

**WASHINGTON COUNTIES RISK POOL
ANNUAL (BOARD OF DIRECTORS) MEETING
MINUTES**

Thursday-Friday, July 23-24, 2015
The Marcus Whitman Hotel, Walla Walla, Washington

Board Members in Attendance

County	Appointment	Present	Name
Adams	Director	<input type="checkbox"/>	Jeffrey Stevens
	Alternate Director	<input checked="" type="checkbox"/>	Patricia Phillips
Benton	Director	<input type="checkbox"/>	Lexi Wingfield
	Alternate Director	<input type="checkbox"/>	David Sparks
Chelan	Director, <i>Secretary/Treasurer</i>	<input checked="" type="checkbox"/>	Keith Goehner *
	Alternate Director	<input type="checkbox"/>	Cathy Mulhall
Clallam	Director	<input checked="" type="checkbox"/>	Rich Sill
	Alternate Director	<input type="checkbox"/>	James Jones
Columbia	Alternate Director	<input checked="" type="checkbox"/>	Tammy Sullenger
	Director, <i>President</i>	<input checked="" type="checkbox"/>	W.A. "Drew" Woods *
Cowlitz	Alternate Director	<input type="checkbox"/>	Dwight Robanske
	Director	<input checked="" type="checkbox"/>	Clyde Carpenter *
Douglas	Alternate Director	<input type="checkbox"/>	Claire Hauge
	Director	<input checked="" type="checkbox"/>	Steve Clem
Franklin	Alternate Director	<input type="checkbox"/>	Thad Duvall *
	Director	<input type="checkbox"/>	Ken Stanton
Garfield	Alternate Director	<input type="checkbox"/>	Robert Koch *
	Director	<input type="checkbox"/>	Shawn Sant
Grays Harbor	Alternate Director	<input checked="" type="checkbox"/>	Tim Dickerson
	Director	<input type="checkbox"/>	Wynne McCabe
Island	Alternate Director	<input checked="" type="checkbox"/>	Jennie Bowman
	Director	<input checked="" type="checkbox"/>	Robert Johnson
Jefferson	Director	<input checked="" type="checkbox"/>	Vickie Raines
	Alternate Director	<input checked="" type="checkbox"/>	Dale Gowan
Kittitas	Alternate Director	<input type="checkbox"/>	Wes Cormier
	Director	<input checked="" type="checkbox"/>	Jill Johnson
Lewis	Alternate Director	<input checked="" type="checkbox"/>	Elaine Marlow
	Director	<input type="checkbox"/>	Philip Morley
Mason	Alternate Director	<input checked="" type="checkbox"/>	David Alvarez *
	Director, <i>Vice President</i>	<input checked="" type="checkbox"/>	Lisa Young *
Okanogan	Alternate Director	<input type="checkbox"/>	Judy Pless
	Director	<input checked="" type="checkbox"/>	Paulette Young
Pacific	Alternate Director	<input checked="" type="checkbox"/>	Gary Stamper, Left Friday at 9:45
	Director	<input checked="" type="checkbox"/>	Michael Strozyk
Walla Walla	Director	<input checked="" type="checkbox"/>	Tim Sheldon, Friday only
	Alternate Director	<input checked="" type="checkbox"/>	Dawn Twiddy
Yakima	Alternate Director	<input type="checkbox"/>	Randy Neatherlin
	Director	<input type="checkbox"/>	Terri Jeffreys
Wahkiakum	Director	<input type="checkbox"/>	Sheilah Kennedy
	Alternate Director	<input checked="" type="checkbox"/>	Tanya Craig, Left Th. at 3:10 and Fri. at 9:45
Waukesha	Director	<input checked="" type="checkbox"/>	Kathy Spoor
	Alternate Director	<input checked="" type="checkbox"/>	Lisa Ayers *

