agreed and asked that scholarship inquiries be handled on an individual basis.

Steve B. also asked if Spokane County could get a two-week extension (above the 30 days allotted) for a coverage appeal since the appeal is nearing the time limit. He noted there was disagreement within his county's legal department about what the coverage letter actually states and whether an appeal is even in order. Discussion ensued about the Pool's Bylaws and Claims-Handling Policy and Procedures and how they relate to this issue. Vyrle Hill suggested revisiting the policy to allow for extenuating circumstances. Randy Watts asked whether the minutes could simply note that the Board indicated its willingness to issue this extension. Mark Abernathy moved to approve granting Spokane County a two-week extension in the noted coverage appeal, and Harry Green seconded. Susan Looker suggested written notice be served now. Steve Bartel said that Board policies should not be so stringent that exceptions can't be made when needed. President Clem noted the Pool is a partnership and wants to help co-members. Randy Watts said this as an opportunity to examine the policies and create some flexibility for the Executive Director. The motion was approved with two nays.

Steve Clem called for a break at 10:10 a.m., and the meeting resumed at 10:30 a.m.

Oversight and Associated Reports

State Risk Manager's Report: President Clem called for the report. Vyrle Hill reported that State Risk Manager John Nicholson was unable to attend, that he was planning to retire soon, and that the Pool's annual report was still being compiled. He noted that he expected the report in early 2007.

Actuary's Report/Schedule Year R Reserving Report: The actuary's PY-06 reserving report is in the works, Vyrle said, and noted that Kevin Wick of PricewaterhouseCoopers had recently been promoted to Supervising Actuary and that Craig Scukas is now the Pool's principal contact with the firm. Craig had left messages that the positive results in claims development should lead to a cumulative reserve reduction of as much as \$2 million, Vyrle said.

WCRP Claims Audit: Staff reported that PwC was scheduled to conduct the final biennial claims audit under the present agreement in early December... the plan is for a triennial audit of Pool claims activities after that at the end of the third year of the contract extension with PwC (late 2009) since that is adequate to meet the state guidelines now that the Pool is no longer on the State Risk Manager's "watch list." This should meet the needs of the underwriters for primary insurance as well.

Completed Claims audits for/of Spokane and Yakima Counties: Staff reported that Spokane and Yakima Counties' audits were recently completed by PwC and represented the commencement of the

claims auditing of the Pool's larger-deductible members. Plans are to have a more complete update of this work in the spring. Spokane County's Steve Bartel said there's a need for policies and procedures for claims management at the county level, and feels it is very important. He suggested that each county establish one, or update what they have. David Zeretzke asked if there was any evidence for mid- to small-sized counties that were adjusting claims themselves migrating into a Pool-wide issue. Susan Looker said, no, that all the counties were very good about it.

Broker Services Report: Mike Croke noted that all liability and property policies were bound effective October 1st and that with the new ACE "corridor deductible" program \$2 million in additional funds now remain with the Pool to manage and invest. Wise investments should make some good money, he noted. He was hopeful an ACE representative would be at the Spring Session so members can get to know the company. ACE is supporting a Helpline Services (HR/legal information/counseling resource) information system, and offered to contribute \$50,000 to help with enhanced Pool loss control and/or claims needs. The optional \$25 million total limit was purchased by 20 counties.

Setting proper values for buildings was discussed. Plans are to include some training during the Spring Session since valuation compilations are difficult. David Zeretzke asked about hiring someone to perform appraisals. Mike replied that when one county used an appraiser, many values skyrocketed. He said the work involves reviewing thousands of buildings, so such appraisals should probably be limited to those with larger loss potential. Vyrle Hill said this has been considered before, but there wasn't enough information to reasonably guesstimate what it would involve before this year's budget draft was due. Schedules of properties should be examined and priorities for (re)examination established over time, he said. He plans to address revisions of the property schedules during the Spring Meeting.

