

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS WORKSHOP and MEETING
MINUTES**

Thursday – Friday, November 6 – November 7, 2008
Great Wolf Lodge, Grand Mound, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County: *Not represented*
Benton County: Bryan Perry, Safety & Training Coordinator – Alt. Director
Chelan County: Cathy Mulhall, County Administrator – Alt. Director
Clallam County: Toni Gilbert, Safety/Training Officer – Alt. Director
Clark County: Mark Wilsdon, Risk Manager
Elizabeth Vaughn, Emergency Management
Columbia County: Drew Woods, Public Works Director – Director
Cowlitz County: Clyde Carpenter, Risk Manager – Director
Claire Hauge, OFM Director – Alt. Director (*Thursday*)
Douglas County: *Steve Clem, Prosecuting Attorney/Coroner – Director
Franklin County: Ryan Verhulp, Chief Civil Deputy Prosecuting Attorney – Alt. Director (*Thursday*)
Garfield County: *Not represented*
Grays Harbor County: Bob Beerbower, Commissioner – Director
*Rose Elway, Director, Management Services/Budget – Alt. Director
Anne Sullivan, Risk Manager/Emergency Services (*Thursday*)
Island County: Phil Bakke, Commissioner – Director
Betty Kemp, GSA Director – Alt. Director
Jefferson County: David Alvarez, Chief Civil Deputy Prosecuting Attorney – Alt. Director
Kitsap County: *Mark Abernathy, Risk Manager – Director / President
Ione George, Kitsap County Deputy Prosecuting Attorney (*Thursday*)
Kittitas County: Lisa Young, Human Resources Manger/Safety Officer – Interim Alt. Director
Lewis County: *Lee Grose, Commissioner – Director
Harry Green, Risk Manager – Alt. Director
Mason County: Ione Siegler, Budget & Finance Director/Risk Manager – Alt. Director
Okanogan County: *Not represented*
Pacific County: Bryan Harrison, County Administrative Officer – Director
Pend Oreille County: Don Ramsey, Risk Manager/County Engineer – Interim Alt. Director
San Juan County: Adina Cunningham, Deputy Director of County Administration – Alt. Director
Randall Gaylord, Prosecuting Attorney (*Thursday*)
Skagit County: Billie Kadrmas, HR / Risk Manager – Alt. Director (*Friday*)
Skamania County: *Marilyn Butler, Administrative Services Director – Director
Debi Van Camp, Assistant Risk Manager – Alt. Director
Spokane County: * Steve Bartel, Risk Management Supervisor – Director
Thurston County: Diane Oberquell, Commissioner – Director
*Tammy Devlin, Risk Manager – Alt. Director
Chris Curtis, Risk Analyst/Training (*Thursday*)
Walla Walla County: *Jay Winter, Personnel / Risk Manager – Director, Secretary/Treasurer
Whatcom County: *Not represented*
Yakima County: Ron Zirkle, Prosecuting Attorney – Director
Larry Peterson, Senior Deputy Prosecuting Attorney – Alt. Director
Washington OFM: Shannon Stuber, LGSJ Program Administrator
Actuary Services: Craig Scukas, Director – PricewaterhouseCoopers LLP (*Thursday*)
Broker Services: Mike Croke, Senior Area Vice President – AJGRMS, Inc.

Liz Miser, Area Vice President – AJGRMS, Inc.
Tim Chace – AJGRMS, Inc. (Friday)

WSAC Eric Johnson, Executive Director (Friday)

WCRP Staff: Vyrle Hill, Executive Director
David Goldsmith, Member Services Manager
Jill Lowe, Loss Control Coordinator
Susan Looker, Claims Manager
Mike Cook, Claims Analyst (Thursday)
Candy Drews, Claims Analyst (Thursday)
Tammy Cahill, Claims Representative (Thursday)
Claire Thompson, Claims Assistant

CALL TO ORDER / WELCOME: WCRP President Mark Abernathy called the Board of Directors' work session to order Thursday, November 6, 2008 at 2:50 p.m. and welcomed all in attendance.

Randy Gaylord, San Juan County Prosecuting Attorney, addressed the Board regarding coverage for attorneys where the underlying matter is injunctive. After some discussion, it was generally agreed that the item should be referred to the Underwriting Committee. President Abernathy thanked Mr. Gaylord for his presentation.

