

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

Friday, November 9, 2012
Heathman Lodge, Vancouver, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County: *Not Represented*
Benton County: * Bryan Perry, Safety/Training Coordinator – Alt. Director
Chelan County: * Keith Goehner, Commissioner – Director
Clallam County: Rich Sill, Code Enforcement Manager – Director
Clark County: * Mark Wilsdon, Risk Manager – Director, President
Mark McCauley, Director General Services, Alt. Director
Columbia County: * Drew Woods, Public Works Director - Director
Cowlitz County: Claire Hauge, OFM Director – Alt. Director
Douglas County: * Thad Duvall, Auditor – Alt. Director
Franklin County: Robert Koch, Commissioner – Director
Garfield County: Dean Burton, Commissioner – Director
Grays Harbor County: Herb Welch, Commissioner – Observer
Dale Gowan, Central Services Director – Alt. Director
Island County: Elaine Marlow, Budget Director – Alt. Director
Jefferson County: Philip Morley, County Administrator - Director
David Alvarez, Chief Civil DPA – Alt. Director
Kittitas County: * Lisa Young, Human Resources Manager – Director
Lewis County: * Lee Grose, Commissioner – Director
Mason County: Tim Sheldon, Commissioner – Director
Dawn Twiddy, Risk Manager
Shannon Goudy, Clerk of the Board
Okanogan County: Andrew Lampe, Commissioner – Director
Pacific County: Kathy Spoor, Administration Officer - Director
Lisa Ayers, Commissioner – Alt. Director
Pend Oreille County: Mike Lithgow, Director of Community Development – Alt. Director
San Juan County: Stan Mathews, Dep. Director of Administration – Alt. Director
Skagit County: Arne Denny, Civil Deputy PA – Alt. Director
Skamania County: Scott Pineo, General Services Director – Alt. Director
Adam Kick, Prosecuting Attorney (arrived at 10:00 am)
Spokane County: * Steve Bartel, Risk Manager – Director, Secretary/Treasurer
Lauren Williams, Liability Adjuster
Thurston County: * Tammy Devlin, Risk Manager – Alt. Director
Walla Walla County: Jesse Nolte, Deputy PA - Director
Lucy Schwallie, Personnel/Risk Manager (left at 10:30 am)
Whatcom County: Randy Watts, Chief Civil DPA – Director
Yakima County: Larry Peterson, Sr. DPA - Director

Washington State
Risk Manager: *Not Represented*

Broker Services: John Chino, Area Sr. Vice President – AJGRMS, Inc.
Liz Miser, Area Vice President – AJGRMS, Inc.

Others: Kevin Wick, Managing Director, PwC,LLP (left at 9:00 a.m.)

WCRP Staff: Vyrle Hill, Executive Director

David Goldsmith, Member Services Manager
Jill Lowe, Loss Control Coordinator
Susan Looker, Claims Manager
Sue Colbo, Accounting Officer
Stacey Spears, Administrative Assistant

CALL TO ORDER / WELCOME: WCRP President Mark Wilsdon called the 2012 Autumn Board of Director's Meeting to order at 8:32 a.m. and welcomed all in attendance. He reminded those in attendance that there is one vote per county. President Wilsdon visually confirmed a quorum with a show of hands.

AGENDA: President Wilsdon asked those present to review the agenda and stated there would be a session at approximately 10:40 a.m. to discuss a personnel issue, staff would be asked to leave. President Wilsdon then introduced the committee chairs: Thad Duvall - Finance, Drew Woods - Underwriting, Bryan Perry - Risk Management, and Lisa Young - Personnel

Thad Duvall announced the other Finance Committee members: Claire Hauge (Cowlitz), Steve Clem (Douglas), Lee Grose (Lewis), Keith Goehner (Chelan), Larry Peterson (Yakima), Mark McCauley (Clark).