	Alternate Director	<input type="checkbox"/>	Mark McClain
Pend Oreille	Director	<input checked="" type="checkbox"/>	Mike Lithgow
	Alternate Director	<input type="checkbox"/>	Teresa Brooks
	Alternate Director	<input type="checkbox"/>	Alan Botzheim
San Juan	Director	<input checked="" type="checkbox"/>	Mike Thomas
	Alternate Director	<input checked="" type="checkbox"/>	Pamela Morais
Skagit	Director	<input type="checkbox"/>	Jessica Neill Hoyson
	Alternate Director	<input checked="" type="checkbox"/>	Donnie LaPlante
	Alternate Director	<input checked="" type="checkbox"/>	Arne Denny
	Alternate Director	<input type="checkbox"/>	Tim Holloran
Skamania	Director	<input checked="" type="checkbox"/>	Doug McKenzie
	Alternate Director	<input type="checkbox"/>	Vacant
Spokane	Director	<input type="checkbox"/>	Steve Bartel *
	Alternate Director	<input type="checkbox"/>	Rob Binger
Thurston	Director	<input type="checkbox"/>	Sandra Romero
	Alternate Director	<input checked="" type="checkbox"/>	Tammy Devlin *
	Alternate Director	<input type="checkbox"/>	Jon Tunheim
Walla Walla	Director	<input checked="" type="checkbox"/>	Jesse Nolte
	Alternate Director	<input checked="" type="checkbox"/>	James Duncan, Thursday only
	Alternate Director	<input type="checkbox"/>	Lucy Schwallie
Whatcom	Director	<input checked="" type="checkbox"/>	Karen Goens
	Alternate Director	<input type="checkbox"/>	Dan Gibson
Yakima	Director	<input checked="" type="checkbox"/>	Joseph Brusica
	Alternate Director	<input checked="" type="checkbox"/>	Cindy Erwin

* Denotes Executive Committee Member

Others in Attendance

County/Organization	Designation/Title	Name
Clallam	Civil Investigator	Tom Reyes
Mason	Clerk of the Board	Julie Almanzor
Skamania	Prosecuting Attorney	Adam Kick, Thursday only
AJGRMS	Area Vice President	Liz Miser
	Director of Risk Control	Tim Chace, Thursday only
RPS	Senior Vice President	James Rozzi, Thursday only
AIG / Lexington	Regional Vice President	Leslie Conti, Friday only
	Sr. Production Specialist	Rebecca Wallinder, Friday only
	Regional Production Specialist	David Reese, Friday only
Berkley Public Entity Managers	President	Rich Vincelette, Friday only
	Regional Underwriting Manager	Richard Zak, Friday only
	SVP – Underwriting	Brian Whooley, Friday only
PricewaterhouseCoopers	Managing Director	Kevin Wick, Thursday only, left at 3:10
	Director	Craig Scukas
Chandler Asset Management	SVP, Portfolio Strategist	Scott Prickett, Thursday only
	VP, Portfolio Strategist	Julie Hughes, Thursday only
WSAC	Executive Director	Eric Johnson, Thursday only
WCRP Staff	Executive Director	Vyrle Hill
	Specialty Services	David Goldsmith
	Loss Control Coordinator	Jill Lowe, Thursday only
	Claims Manager	Susan Looker
	Accounting Officer	Sue Colbo
	Administrative Assistant	Stacey Spears
	Senior Claims Analyst	Mike Cook, Thursday only
	Claims Analyst	Holly Fierro, Thursday only

	Claims Representative	Lisa McMeekin, Thursday only
	Claims Assistant	Sally King, Thursday only

CALL TO ORDER / WELCOME: WCRP President Andrew Woods called the 2015 Annual (Board of Directors) Meeting to order Thursday, July 23, 2014 at 1:32 pm. He welcomed all in attendance. President Woods confirmed a quorum.

AGENDA: Vickie Raines moved to accept the agenda, Clyde Carpenter seconded; the motion passed.

CONSENT AGENDA: Keith Goehner moved to approve the consent agenda, Steve Clem seconded; the motion passed.

Consent Agenda

- o Minutes of the Additional (May 8, 2015) Board of Directors Meeting approved.
- o Executive Committee minutes accepted.
 - March 25, 2015 Meeting
 - May 7, 2015 Meeting
 - June 12, 2015 Meeting
 - June 19, 2015 Meeting
 - July 10, 2015 Meeting (Draft)

President Woods asked if there were any questions regarding the Executive Committee minutes, there were none.

