

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

Thursday - Friday, March 25 – 26, 2010
Lodge at Suncadia, Cle Elum, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County:	Linda Reimer, Clerk of the Board – Alt. Director
Benton County:	Melina Wenner, Human Resources/Risk Manager – Director Bryan Perry, Safety/Training Coordinator – Alt. Director Ryan Brown, Chief Civil Deputy Prosecuting Attorney (<i>Thursday</i>)
Chelan County:	* Keith Goehner, Commissioner – Director
Clallam County:	<i>Not represented</i>
Clark County:	Mark Wilsdon, Risk Manager – Director
Columbia County:	Drew Woods, Public Works Director - Director
Cowlitz County:	Clyde Carpenter, Risk Manager - Director
Douglas County:	* Steve Clem, Prosecuting Attorney/Coroner – Director Thad Duvall, Auditor – Alt. Director
Franklin County:	Bob Koch, Commissioner - Director
Garfield County:	Dean Burton, Commissioner – Director
Grays Harbor County:	* Rose Elway, Director, Management Services/Budget – Alt. Director Dale Gowan, Central Services Director – Alt. Director
Island County:	Angie Homola, Commissioner – Director
Jefferson County:	David Alvarez, Chief Civil Deputy Prosecuting Attorney – Alt. Director
Kitsap County:	*Mark Abernathy, Risk Manager – Director (<i>Friday</i>)
Kittitas County:	Lisa Young, Human Resources Manager/Safety Officer – Director
Lewis County:	* Lee Grose, Commissioner – Director Harry Green, Risk Manager – Alt. Director
Mason County:	Ross Gallagher, Commissioner – Director (<i>Friday</i>) Monty Cobb, Chief Civil Deputy Prosecuting Attorney – Alt. Director
Okanogan County:	* Andrew Lampe, Commissioner - Director
Pacific County:	<i>Not represented</i>
Pend Oreille County:	Laura Merrill, Commissioner – Director
San Juan County:	Pete Rose, County Administrator - Director
Skagit County:	Billie Kadrmas, HR/Risk Manager - Director
Skamania County:	* Marilyn Butler, Risk Manager – Alt. Director, Secretary/Treasurer
Spokane County:	* Steve Bartel, Risk Manager - Director
Thurston County:	Sandra Romero, Commissioner – Director * Tammy Devlin, Risk Manager – Alt. Director
Walla Walla County:	* Jay Winter, Personnel/Risk Manager – Director, President
Whatcom County:	* Randy Watts, Chief Civil Deputy Prosecuting Attorney – Director Karen Goens, Human Resources Manager – Alt. Director
Yakima County:	Larry Peterson, Senior Deputy Prosecuting Attorney – Director
Washington OFM:	Shannon Stuber, LGSJ Program Administrator (<i>Friday</i>)
WSAC:	Eric Johnson, Executive Director (<i>Thursday</i>)
Broker Services:	Mike Croke, Senior Area Vice President – AJGRMS, Inc. Liz Miser, Area Vice President – AJGRMS, Inc.
WCRP Staff:	Vyrle Hill, Executive Director David Goldsmith, Member Services Manager Jill Lowe, Loss Control Coordinator

Susan Looker, Claims Manager
Sue Colbo, Accounting/Auditing Officer
Claire Thompson, Administrative Assistant

CALL TO ORDER / WELCOME: WCRP President Jay Winter called the Board of Directors' work session to order Thursday, March 25, 2010 at 1:30 p.m. and welcomed all in attendance.

REPORTS AND RECOMMENDATIONS:

Business Model Task Force: Keith Goehner, Chair of the Business Model Task Force, thanked the members of the task force for their 100% attendance and commitment to the issue. Members included Chair Keith Goehner, Mark Wilsdon, Steve Bartel, Jay Winter, Thad Duvall, and Bryan Harrison. Other contributors included Mike Croke, Liz Miser, Kevin Wick, Vyrle Hill, David Goldsmith, Susan Looker, Jill Lowe, and other Risk Pool staff as needed.