Financial Reports

Pre-Closing Financials: Executive Director Hill reviewed several pages from the preliminary Q4-2006 financial reports. He again noted that the actuaries were anticipating reductions in the reserving estimates for existing and Incurred but Not Reported (IBNR) claims of \$1 to \$2 million. Last year's improvement was due largely to the financial recovery made in the (Vicwood-Meridian) landfill case. This year's further improvements are attributed to the board's change in philosophy coupled with increased investment resources and rates. Seeing no further questions and noting that no actions were needed, President Clem proceeded.

Year S (2006-07) Liability Deposit Premiums Worksheet: The PwC actuaries were again charged with preparing a schedule for distributing the year's insurance loads and operating costs. A corrected version was circulated with minor changes in the distributions of reinsurance costs and the amounts retained for the Pool's retentions; however, no changes were made in the amounts levied against the member counties. Randy Watt moved for approval of the corrected Deposit Premiums Worksheet for 2006-07 (Year S), and David Alvarez seconded. The motion was approved without dissent.

Year S (2006-07) Property Premiums Worksheet: The property insurance worksheet reflected distributions of the \$2.178 million total premiums between the 22 participating counties. President Clem asked the Board to include conditions that payments are be made by the end of November 2006 and that delinquencies would be subject to an 8% late-payment interest charge. Bryan Harrison moved for approval with the conditions stated and Mike Shelton seconded. The motion was approved without dissent.

Staff & Executive Director's Reports

Claims Division, Summaries of Claims/Losses: Claims Manager Susan Looker spoke about the larger-deductible county audits being completed. She noted that the Pool currently has 404 open claims, which is on par with recent years. She noted that since her Annual Meeting report, a case in Cowlitz County received four favorable motions for summary judgment, though it has been appealed. Also, a case in Jefferson County was settled, and the trial on Thurston County's *Broyles* case is scheduled to begin soon in Mason County.

She also noted that the vacant Claims Representative position would be posted soon after this meeting.

RiskMaster and User Group Activities and Plans: Vyrle spoke about the RiskMaster system and User Group activities and plans. He noted that the RM-X software installation was scheduled for November 7th and that a concurrent Users Group meeting would be held at the Tumwater facilities. He noted that he

had an independent users survey conducted, and that an action plan would be developed from the results and the desires of the users to address noted deficiencies. He invited the RiskMaster users to the meeting, and noted that the Pool would pay for at least one user per county to attend.

Member Services: David Goldsmith reported that Membership Compact audits field work was completed for six counties and that more were being scheduled, probably on the westside during January and February and on the eastside later in the spring. He noted that the intent was to complete the initial reviews over the next year. He also noted that recruiting efforts continue amongst the non-member counties. He further noted that training plans were placed on hold following Rich Bodell's departure, and that would likely remain so until a new Loss Control Coordinator is hired. Development of in-county instructor resources is being strongly promoted, David said. Counties should continue to submit their requests to the Pool for training needs even though there is no Loss Control Coordinator at the moment, Vyrle said.

Future Meetings

Executive Committee: The next meeting will be held December 7th at the Pool's headquarters.

Board of Directors: Skamania Lodge as the site the last week of March 2007 for the Spring Meeting was generally agreed upon by those attending.

Annual Meeting: Those present were reminded that the 2007 Summer Session would be held again in Leavenworth the last full week of July. President Clem encouraged attendance at the next Summer Meeting.

AWARDS & SERVICE RECOGNITION

President Clem acknowledged the following for their services to the Pool and its board responsibilities. Each received a recognition plaque noting their years of service.

- **Dennis Hadaller**, Lewis County Commissioner for service as Lewis County's Director and as a member of the Executive Committee. Dennis chose not to seek another term as Commissioner.
- **Heidi Smith**, former Okanogan County Chief Civil Deputy Prosecuting Attorney, left in October for private practice. She served as Okanogan County's Director since 2004. Commissioner Andrew Lampe, Heidi's replacement on the Board, accepted the award on Heidi's behalf.
- **Si Stephens**, San Juan County Auditor and a founding WCRP Director, retires December 31st. Si served the Pool since 1988 on both the Finance and Executive Committees, and as the Secretary/Treasurer and the President. County Administrative Services Director Dave Zeretzke accepted the award on Si's behalf.