REPORTS AND RECOMMENDATIONS:

- **Actuary's Report:** PricewaterhouseCoopers' Director Craig Scukas briefed the attendees on the report entitled "Actuarial Reserve Review as of September 30, 2008" that his firm had prepared. Through a PowerPoint presentation, he discussed findings, balance sheet liabilities, state of net assets, funding adequacy, summary of net losses and reserves, and experience rating. The Pool currently stands at a confidence level approaching 98%. Scukas noted that the last three years of operation are developing ahead of estimates. It is too soon to tell if this is a shift or trend, however he recommended a conservative approach, which the Pool began last year by increasing rates moderately, and cautioned against over-reaction. Various alternatives to the current method of rating experience will be reviewed with the Finance Committee. He emphasized that the goal of rating is stability and responsiveness, fairness and simplicity.
- **Claims Report:** Claims Manager Susan Looker shared a PowerPoint entitled *Claims Summary as of 10/12/08* that addressed the number of open claims for each of the last six years, the number of claims closed during each policy period (04-08), and dollars paid during each policy year (04-08). She also announced that Lisa Daly, the new Claims Assistant, has been hired and is being trained. Susan also mentioned there are many documents posted on the Risk Pool's website that could be of use to members.
- **Membership Services:** Member Services representative David Goldsmith reported the Pool has visited all member counties, and marketed the Pool to four other non-member counties. Wahkiakum County has tendered it notice to its present insurer and has expressed an interest in learning more about Pool services.

Goldsmith also reported a Request for Qualifications/Proposal is seeking qualified firms to appraise county properties listed on the Statements of Values for each county in the property program. It is anticipated that up to 10% of the properties listed will receive appraisals, including all Courthouses.

Progress has been made for an on-line management system for the property program, where the counties will be able to add, delete, and modify their statement of values, and report claims.

- **Loss Control Report:** Loss Control Coordinator Jill Lowe reported scholarships are being underutilized and urged counties to consider applying for scholarship funds. She and Tim Chace will be going back on the road to continue county assessments in greater detail. She reviewed the training schedule for 2009, and emphasized the May 2009 training to be presented by Gordon Graham, who is a partner in Lexipol.

- **Reference Manual:** Executive Director Vyrle Hill briefly reviewed tabs 6, 7, 8, 9, and 10. He announced the Reference Manual posted on the web has been updated and asked the members if a paper copy sent to the counties was needed. Those present agreed paper copies were not needed. Mr. Hill also inquired if the Reference Manual should be moved to the "public" side of the web, and it was agreed it should remain in "References," requiring a user name and password to access.

President Abernathy noted Neva Corkrum, Franklin County Commissioner and WCRP Director, was not re-elected, which will create an opening on the Executive Board when her term expires on 12/31/08. As the position is not officially open now, Vyrle Hill asked those who might be interested to contact President Abernathy or him, and it will be an item on the agenda for the Spring 2009 meeting.

Comments were also made by President Abernathy about the importance of participation in the standing committees.

ADJOURNMENT: President Abernathy adjourned the Thursday work session at 4:47 p.m.

WELCOME & CALL TO ORDER: WCRP President Mark Abernathy called the 2008 Autumn Board Meeting to order Friday, November 7, 2008 at 9:00 a.m. Introductions were conducted. There were 42 meeting attendees with all but Adams, Franklin, Garfield, Okanogan, and Whatcom Counties represented.

AGENDA: President Abernathy asked, but no modifications to the preliminary agenda were requested. Shannon Stuber, LGSIP, expressed appreciation to the board for allowing her to attend the meeting.

MINUTES: President Abernathy asked for approval of the minutes of the summer meetings (July 31-August 1, 2008). Diane Oberquell moved for approval of the minutes as presented. The motion was seconded by Ron Zirkle and approved by voice vote.

President Abernathy then noted that the minutes of the July 31, 2008 Executive Committee meeting, and the teleconference Executive Committee meeting of September 23, 2008 were included in this meeting's packet for review. President Abernathy asked broker Mike Croke, Area Senior Vice President of Arthur J. Gallagher Risk Management Services, Inc. to comment on AIG reinsurance. Croke reported they recently met with ACE and AIG representatives at AGRIP in Lake Tahoe and there seemed to be no basis for concern about the solvency of the commercial insurance divisions of AIG. There were no other questions or comments regarding the minutes of the recent Executive Committee meetings.