David Goldsmith reviewed the work of the task force through a PowerPoint presentation. He indicated the first meeting identified issues to be discussed and determined where additional information was needed. The second meeting established a guiding philosophy for the purpose of recommending any changes to the program. The guiding philosophy included three points:

- All WCRP participants should share in the common or pooled risks to some extent.
- All cases are to be managed under common case management policies and rules, and administration.
- All members should share proportionally in the operational costs of WCRP.

The second meeting also reviewed case management and prompted requests for more information.

The third meeting was devoted to two major topics: 1) Increasing the Pool's SIR, and 2) Case handling practices that have likely contributed to poorer loss history and premium increases. The actuaries presented loss information.

From these meetings and discussions, the Task Force made the following conclusions and recommendations:

1. Should WCRP develop an optional SIR program in addition to the deductible program?
Conclusion: No, as the SIR would not satisfy the guiding philosophy.
2. Should the WCRP raise the Pool's SIR to or above the largest deductible level offered?
Conclusion: No, based on the special actuarial study conducted which shows that the current model of reinsurance is more cost effective at this time. However, the Pool should consider building into its membership assessment structure an allowance for when the "working layer" is no longer insurable or the costs are no longer to the advantage of the Pool.
3. Should the WCRP lower the Minimum Coverage per Occurrence from \$20M?
Conclusion: Yes, to \$10M or \$15M with optional \$5M layers up to at least \$25M provided the cost of the excess optional coverage is not unreasonably more expensive than the present mandatory excess coverage.
4. Should the WCRP clarify and strengthen the policies, procedures and practices in the management of claims and lawsuits? Conclusion: Yes, recommendations include:
 - a. Recommendation A-1: Create an infraction-type mechanism to address the untimely reporting or the failure to report tort claims and lawsuits in accordance with the Pool's policy. (Details are provided in the report of the Task Force.)
 - b. Recommendation B-1: WCRP is responsible for and will handle all cases that are covered under the JSILP. Members may request permission to handle cases with in-county administration resources, but the permission sought is not automatic, and it must be granted by the Pool's claim management after discussion with the Member County. (Details are provided in the report of the Task Force.)
 - c. Recommendation B-2: Insist as a prerequisite to delegation of in-county case handling authority that the Member County's in-county case handling personnel

- possess qualifications and experience commensurate with those possessed by the Pool's claims staff and/or that are sufficient to address the complexities of the cases the Member County will likely encounter. (Details are provided in the report of the Task Force.)
- d. Recommendation C-1: Clarify the roles of the Pool-designated Defense Counsel and the in-county Defense Attorney. (Details are provided in the report of the Task Force.)
 - e. Recommendation C2-3: Clarify the role of the Prosecuting Attorneys in defense of claims/lawsuits. The Pool to assign all Pool-designated defense counsel. Primary Pool-designated defense counsel assignments for all higher-risk cases should be to attorneys with specialization and experience warranted. (Details are provided in the Task Force report.)
5. Should the WCRP develop procedures short of expulsion to deal with a Member County not meeting its obligations as a member of the WCRP? Conclusion: Yes, however this topic was deemed to be outside the scope of the Business Model Ad-Hock Task Force and is referred to the Executive Committee to determine the proper venue for addressing this concern.

David Goldsmith noted, if the Board voted to adopt the conclusions and recommendations of the task force in the Board Meeting on 3/26/10, the issues would be assigned to standing committees, where proper wording would be developed, then would be voted on by the Board.

Lee Grose thanked the task force for their work, and for presenting the material in an understandable way.

ADJOURNMENT: President Winter adjourned the Thursday work session at 3:30 p.m.

CALL TO ORDER / WELCOME: WCRP President Jay Winter called the Board Meeting to order Friday, March 26, 2010 at 8:30 a.m. and welcomed all in attendance. Introductions were conducted. There were 42 meeting attendees with all but Clallam and Pacific Counties represented. Mr. Winter followed the introductions with a few comments, stressing the importance of how culture shapes the process; everyone's past actions have a great impact on the future. He would like to continue to build relationships, provide training, and invite participation in the processes of the Pool.

AGENDA: Keith Goehner moved for approval of the proposed agenda; Rose Elway seconded; the motion passed without dissent.