Lisa Young announced the other Personnel Committee members: Paulette Young (Lewis), Jessica Neil Hoyson (Skagit). Lisa announced that Keith Goehner left the committee and that Secretary/Treasurer (and Past President) Steve Bartel (Spokane) would consult on some projects. The personnel committee will work on succession planning and expects some other projects as well.

Drew Woods announced the Underwriting Committee members: Mark Wilsdon (Clark), Steve Bartel (Spokane), David Alvarez (Jefferson), Steve Clem (Douglas), Adam Kick (Skamania), Bob Koch (Franklin), Mark Nichols (Clallam), Larry Peterson (Yakima), Susan Looker (Staff), Liz Miser (AJG). Mr. Woods explained that the committee will discuss changes, additions and items to remove from coverage and make recommendations to the Board. If anyone else is interested in joining the committee, let Mr. Woods know.

Bryan Perry announced the Risk Management Committee members: Dawn Twiddy (Vice Chair/Mason), Dale Gowan (Grays Harbor), Kathy Spoor (Pacific), Nan Kallunki (Okanogan); Paulette Young (Lewis), Jessica Neill Hoyson (Skagit), Sandra Romero (Thurston), Karen Goens (Whatcom), Lisa Young (Kittitas), Mark Nichols (Clallam), Rich Sill (Clallam). Mr. Perry explained the Risk Management committee discusses and plans upcoming and current risk management issues and loss control items. Coming up, the committee will discuss the risk management policy for the Pool, the targeted risk management program, employment law classes, and a Lexipol test group for corrections training. Let Bryan Perry know if you are interested in joining the Risk Management committee.

President Wilsdon stated Executive Director Hill wants to add a handout for tab 19 detailing third quarter financials, the report needs to be considered for approval.

Larry Peterson moved to approve agenda with the two additions; Drew Woods seconded; the motion passed without dissent.

MINUTES: Lee Grose moved to approve the minutes of the Summer Meeting (July 26-27, 2012); Andrew Lampe seconded; the motion passed without dissent. There were no questions or comments regarding the Executive Committee minutes from July 25, 2012 and October 31, 2012.

WCIP TERMINATION RESOLUTION: Larry Peterson moved to approve resolution NO. Py2013 001, a resolution consenting to the termination of the Washington Counties Insurance Pool (WCIP) pursuant to the Interlocal Agreement of that organization; Dale Gowan seconded; the motion carried without dissent.

ACTUARIAL REPORT: Kevin Wick with PricewaterhouseCooper presented a preliminary actuarial report. He stated at the end of a fiscal year, it is time to look at incurred losses. A typical year for the Pool is \$10-15M in losses, 4 years ago (2009) there was an unusual spike to above \$30M for that one year, then 2010 and 2011 returned to historical levels. 2012 is at about \$5M in losses, about one-third of what would typically be expected. Executive Director Hill explained that membership growth in 2002 and 2003 led to some growth in incurred losses following those years. The incurred losses chart includes deductibles, pool layer and re-insurance. Implications: the tail liability estimate will go down, and the fund balance will go up due to favorable claims experience in 2012.

Making an informed decision regarding self-insured retention levels and insurance levels requires information. Increasing the self-insured retention can appear favorable but then the program will have more uncertainty and require more capital. The capital modeling study uses Business Model + Risk = Target Funding and will look at all the risks and possible scenarios. President Wilsdon stated the Executive Committee will work with Mr. Wick on the capital modeling study. President Wilsdon invited other interested board members to talk to him about getting involved in the meetings regarding capital modeling. Mr. Wick suggested getting the process going soon.

CLAIMS AUDITING REPORT: Susan Looker reported that Gary Jennings audited three counties: Thurston, Clark and Lewis. Results can be found in the notebook and she will be following up with those counties to discuss the recommendations. Skagit, Spokane & Yakima Counties' audits are coming soon. In addition, the Risk Pool claims department will be audited in later 2013 as part of the scheduled triennial claims audit.