OVERSIGHT & ASSOCIATED REPORTS

State Risk Management Division: Shannon Stuber reported there are no concerns about the Pool's operations and complimented the Pool for its openness and accountability. She noted there will be some rule changes at OFM that will simplify the WAC. Mr. Hill has been attending meetings regarding this subject.

Legislative Briefing: Eric Johnson of the Washington State Association of Counties presented two issues: 1) wrongful death, an attempt to increase parental rights and add more damages has already been voted down, but will come up again; 2) building inspections, WSAC is trying to refocus issues to life-safety. Both issues are very emotional. President Abernathy asked Johnson to make a comment about their very informative website at www.wacounties.org; Johnson responded there are over 3,000 bills that will be introduced to the legislature this year, two-thirds of which will have some affect upon counties, and WSAC will be tracking them.

Producer's (Broker's) Report: AJGRMS' Mike Croke made a few comments:

- He has met with several other underwriters, not just our current carriers. They are all receptive because they know and respect WCRP.
- AJGRMS is happy to perform workers comp audits for counties. They have completed Clark and Lewis.
- Croke complimented Jill Lowe and Tim Chace for the extensive work they have completed in the counties.

- AJGRMS has been working with Spokane County to review the contracts related to their new wastewater project, and would be happy to review other contractual insurance provisions.
- This is the third year of the corridor insurance plan; the losses have been low and this is very good for cash flow. Croke would like to develop another cash flow plan for WCRP, possibly by restructuring the excess/reinsurance and/or the property program.

Marilyn Butler moved, and David Alvarez seconded, to approve the 2007-2008 AJGRMS Activity Report. The motion passed by voice vote without dissent.

Actuary's Report: As Craig Scukas did not attend the Board Meeting, Mr. Hill summarized the report given during the workshop. Cathy Mulhall moved and Lee Grose seconded to approve the Actuarial Reserve Review as of September 30, 2008. The motion passed without dissent by voice vote. President Abernathy thanked Claims Manager Looker for handling claims to favorably affect severity and rates.

STANDING COMMITTEE REPORTS: President Abernathy noted that all of the Standing Committee chairs from last year have been asked to serve in the same capacity again this year. Abernathy thanked them all for their hard work and accomplishments last year and stated that he looked forward to working with them in the coming year. Abernathy noted that anyone interested in serving on a Standing Committee should contact the committee chair directly.

- **Finance:** Chair Steve Clem reported they will be working on the experience rating and asked for volunteers to serve on the committee, especially from smaller deductible counties, as he expects the work to be done on experience rating will affect them more than others.
- **Risk Management:** Chair Steve Bartel reported the committee had a successful year and thanked Jill Lowe and Tim Chace for their exposure assessments work. He reported the committee surveyed the members about the Skid Car program. Is it appropriate for the Pool to continue to sponsor, or should the counties take control of the program? The survey was not conclusive, and they will be reviewing it again. The committee is building some templates for contract hold harmless and insurance language; a draft will be ready for the Spring Meeting.
- **Personnel:** Chair Tammy Devlin remarked they will be updating a couple of the pool position descriptions and the Personnel Policy. Billie Kadrmas and Harry Green offered to help on the committee.
- **Underwriting:** Co-chair Marilyn Butler thanked David Alvarez for reviewing the public records policy. She reports they will look at the attorney fees issue brought to the Board workshop by Randy Gaylord. She thanked Neva Corkrum and Ron Zirkle for serving on the committee and asked for volunteers, as Corkrum and Zirkle will not be continuing on the committee.

Mr. Hill commented that committee meetings are generally held by teleconference and email. He noted that a list of committee members is posted on the website and will be included in the Spring Conference materials.

POLICIES & OPERATIONAL ELEMENTS

- **"Un-audited" Py2008 Financials:** Mr. Hill reviewed the financial statements. Jay Winter moved and Toni Gilbert seconded for approval of the "un-audited" Py2008 financial statements. The motion passed by voice vote.