MINUTES: Bob Koch moved for approval of the minutes of the Fall Meeting (November 5 and 6, 2009) at the Red Lion Columbia Center, Kennewick, Washington. Lee Grose seconded; the motion passed without dissent.

FINANCIAL REPORT: Vyrle Hill reviewed the financial reports and graphs, through 12/31/09. He noted the Pool has substantially improved its financial position since 2004, and has achieved a 98% confidence level. Rose Elway moved to approve the Final Py2009 and the 1Q-Py2010 Financial Reports. Larry Peterson seconded; the motion passed without dissent.

OFM-LGSIP (STATE RISK MANAGER) REPORT: Shannon Stuber thanked everyone for allowing her to participate in the meeting. She applauded the Pool for their strong financial position and the work it took to achieve it. New rules were adopted and are effective 1/14/10. A copy of WAC 82-60 was provided in the conference materials. She noted that the board that was created to review and revise the WAC was eliminated by the legislature, but she will be looking for other ways to increase communication with pools. The rules require a minimum of 70% confidence level, but they would prefer it to be in the 90th percentile.

Regarding the revised method of electing governing body members, she commented the State Risk Manager was concerned about larger memberships with smaller governing bodies. The WCRP is not like those because all the members participate, so there may be further changes regarding the rules pertaining to election of governing bodies.

PRODUCER'S (BROKER) REPORT: Mike Croke presented the marketing strategy for the 2010/2011 year. He has four objectives: 1) Develop program that will stabilize dramatic premium swings; 2) Offer alternatives to current twenty and twenty-five million limits; 3) Involve other insurers and reinsurers in the program; and 4) Extend multi-year program. To accomplish these goals, he plans to develop a forward-thinking marketing strategy; meet with underwriters at AGRIP, RIMS and PRIMA; expand the list of reinsurance and excess markets by meeting with them; invite selected underwriters to the WCRP office; and arrange tours of selected counties with underwriters. Through quota sharing, he hopes to attract more insurers to the WCRP account.

Mr. Winter thanked Mike for his persistent and resolute assistance in marketing the Pool's program.

ACTUARIAL SERVICES AGREEMENT: Mr. Hill requested the Actuarial Services Agreement with PricewaterhouseCoopers L.L.P. be extended to December 31, 2010. Randy Watts moved to extend the contract; Larry Peterson seconded. The motion passed without dissent.

RECESS: Due to the need for timely check outs, President Winter recessed the meeting at 9:36 a.m. and reconvened at 9:50 a.m.

BUSINESS MODEL AD HOC TASK FORCE FINAL REPORT AND RECOMMENDATIONS:

Chair Keith Goehner recognized members of the task force. He noted the members tried to not have any preconceived ideas and to think "outside the box." The meetings were very open and explorative with 100% attendance. He asked David Goldsmith to summarize the presentation, the minutes of the task force meetings, and the staff-supplied information on case handling. There was very limited discussion (this item was discussed in the Board Workshop on the previous day) before Larry Peterson moved to accept the report of the task force. David Alvarez seconded. The motion passed without dissent. This was followed by a motion from Randy Watts to approve all recommendations made by the task force; the motion was seconded by Larry Peterson. The motion passed without dissent.

STANDING COMMITTEE REPORTS:

Finance – Steve Clem reported the final auditor's report is not yet available, however he and the Officers participated telephonically in the exit interview with the SAO and Pool staffs. He reported this is the 20th consecutive "clean" year! Only one item was noted – the voting method for the Executive Committee. The Finance and Executive Committees recommend the Pool continue the current method of voting, but with the number of votes each candidate received being announced and reported in the meeting's minutes.

Personnel – Tammy Devlin indicated nothing to report. She made comments later related to the Executive Director contract.

Risk Management : Steve Bartel reported the committee is addressing SMO 1.4 and discussing trends of claims, and training options, and also some model policies they would like to place on the website.

Underwriting: Randy Watts indicated nothing to report.