PRODUCER'S (BROKER) REPORT: Liz Miser reported that the First Amendment to the Insurance Producer Services Agreement was approved at the Summer Board meeting, the final copy of the amendment is included in the notebook. A Second Amendment to the Insurance Producer (Broker) Services Agreement was presented replacing Mike Croke with John Chino as account executive. Philip Morley moved to approve the Second Amendment; Randy Watts seconded; the motion carried without dissent.

Liz Miser presented the annual report prepared for the Pool by AJGRMS. The major focus this year was the transition from Mike Croke to new personnel. In addition, AJG assisted Susan Looker with the Case case and issues with the reinsurer, this claim is now resolved. AJG worked to strengthen the property program in a hardening insurance market with some restructuring. The casualty program was fully marketed this year and a new primary re-insurer (Berkeley) was brought into the program. The Pool increased its participation with a 10% share in the \$8M xs \$2M layer.

John Chino said he is pleased to be part of the team from AJG working with the Pool. Mr. Chino presented the loss control service plan. Loss control is going to be critical and there is a good level of involvement from all members for loss control. The plan has 5 parts:

1. Phase II Summary Document and Best Practices
2. Risk Mapping
3. Contractual Review
4. Seminars and educational opportunities for all members
5. Securing nationally recognized speakers for WCRP board meetings

Mr. Chino presented 2012-13 program objectives for WCRP covering the topics of loss control, contractual liability, property, casualty and growth of WCRP.

Ms. Miser presented a check to the Pool from ACE American Insurance Company for Loss Control Services for the second half of the 2011/12 policy term commitment.

Larry Peterson moved to accept the loss control service plan; Bryan Perry seconded; the motion carried without dissent.

DES/LGSIP: Executive Director Hill reported that State Risk Manager Shannon Stuber was unable to attend the meeting. Executive Director Hill reported on the proposed changes being proposed by the State Risk Manager to WAC 200-100.

- Elections of the governing body. WCRP will be exempted and in compliance if the proposed change is approved.
- Standards for solvency - WCRP is one of the strongest pools financially in the state but this is not the case with all pools in Washington. The pooling directors working with SRM are suggesting that the solvency level be increased. The standard is currently 70%. Most pools in the state meet this standard with WCRP well above the standard. The recommendation from the SRM is to raise the standard to 80%. Discussion took place regarding the proposed change.
- Reduce the window of time for audited financial statements to be presented to the SRM from one year to six months. Discussion took place regarding the proposed change.

Philip Morley moved to direct a letter to the SRM as outlined by Executive Director Hill in support of the proposed change regarding elections, in support of the level of proposed solvency changes, but changing the window to submit audited financial reports to the SRM to eight months instead of six; Randy Watts seconded; the motion passed without dissent.

RECESS: President Wilsdon recessed the meeting at 10:05 a.m. and reconvened at 10:29 a.m.

Executive Director Hill acknowledged those that have left or are soon leaving the Pool. The Pool said good-bye to Butch Low from Garfield County yesterday at the Roundtable. Laura Merrill, a member of the Executive Committee, has left Pend Oreille County for a new position, a certificate and card were delivered to Laura.

Executive Director Hill introduced first time conference attendees: Herb Welch from Grays Harbor County, Michael Stroyk from Lewis County, Stan Matthews from San Juan County, Jennifer Jackson from Skamania County, Lucy Schwallie from Walla Walla County and Jennifer Byington from Garfield County.

Also leaving the Risk Pool is Commissioner Andrew Lampe, a card and certificate were presented to Commissioner Lampe. In addition, this was Randy Watts's last conference as he is retiring at the end of February. A certificate and card were presented to Randy and he made parting remarks to the group. Executive Director Hill gave the organization's thanks to Andrew and Randy.

ELECTIONS: There are two vacancies on the Executive Committee due to the departures of Laura Merrill and Andrew Lampe. The nominating committee met and is putting forward the following candidates for the openings on the Executive Committee: Dean Burton, Larry Peterson and David Alvarez. Dale Gowan moved to accept the candidates from the nominating committee; Tammy Devlin seconded; the motion carried without dissent. President Wilsdon asked for nominations from the floor. Drew Woods nominated Bob Koch. President Wilsdon reminded the Board there is one vote per county and the county name must be included on the ballot. The ballots were distributed for the opening on the Executive Committee for the term through September 30, 2014. While the ballots were counted, President Wilsdon asked David Goldsmith to present the Organizational Review.