President Clem called for other business. Clyde Carpenter moved to adjourn the meeting at 11:35 a.m.; the motion was seconded by Mark Abernathy and passed without dissent.

MINUTES APPROVED this 30th day of March, 2007.



President

Attest: 

Secretary/Treasurer

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS AUTUMN WORKSHOP
WORKSHOP NOTES
2:30 p.m. Wednesday, October 25, 2006
Red Lion Hotel at the Park, Spokane**

ATTENDANCE:

* denotes Executive Committee Member

Adams County: Linda Reimer, Clerk of the Board - Alternate

Benton County: *not represented*

Chelan County: *Secretary/Treasurer Keith Goehner, Chelan County Commissioner – Director

Clallam County: Toni Gilbert, Safety/Training Officer - Alternate

Clark County: Bronson Potter, Senior Deputy Prosecutor - Alternate

Columbia County: Drew Woods, County Engineer/Risk Manager - Director

Cowlitz County: Clyde Carpenter, Risk Manager - Director

Douglas County: *President Steve Clem, Douglas County Prosecutor/Coroner - Director

Franklin County: *Neva Corkrum, Commissioner - Director

Garfield County: *not represented*

Grays Harbor County: *not represented*

Island County: *Mike Shelton, Commissioner – Director

Betty Kemp, Director, General Services Administration - Alternate

Vickie Chambers, Safety Officer/GSA Office Manager – Guest

Jefferson County: David Alvarez, Civil Deputy Prosecutor - Alternate

Kitsap County: Mark Abernathy, Risk Manager – Director

Neil Wachter, Senior Deputy Prosecutor – Alternate

Maureen Walker, Risk Management Specialist

Kittitas County: Lisa Young, HR Department

Lewis County: Harry Green, Risk Manager - Alternate

Mason County: Ione Siegler, Budget & Finance Director - Alternate

Okanogan County: Andrew Lampe, Commissioner – Director

Pacific County: Bryan Harrison, County Administrative Officer - Director

Pend Oreille County: Ken Oliver, Commissioner - Director

San Juan County: David Zeretzke, Administrative Services Director - Alternate

Skagit County: *not represented*

Skamania County: Marilyn Butler, Administrative Services Director – Director

Spokane County: *Leon Long, Risk Manager/ Director, Geiger Center - Director

Steve Bartel, Risk Management Supervisor - Alternate

Thurston County: *Diane Oberquell, Commissioner – Director

Tammy Devlin, Risk Manager - Alternate

Walla Walla County: *Jay Winter, Personnel/Risk Manager - Director

Whatcom County: Randy Watts, Chief Civil Deputy Prosecutor - Director

Yakima County: Ron Zirkle, County Prosecutor – Director

Larry Peterson, Senior Civil Deputy Prosecutor - Alternate

Broker: Mike Croke, Senior Vice President, Willis;

Risk Pool Staff: Kilty Bottemiller, Admin Asst/Events; David Goldsmith, Member Services Manager, Vyrle Hill, Executive Director, and Susan Looker, Claims Manager.

WELCOME & CALL TO ORDER: President Steve Clem called the workshop to order at 2:40 p.m. and introductions commenced.

Member Services Manager David Goldsmith reported on presentation and recruiting efforts made at the WSAC Centennial Conference three weeks ago. Executive Director Vyrle Hill noted that two of the non-member contacts made have requested additional information.

David also spoke about the WCRP membership-compact compliance audits, reviewing those recently performed, in progress, and coming visits scheduled. Several positive things are resulting from these

visits, among them learning where the Pool can help member counties with their various issues, through training and other means. Underwriters at a recent AGRIP meeting attended by Pool representatives complimented the Pool for doing these audits. He noted that a more thorough audit-visit cycle is to begin after the initial round of 28 member counties is complete.

David then spoke about the AGRIP Fall Conference, which focused on organizational development, and referred to the What Members Want list (Agenda Tab 2) and the existing WCRP Strategic Plan from 2001. One application the Pool might find beneficial is to develop in-house, special-events coverage, David said, noting that the Strategic Plan was last updated but not substantially changed in 2004. The AGRIP Conference focused on questions boards should ask, e.g. what new services do we need to provide? David handed out a blank survey from the AGRIP Conference and asked the attendees to fill it out and discuss "board maturity" during the committee breakout sessions, noting that the results would be compiled and then presented "report-card" style at tomorrow's Board meeting.