EXECUTIVE DIRECTOR SEARCH: President Woods informed the group that negotiations with the two candidates for the Executive Director position selected at the Additional Board Meeting on May 8th were not successful. Discussion took place. President Woods reported that the Executive Committee recommends hiring a new recruiting firm: Prothman Company and it was noted that the proposal from the Prothman Company was in the notebook, including references. President Woods reviewed the proposed contract with the group. Paulette Young moved to retain the Prothman Company as proposed for the Executive Director Recruitment, Tammy Devlin seconded; the motion passed.

NOMINATING COMMITTEE: President / Nominating Committee Chair Woods reported on the nominating committee's slate of candidates. Steve Clem, Robert Koch and Lisa Young for the three (3) Executive Committee full term positions from 10/1/2015 through 9/30/2018; Jill Johnson for the unexpired Executive Committee position from the date of the election through 9/30/2017; Keith Goehner for Vice President (and President-Elect) and Drew Woods for Secretary/Treasurer. President Woods reminded the group that the elections are on the agenda for Friday, the Officer elections will take place following the Executive Committee elections, and that nominations will be accepted from the floor on Friday.

PRODUCER'S (BROKER) REPORT: Liz Miser of Arthur J. Gallagher Risk Management Services went over her staff assignments. She then reviewed the current liability program and presented information on the underwriting and marketing activities that took place. Ms. Miser then reviewed the proposed liability program options and pricing for Py2016. It was noted the "corridor SIR" was increased by \$100k to \$3,450,000. She also noted there was a slight rate increase from Berkley and that the pricing from Lexington was flat, with the slight increase solely due to the increase in exposures. The recommendation from the Producer included:

- The liability (casualty) reinsurances and "following form" excess insurances
 - o Berkley \$1.9M x \$0.1M "corridor" with \$3.45M stop loss and \$3M x \$2M reinsurances, Enquiron/Hotline access and \$150,000 loss control enhancement grant.
 - o AIG/Lexington \$5M x \$5M reinsurance plus \$10M x \$10M and \$5M x \$20M excess policies.
 - o Indicated premiums from the Spring 2015 (preliminary) underwriting data totaling \$3,841,428, plus applicable State taxes and fees, for all (\$19.9M x \$0.1M) reinsurance and excess policies, and \$54,850, plus State taxes and fees, for the \$5M x \$20M "member option" excess policy.

Ms. Miser then presented information on the current property program and noted the participating insurers were available in the handout. Pricing for the proposed program was offered. The rate quoted was .0915/\$100 TIV, an approximate 9% decrease. The terrorism limit increased from \$20M to \$25M. Ms. Miser noted a two year policy might be an option and that would lock the rate for two years. Discussion took place regarding the two year renewal option, program structure and carriers. Ms. Miser offered clarification regarding underground pipes, wells, machinery coverage and auto physical damage. The property schematic was provided.

Ms. Miser then presented information on the proposed Cyber Insurance Program. It was noted that there were two claims so far this year. The premium numbers presented were noted to be the worst case scenario and that the carriers will not provide a firm quote at this time. The renewal premium may be as high as \$175k with a \$25k retention.

Ms. Miser provided information on the services provided by Berkley and Arthur J Gallagher including Enquiron (employment practices legal advice services), AJG Loss Control services, and a \$150k grant from Berkley for enhancement of the Loss Control program.

Lisa Young moved to accept the Producer's recommendations as presented for the Py2016 program, Jill Johnson seconded; the motion passed.

ACTUARIAL REPORT: Craig Scukas with PricewaterhouseCoopers presented the Actuarial Rating Review for Policy Year 2015-16. He reviewed the Paid & Incurred Loss amounts for the \$0 to \$2M layer and Projected Pool Layer Loss Costs, noting a 7.4% Indicated Cost Rate Decrease. Kevin Wick then noted other Pools have higher self-insured retentions and that this Pool spends a lot of dollars on reinsurance. Mr. Wick presented information on the underwriting adjustment factors and noted there is a minor change for 2015-16 to eliminate the adjustment to worker hours that was previously used in the formula for small deductible members. He then reviewed the Net Position relative to the Target Range. The low end of the target range is computed for a 1-in 50-year with a \$500k Pool retention and the high end being a 1-in-100 year with a \$1M Pool retention. Mr. Wick then reviewed the draft Rating Calculations, and the Preliminary JSILP Assessments for Py2016.