RECESS: Due to the need for timely check outs, President Abernathy recessed the meeting at 10:10 and reconvened at 10:25 a.m.

- **Py2009 Administrative Work Plan:** The work plan was deferred at the summer meeting. Diane Oberquell moved and Mark Wilsdon seconded to accept the Py2009 Work Plan. The motion passed by voice vote without discussion or dissent.
- **Corrected Final Py2009 Budget:** Mr. Hill asked that the composite (overall) budget be approved. Bob Beerbower moved and Steve Bartel seconded the motion to approve the budget. The motion passed by voice vote.
- **Public Records Policy:** This policy was presented at the summer meeting and sent to the Underwriting Committee to rework some issues. Mr. Hill thanked David Alvarez for his work

on the policy. Mr. Hill noted a change in Section N.2.d in the last sentence that should read, "The WCRP President (or Secretary/Treasurer) shall consider the appeal within twenty (20) business days after the appeal is received."

- Questions were raised about the cost of video tapes (Section I.4), and it was agreed to remove "Green bar computer printouts, color maps, and audio tapes" from the list of documents with attached copying fees.
- Diane Oberquell moved to approve the Public Records Policy, with corrections and deletions noted, and Lee Grose seconded. The motion passed by voice vote.
- **Claims Handling Policies and Procedures amendments:** The policy was updated by removing attachments and removing reserving methodology adopted by the State of Washington Joint Property and Liability Advisory Board. Toni Gilbert moved to accept the updated Claims Handling Policies and Procedures, David Alvarez seconded. The motion passed by voice vote.

OTHER OFFICER, STANDING COMMITTEES AND STAFF REPORTS

Executive Director Vyrle Hill announced receipt of a letter from PricewaterhouseCoopers. The Claims Auditing Services contract will expire on December 31, 2009. The Pool is required to have a claims audit every three years; PWC no longer has a Claims Audit Department and will not be able to fulfill their contract to provide an audit. President Abernathy recommended that the Pool hold onto the contract and solicit proposals for independent claims auditing to see what it would cost. Depending on the cost, the Pool could ask for a refund for the audit not being performed by PWC. This issue should have no impact on the underwriting services.

Mike Croke reported Steve Larkin has been negotiating with Lexington and has received another \$750,000 payment toward the flood and storm losses.

David Goldsmith reported he will be focusing his marketing efforts on Wahkiakum, the selection of appraisers will be completed by the end of the year, and the on-line property claim form will be available in the spring time. Training will commence then.


RECOGNITION. Mr. Hill recognized and thanked three for their service to the Pool: Diane Oberquell, retiring Thurston County Commissioner, has been a Director since 2001 and has completed a term on the Executive Committee; Bob Beerbower, retiring Grays Harbor County Commissioner, has been a Director since 2000; and Ron Zirkle, retiring Yakima County Prosecuting Attorney, has been a Director since the county joined the Pool in 1996. Zirkle completed three full terms on the Executive Committee, and was President in 2000.

FUTURE MEETINGS

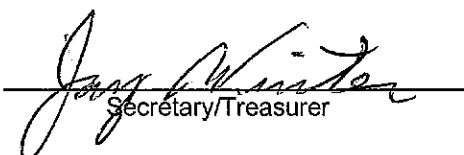
- **Spring Conference:** Mark Wilsdon moved and Clyde Carpenter seconded, to convene the 2009 Spring Conference at Skamania Lodge, March 25, 26, & 27, 2009.
- **2009 Summer Conference and Annual Meeting:** Steve Bartel moved and Lee Grose seconded, to convene the 2009 Summer Conference at the Enzian Inn in Leavenworth; the preferred dates being July 22-24, 2009 with July 29-31, 2009 as the alternate. Staff will confirm. Suncadia (Kittitas) and Sun Mountain (Okanogan) Resorts and Ocean Shores (Grays Harbor) were suggested for summer 2010.

ADJOURNMENT: With the meeting's business concluded, it was duly moved by Lee Grose and seconded by Diane Oberquell to adjourn the meeting at 11:20 a.m. President Abernathy adjourned the meeting.

MINUTES APPROVED this 27th day of March, 2009.



President

Attest: 

Secretary/Treasurer