ORGANIZATIONAL REVIEW: David Goldsmith reported on the recent membership survey that takes place every other year. 25 counties responded. David reported on the results regarding communications, claims, management and governance activities, and the annual updates with the counties. The overall rating for the Pool was 4.63 (out of a possible 5), the best rating so far for the organization.

David noted the strategic plan and responsibility matrix are included in the conference notebook for review.

ELECTION RESULTS: President Wilsdon announced there was a three way tie, a re-count to be conducted.

MEMBER SPECIALTY SERVICES REPORT/LEGISLATIVE PROPOSALS: David Goldsmith reported on marketing to nonmember counties. He worked with Whitman County this year, they chose to stay with their current program. Wahkiakum County will be provided with underwriting information and quotes. Ferry County and Klickitat County were also provided marketing information. WCRP participates with the new official's orientation through the other county organizations and WCRP staff will individually visit with counties that have leadership changes. Membership services also deals with legislative issues. The Pool is not allowed to lobby but does provide information for county organizations, WSAC, WACO and WAPA. Mr. Goldsmith asked for any other issues facing counties that should be discussed with these organizations. President Wilsdon mentioned prisoners released that were wrongfully incarcerated. David Alvarez mentioned the public records act, applying the one-year statute of limitations to all request elements.

ELECTION RESULTS CONTINUED: President Wilsdon announced that Dean Burton was elected to the Executive Committee with a term through September 30, 2014.

Ballots were passed out for the second Executive Committee position with a term through September 30, 2013. Thad Duvall gave the voting instructions. President Wilsdon asked Susan Looker to present her claims report while the ballots were counted.

CLAIMS REPORT: Claims Manager Susan Looker gave the Autumn claims report. During Pool Year X (10/1/2011-9/30/2012), 622 claims were filed, and 671 claims were closed. Some older open claims from previous years were recently resolved. The distribution shows most cases are valued between \$.01-\$5,000 but it is the higher-valued claims that take most of the claims staff time. Adjuster caseloads were presented. Ms. Looker reported there are currently about 45 pre-defense reviews, these numbers are not included in adjuster case loads. Staff training information was then presented.

ELECTION RESULTS CONTINUED: President Wilsdon announced that Larry Peterson was elected to the Executive Committee for a term through September 30, 2013.

President Wilsdon announced voting would take place for the vacant Vice-President/President Elect officer position. The nominating committee put forward the candidates Tammy Devlin and Lee Grose. There were no nominations from the floor. Ballots were distributed. While the votes were counted, President Wilsdon asked Executive Director Hill to present the financial report.

THIRD QUARTER FINANCIAL REPORT: Executive Director Hill presented the financial statements for the period ending 6/30/12. Thad Duvall moved to accept the financial report as presented; Tim Sheldon seconded; the motion passed without dissent.

ELECTION RESULTS CONTINUED: President Wilsdon announced that Tammy Devlin was elected Vice-President/President Elect.

STANDING COMMITTEE REPORTS:

Finance: Thad Duvall had nothing further to report.

Personnel: Lisa Young had nothing further to report.

Risk Management: Bryan Perry reported the committee will be working with AJG on the loss control proposal and looking at the scholarship program.

Underwriting: Drew Woods reported the committee met last week, they are discussing a potential gap in reinsured coverage for terrorism. The Underwriting Committee directed staff to research this further and noted it is not a coverage issue for members but that it pertains to the Pool's reinsurance.

FOURTH QUARTER FINANCIAL REPORT: Executive Director Hill presented the preliminary fourth quarter financial report and noted it is still subject to adjustments from the actuarial review. As this was a preliminary report, approval was not yet necessary.