David Alvarez moved to approve and accept PwC's reports – the Actuarial Review of Loss Rates and Loss Costs for Pool Year 2016 and the Estimated Pool Year 2016 Loss Funding at Various Pool Retentions, Tammy Devlin seconded; the motion passed.

RECESS: President Woods recessed the meeting at 3:10 pm and reconvened at 3:25 pm.

INVESTMENT COMMITTEE: Chair Goehner noted that the Investment Committee meeting minutes were available in the notebook. He reported the Committee has been working with Chandler Asset Management and he introduced Scott Prickett and Julie Hughes. Mr. Prickett gave an investment outlook noting Chandler's investment plans. Mr. Goehner reported the Committee authorized up to \$5M be made available for investment through Chandler. Ms. Hughes provided details on Chandler's current investments on the Pool's behalf.

STANDING COMMITTEE REPORTS

FINANCE: As Chair Duvall was not available, Steve Clem gave the report and provided an overview of the proposed Py2016 Budget, Staff Salaries and Annual Work Plan, noting the Committee considered Executive Director Hill's eventual retirement in the budgeting process. He reported the Committee recommended no COLA for staff, as according to the formula in the Personnel Policy, the result would have been a negative COLA. The Committee recommended an increase in the allowance for health and welfare benefits for staff, as well as an increase for pre-defense reviews and included funds in the budget for the triennial claims audit. The Committee also recommended zeroing out the Change in Net Position line and instead include Operations Contingency, which would be subject to specific grant(s) of authority by the Executive Committee. Discussion took place. Executive Director Hill then reviewed the State Auditor's Office Reports, and the WCPP Preliminary Assessments.

PERSONNEL: Chair Lisa Young reported the Committee is looking at implementing a payroll policy as recommended by the SAO's office. The Committee has also been asked to research VEBA and/or HSA accounts for staff. Ms. Young reminded the group that any changes to the compensation plan were put on hold until a new Executive Director is hired. She also reported that the Committee is looking for additional members.

RISK MANAGEMENT: President Woods promoted Mike Lithgow from Vice Chair to Chair of the Committee due to Bryan Perry's departure. Chair Lithgow reported the Committee recommended Jail Liability as the Targeted Risk Management Program for the upcoming Pool Year and further recommended developing a jail liability program.

Tammy Devlin moved to approve Jail Liability as the targeted Risk Management Program for Py2016 as presented, David Alvarez seconded; the motion passed.

UNDERWRITING: As Chair Bartel was not available, Steve Clem gave the report. He briefly reviewed the changes to the JSILP including the recommended name change to Memorandum of Liability Coverage (MLC) and noted the global changes throughout the document. He then reported on three substantive changes: monetary damages, new definitions and insured contract is now indemnity contract. Other changes noted included the definition of assessments, the (aviation) aircraft exclusion, and the removal of unnecessary language in the document. Mr. Clem reported the changes were vetted by the Committee, Coverage Counsel and the Claims Manager. It was stated that the document will be addressed for action at Friday's Board of Directors meeting. It was also reported that there is a change coming to the Certificates of Insurance, they will now be Certificates of Membership.

STAFF REPORTS

Membership/Specialty Services: Specialty Services Representative David Goldsmith reported on the recent ad-hoc committee's review of two (2) potential systems as possible replacements for the current proprietary Property Inventory Management System (PIMS). The Board's ad-hoc committee recommended the selection of the Asset Management Platform (AMP) from AssetWorks. Costs for implementation and annual maintenance as well as program features were discussed. Doug McKenzie moved to acquire AssetWorks' Asset Management Platform application as the replacement for the present PIMS application, David Alvarez seconded. Discussion took place. The motion passed.

Administrative & Financial Activities: Executive Director Hill reviewed Tab 29 from the conference notebook (Terms and Conditions for Participation and Final Exposures Reporting for JSILP, WCPP and Cyber Coverages, and for Assessments' Invoices, Payment and Delinquency) and provided a summary of the actions necessary during Friday's meeting.

ADJOURNMENT: President Woods adjourned the meeting at 4:33 pm until Friday morning at 8:30 am.

CALL TO ORDER / WELCOME: President Woods reconvened the 2015 Annual (Board of Directors) Meeting at 8:30 am. Around the room introductions took place. President Woods welcomed those in attendance and confirmed a quorum.