President Clem asked the standing committee chairs to briefly present the plans and visions for their committees and to share the names of those offering to serve on their committees.

A breakout session for the standing committees to develop work plans ensued:

- **Finance:** Chair Mike Shelton thanked Rose Elway, Toni Gilbert and Leon Long for offering to serve on the committee. He hoped more would step forward. Mike said he envisions board members so intimately involved with the Pool's finances that they can speak intelligently for the Pool. He also noted that the committee should understand the implications of the Pool's financial moves and potential moves, and assist the Board members in understanding them as well.
- **Personnel:** Chair Jay Winter noted that Billie Kadmas, Ron Zirkle, Tammy Devlin and Melina Wenner (absent today) had volunteered to serve. Jay mentioned that he didn't expect any significant issues, but he thought it was important for the committee to address issues that may arise quickly, and as such, support for the board, executive committee and management in a timely manner.
- **Risk Management:** Chair Harry Green noted that Clyde Carpenter, Maureen Walker, Tammy Devlin, Steve Bartel, Keith Goehner and Betty Kemp had volunteered for this committee. He also noted that the committee just concluded its first meeting. Harry said the committee wants to assist the member counties in limiting risks and liabilities. Items suggested for accomplishing this included trainings, assessments and other ways under consideration and/or reflected in the draft Loss Control Work Plan.
- **Underwriting:** Chair Marilyn Butler thanked Randy Watts, Ron Zirkle, Dave Zeretzke, Mark Abernathy and Steve Bartel for volunteering to serve. She feels the purpose of this committee is to insure that we have a joint liability policy that uniquely and adequately addresses the needs of our member counties. Also, that the Pool offers desired and appropriate lines of insurance. The committee will seek to address coverage issues (interpretation, what should be added/deleted, how new laws affect the coverage, etc.) Marilyn also noted that this group meets largely via conference call to minimize travel impacts.

President Clem encouraged all member-county participants to be active in the Pool partnership by committing to work on/with these standing committees.

A breakout session for the standing committees to develop their work plans ensued, and the board workshop reconvened at 3:55 p.m. President Clem had to excuse himself for another appointment, so Secretary/Treasurer Keith Goehner assumed the Chair's role. He asked the committee chairs to report the progress of their respective committees:

- **Finance:** Mike Shelton noted that Directors Neva Corkrum and Andrew Lampe joined the committee. The committee's goal, he noted with jest, was "to simply be rich!" He then seriously noted that the preliminary year-end financial statements had been reviewed briefly, and that the Pool's confidence rating has greatly improved in the most recent years.
- **Risk Management:** Harry Green said that the committee plans to lead the development of a sample risk management and/or claims administration policy(ies) that would be consistent with

the Pool's Membership Compact requirements. He noted that the committee hopes to generate a draft policy by the Spring Session in March, along with a multi-year Loss Control work plan. Chair Green also requested that the committee receive copies of the compact audits, noting that these assessments are essential to maintaining an effective loss control program.

- Personnel: Jay Winter thanked Drew Woods for agreeing to serve on the committee. Jay noted again that the committee views its role as support – responding to requests/directions from the board, executive committee or Pool management – in addressing personnel issues. He mentioned that with the recent revisions to the Loss Control Coordinator's job description and the recently-approved compensation survey and salary schedule/grid and the Personnel Policy for the Pool's staff, there didn't appear to be any pressing issues.
- Underwriting: Chair Marilyn Butler reported that Randy Watts would co-Chair the committee, and that the committee had listed six issues to examine in the coming year: 1) construction contracting negligence, 2) special events coverage/pooling, 3) tail coverage, 4) shooting ranges, 5) claims settlement authorities (reviewing the language to make sure everybody understands the Pool's and the members' authorities), and 6) a bonding program.

Following the committee presentations, Acting Chair Goehner called for further discussion; hearing none, he adjourned the board workshop at 4:10 p.m.