STAFF REPORTS:

Administrative Services: Executive Director Vyrle Hill announced that Yakima County and Spokane County have both formally rescinded their provisional termination letters and would be staying with the Pool. Kitsap County has not yet rescinded and, as of this date, will be leaving the Pool on 9/30/10. Mr. Hill stated he welcomed the Task Force participation - it provided real leadership and direction for the future. As his employment contract is nearing completion, he indicated he would like to continue as the Executive Director of the Risk Pool.

Steve Clem moved to extend the option to Kitsap County allowing the county to withdraw its membership before 9/30/10 with a prorated refund of any unearned assessment (premiums) should the county choose to exercise this option; Mark Wilsdon seconded the motion. Mr. Clem explained, if Kitsap County is ready to move on and they do not want to be a member, it might behoove the county not be involved in the governance of the Pool. Steve Bartel noted it would give Kitsap County the opportunity to move forward with its insurance needs. Mark Abernathy noted that Kitsap County has no interest in leaving the Pool earlier than normally allowed, and thanked the membership. Angie Homola questioned the impact to the Pool if this motion was passed. Mr. Hill explained that Kitsap County was a \$500K deductible member so the deficiency generated by an early departure would be limited to its share of the administrative overhead. He also mentioned the one-month extension granted in a previous instance, but Kitsap County has not asked for an extension.

Lee Grose called for the question and it passed without dissent. Immediately after, the main motion passed to allow Kitsap County the option to leave the Pool before 9/30/10.

Claims Services: Susan Looker, Claims Manager, reported on claims activity. 965 new claims were received in 08-09, 950 claims were closed, leaving a remaining 478 open. 95 of the open cases take up about 90% of the claims staff time, and are valued at \$32.5 million. In 08-09, 11 cases went to trial. Of those, 8 ended in defense verdicts and 3 resulted in verdicts for the plaintiffs for a total of \$9.5 million. There are currently 26 cases valued over \$1 million, with incurred losses of \$52 million. 12 of those 26 cases involve joint and several liability. Pool Years A-J (88-98) are completely closed, and Ms. Looker thanked Larry Peterson and others for their help in attaining this goal.

Member Services: David Goldsmith reported he is focusing on the second round of property appraisals that will be conducted by Hirons. They will be appraising another 10-15% of the county properties for a total of approximately 25% of all the county properties. Clallam County will have Hirons do all their properties. Other areas include the Business Model Task Force, and this is the last year of the audit cycle on the Membership Compact.

Loss Control: Jill Lowe announced she will have knee surgery in a few weeks.

She presented Certificates of Merit to county members who have completed Basic and/or Advanced Compact Certification: Lisa Young, Paula Young, Janet Kelley, Marie Guernsey, Lorna Delaney, Joseph Whalen, Cindy Dietz, Steve Clem, Marilyn Butler, and Don Ramsey. She presented another certificate to Mark Wilsdon for completing his ARM-P.

Registrations for the Management & Supervisory Training class have been decreasing because many county members have already taken the class. The Risk Pool opened the classes to 120 WCIA members and will receive \$135 per WCIA student, and the scheduled classes are now full.

EXECUTIVE DIRECTOR'S EMPLOYMENT AGREEMENT

While Mr. Hill was absent from the room, the topic of his employment was discussed. Tammy Devlin confirmed that his current salary is in the ballpark with other pool directors. Larry Peterson moved to extend Mr. Hill's contract for another three years with COLA's. Lee Grose seconded. The motion passed without dissent.

FUTURE MEETINGS:

2010 Annual Meeting and Summer Conference: July 21-23, 2010, Red Lion, Wenatchee.

Autumn Conference 2010: Suggestions were voiced for the Great Wolf Lodge (south of Olympia) or the Spokane Red Lion. Staff will look into availability.

Winter/Spring Conference 2010: Most agreed the Lodge at Suncadia was a very nice location. Skamania Lodge and North Bonneville Hot Springs were also suggested. Members were asked to contact Mr. Hill or other WCRP staff with other suggestions.

With the meeting's business concluded, Pete Rose moved and Lee Grose seconded to adjourn the meeting; President Winter adjourned the meeting at 11:19 a.m. by acclaim.

MINUTES APPROVED this 23rd day of July, 2010.

Jay Winter
President

Attest: Mauling Butler
Secretary/Treasurer