President Woods thanked Arthur J. Gallagher, AIG/Lexington and Berkley for their participation in the program and their sponsorship of Thursday evening's activities.

STAFF REPORTS

Claims: Claims Manager Susan Looker reported the State Supreme Court accepted review in the Clark County case, the Pool is working on getting Amicus support briefs from other Pools, and that costs to date for the case are approximately \$1.5 million. Ms. Looker then reported on the following topics: Claim Frequency, Total Claims by Allegation Code, Claim Frequency and Severity, Large Losses, Million Dollar Losses, Corridor results by year and Case Outcomes.

Loss Control: As Loss Control Coordinator Jill Lowe was not available, Executive Director Hill gave the report. Subjects covered were: Targeted Risk Management Program (Jail Liability), Lexipol, Proposed Training, Grants and Scholarships, Labor Relations Institute dates, Compact Compliance, and Training for Public Records Officers.

INSURING PROGRAM: Liz Miser provided a re-cap of the program design that was approved on Thursday for the liability program, the property program, and cyber coverage. She then re-capped the services and grants provided by Berkley and Arthur J. Gallagher.

President Woods invited the insuring partners to address the group. Rich Vincelette spoke about the corridor program, Leslie Conti spoke about Lexington's involvement with the group, thanked Ms. Looker for the Claims Report and introduced Rebecca Wallinder and Dave Reese.

DES-LGSIP (STATE RISK MANAGER) REPORT: As Shannon Stuber was not available, Executive Director Hill reported that the legislature moved the non-profit pooling community out of the local government RCWs. Any code amendments will be directed at the non-profit community, not local government pooling. Further information is available on the State Risk Manager's website.

ELECTIONS – EXECUTIVE COMMITTEE AND OFFICERS: President Woods reminded the group of the Nominating Committee's slate of candidates for the three (3) full Executive Committee terms from 10/1/2015 through 9/30/2018: Steve Clem, Robert Koch and Lisa Young, and he noted that Thad Duvall was not running for re-election. He then reminded the group that the Nominating Committee's candidate for the unexpired Executive Committee term (commencing immediately through 9/30/2017) was Jill Johnson, and the Officer Candidates were Keith Goehner for Vice President (and President-Elect) and Drew Woods for Secretary/Treasurer. David Alvarez moved to accept the nominating committee's report and slate of candidates, Vickie Raines seconded; the motion passed.

President Woods asked three times if there were any nominations from the floor for the three (3) full Executive Committee terms. There were none. Tammy Devlin moved to close the nominations and cast a unanimous ballot electing Steve Clem, Robert Koch and Lisa Young to the Executive Committee, Paulette Young seconded; the motion passed.

President Woods then asked if there were any nominations from the floor for the unexpired Executive Committee term. There were none. Vickie Raines moved to close the nominations and cast a unanimous ballot electing Jill Johnson to the Executive Committee, David Alvarez seconded; the motion passed.

President Woods then asked if there were any nominations from the floor for the Officer terms. There were none. Jesse Nolte moved to close the nominations and cast unanimous ballots electing Keith Goehner as Vice President (and President-Elect) and Drew Woods as Secretary/Treasurer, Doug McKenzie seconded; the motion passed.

JSLIP/MLC: Discussion took place regarding the changes proposed and presented yesterday to the Joint Self-Insurance Liability Program and its Memorandum of Coverage. The representatives from Island County inquired about the aviation exclusions and President Woods recommended referring this topic to the Underwriting Committee for further discussion. Tammy Devlin moved to accept and adopt the Joint Self-Insurance Liability Program and Memorandum of Liability Coverage for Pool Year 2016 as presented, Karen Goens seconded; the motion passed.

PY2016 BUDGET, SALARY SCHEDULE AND ANNUAL WORK PLAN: Steve Clem moved to approve the budget, salary and annual work plan as presented for Py2016, subject to a corresponding change if a two-year Property Program renewal is approved; Tammy Devlin seconded. Discussion took place. The motion passed.

DEPOSIT ASSESSMENTS – INPUTS AND METHODOLOGIES:

JSILP Assessments: Donnie LaPlante moved to accept the assessment and allocation methodology for the Py2016 Liability Program as presented, David Alvarez seconded; the motion passed.