INVESTMENT COMMITTEE REPORT: Chair (Secretary/Treasurer) Steve Bartel announced the Investment Committee had its inaugural meeting last week. Duties and responsibilities were discussed. \$15M will be invested with the Spokane County (Treasurer) Investment Pool and \$10M (more or less) with the Clark County (Treasurer) Investment Pool. Mr. Bartel noted these programs offer better returns than the state investment pool and the fees are lower. \$3-5M will be kept liquid in order to conduct business. The Investment Committee will meet telephonically once a month to monitor investments and results. Mr. Bartel answered questions regarding fees and expected rates of return.

LOSS CONTROL REPORT: Jill Lowe presented the Loss Control report starting with a summary of classes presented during Py2012. Ms. Lowe noted that detailed attendance information by county was provided in the conference notebook and that she welcomes comments and ideas for future training subjects.

Ms. Lowe discussed the Lexipol training bulletins and law enforcement training requirements as it relates to Lexipol. Currently 14 members are continuing to use the Lexipol application. Lexipol is adding a custody program and this program will be offered to the 14 counties currently using Lexipol to test this new service. The counties and the Pool will both contribute to the cost of the new custody program.

Ms. Lowe reviewed information from the Membership Compact as well as the Risk Management Policy and will be sending out a document that counties will use to perform a self-assessment audit of their loss control programs. In addition, she plans to meet individually with each county Risk Manager this year.

Ms. Lowe announced that the schedule for this year's training program will come out in about one month. If a county is interested in hosting a training event this year, please let her know. Ms. Lowe asked John Chino to speak about RMPE training courses he conducts. Mr. Chino presented information on his ARM and RMPE "crash" courses and testing opportunities. Ms. Lowe announced an upcoming seminar with speaker Gordon Graham that the Pool is co-sponsoring with Enduris and WCIA. The seminar will be presented February 5, 2013 in Spokane and February 6, 2013 in Burién.

Ms. Lowe spoke about the PRIMA Institute that she recently attended with eight county Risk Managers that results in basic Risk Management certification and she passed out certificates to those Risk Managers that achieved basic certification by attending the conference (Rich Sill/Clallam, Phil Morley/Jefferson, Kathy Spoor/Pacific, Scott Pineo/Skamania, Karen Goens/Whatcom, Jessica Neill Hoyson/Skagit, Teresa Brooks/Pend Oreille and Dale Gowan/Grays Harbor).

PERSONNEL: At 12:18 p.m., Pool staff members were excused from the meeting. It was announced the Executive Committee recommends entering negotiations with Executive Director Hill to extend his contract for three years. Keith Goehner motioned to accept this recommendation; Jesse Nolte seconded; the motion passed.

Succession planning was discussed along with a compensation study for staff with no promises. Larry Peterson motioned to direct the personnel committee to conduct a compensation study for all Pool staff; Drew Woods seconded; the motion passed. Results will be presented at the Spring meeting.

Pool Staff returned to the meeting at 12:20 p.m.

FUTURE MEETINGS: The meetings already scheduled for Spring and Summer 2013 were noted. Future conference dates and locations were discussed. Jesse Nolte motioned to hold the Autumn 2013 Conference in Dayton, WA; Drew Woods seconded; the motion passed without dissent. Possible dates were discussed, staff was directed to research possible dates and scheduling for the Autumn 2013 conference. Suggestions and discussion took place regarding the Spring and Summer 2014 conferences. Suggestions included Skamania Lodge, Chelan and Spokane.

Already booked are:

- Spring 2013 Conference – March 26-28, 2013 (The Lodge at Suncadia, Cle Elum, WA)

- Summer 2013 Conference (Silver Anniversary Celebration) / 2013 Annual Meeting – July 24-26, 2013 (The Enzian Inn, Leavenworth, WA)

With no further business, President Wilsdon adjourned the Board meeting at 12:35 p.m.

MINUTES APPROVED this 29th day of March, 2013.


President

Attest: 
Secretary/Treasurer