WCPP Assessments: Vickie Raines moved to accept the assessment and allocation methodology for the Py2016 Property Program as presented, Karen Goens seconded; the motion passed.

Cyber Assessments: Tammy Devlin moved to accept the assessment and allocation methodology for Py2016 Cyber Coverage as presented, Vickie Raines seconded; the motion passed. It was noted the Cyber Coverage includes all 26 Member Counties and the Pool itself.

RECESS: President Woods recessed the meeting at 9:45 am and reconvened at 10:00 am.

PROPERTY PROGRAM: Liz Miser reported a two-year policy option for the Property Program (WCPP) is available and would guarantee the rate for two years. With this option, the two-year premium must be paid with 60% due at binding in October (approximately \$3M) and 40% due in April 2016 (approximately \$2M) and the schedule of values will need to be updated yearly following the usual schedule. Discussion took place and it was recommended the Pool internally treat each year separately and collect assessments from Member Counties annually. It was noted the low rate would probably save more for Members than the loss of investment income. Steve Clem moved to go forward with the two-year Property Program Policy as presented and discussed, Karen Goens seconded; the motion passed.

REPORTING DEADLINES AND PAYMENT/DELINQUENCY TERMS: Steve Clem moved to set the interest rate at 2% APR for any delinquent payments for the Py2016 JSILP, WCPP and Cyber coverage assessments, Karen Goens seconded; the motion passed with Mr. Alvarez opposed.

Steve Clem moved and Kathy Spoor seconded to:

- Establish the deadline for the member counties' authorized representatives to notify the Executive Director (in writing) of any JSILP exposure data corrections, the JSILP deductible amount that the county is selecting for Py2016, and whether the county wishes to purchase any optional JSILP excess insurance coverage(s) being offered by 5:00 p.m., Friday, August 21, 2015.
- Direct that JSILP assessments' invoices with copies of the final computations be sent by Monday, August 31, 2015 to the counties' authorized representatives for payment processing.
- Require that each member county pay by Wednesday, September 30, 2015 (the lesser of) its JSILP assessment for Py2016 or 105% of its JSILP assessment for Py2015.
- Require that any Py2016 JSILP assessment remaining be paid by February 1, 2016.
- Establish the deadline for each WCPP participating county's authorized representative to provide the Executive Director with any further exposure data revisions for properties to be covered (in the form of modified and updated Schedule(s) of Values using PIMS), and the WCPP deductible amount that the county desires for Py2016 by 5:00 pm, Friday, August 21, 2015.
- Direct that WCPP invoices with copies of the final computations be sent by Tuesday, September 8, 2015.
- Require that each participating county pay its WCPP assessment for Py2016 in full by Wednesday, September 30, 2015.
- Establish the deadline for each county's authorized representative to notify the Executive Director (in writing) of whether the county intends to purchase the optional Cyber insurance coverage by 5:00 pm, Friday, August 21, 2015.
- Direct that the Cyber coverage invoices for each participant's share of the costs be sent by Monday, August 31, 2014.
- Require that each participating county pay its Cyber coverage assessment for Py2016 in full by Wednesday, September 30, 2015.

The motion passed.

GAVEL EXCHANGE AND PRESIDENT'S REPORT: President Woods addressed the group to thank member participants and staff for the honor of serving as President. Vice President Lisa Young thanked President Woods for his service and presented a President's plaque.

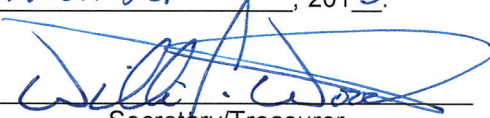
FUTURE WCRP CONFERENCES / BOARD MEETINGS: The upcoming Conferences and Board Meetings were announced. The group will meet November 19-20, 2015 at Skamania Lodge and March 23-25, 2016 at the TRAC facility in Pasco. Kathy Spoor moved to hold the Summer 2016 Conference and Annual (Board of Directors) Meeting at The Davenport Grand in Spokane on July 20-22 and the Autumn 2016 Conference and Board Meeting at the Great Wolf Lodge in Thurston County on November 8-10; Jesse Nolte seconded; the motion passed.

With no further business to conduct, President Woods adjourned the meeting at 10:24 am.

MINUTES APPROVED this 20th day of November, 2015.



President

Attest: 

Secretary/Treasurer