

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS WORK SESSION and MEETING
MINUTES**

Thursday - Friday, March 24 & 25, 2011
Lodge at Suncadia, Cle Elum (nearby Roslyn), Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County:	Linda Reimer, Clerk of the Board – Alt. Director
Benton County:	Melina Wenner, Risk Manager – Director Bryan Perry, Safety/Training Coordinator – Alt. Director
Chelan County:	* Keith Goehner, Commissioner – Director
Clallam County:	Michael Chapman, Commissioner – Alt. Director
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 – Director Thad Duvall, Auditor – Alt. Director
Franklin County:	Robert Koch, Commissioner – Director
Garfield County:	Dean Burton, Commissioner – Director Butch Low, Risk Manager (<i>Thursday</i>)
Grays Harbor County:	* Rose Elway, Director, Management Services/Budget – Alt. Director Dale Gowan, Central Services Director – Alt. Director Joy Carossino, Safety Officer/RM Assistant
Island County:	Angie Homola, Commissioner – Director Bruce Rohm, Claims Assistant/Safety Officer (<i>Thursday</i>)
Jefferson County:	David Alvarez, Chief Civil DPA – Alt. Director
Kittitas County:	Lisa Young, Human Resources Manager/Safety Officer – Director
Lewis County:	* Lee Grose, Commissioner – Director Harry Green, Risk Manager – Alt. Director
Mason County:	Jerry Lingle, Commissioner – Director Lynda Ring Erickson, Commissioner – Alt. Director Dawn Twiddy, Risk Manager
Okanogan County:	* Andrew Lampe, Commissioner – Director Nanette Kallunki, Risk Manager – Alt. Director (<i>Thursday</i>)
Pacific County:	Bryan Harrison, Administrative Officer - Director
Pend Oreille County:	Laura Merrill, Commissioner – Director
San Juan County:	Pete Rose, County Administrator – Director David Kelly, Deputy County Administrator – Alt. Director
Skagit County:	Billie Kadrmaz, HR/Risk Manager - Director
Skamania County:	Jim Richardson, Commissioner – Director * Marilyn Butler, Risk Manager – Alt. Director, President
Spokane County:	* Steve Bartel, Risk Manager – Director, Secretary/Treasurer
Thurston County:	Sandra Romero, Commissioner – Director * Tammy Devlin, Risk Manager – Alt. Director
Walla Walla County:	* Jay Winter, Personnel/Risk Manager – Director Mark Spinks, Public Records Officer
Whatcom County:	* Randy Watts, Chief Civil DPA – Director
Yakima County:	Larry Peterson, Sr. DPA - Director
Washington OFM:	<i>Not represented</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 Marilyn Butler called the Board of Directors' Work Session to order Thursday, March 24, 2011 at 2:52 p.m. She welcomed all attendees; all member counties were represented. A total of 49 representatives, staff, vendors and others attended the work session.

Contracts:

President Butler recognized Larry Peterson, who made a few comments about contracts, and super escape clauses that might be helpful to the pool members. Mike Croke thought it would be prudent to review the certificate of insurance form and process to be sure it is working the way it should. Basic contract review is an important coverage item. Angie Homola asked for contract assistance due to the reductions in force that her county has experienced. Mark Wilsdon offered to create a template for contracts and present it at the Annual Meeting this summer. He requested all members send a copy of their contract templates to him via email, for compilation and review. Steve Bartel noted that each county needed a contract review process. Larry Peterson commented that he would like to see training encompass everything from the Request for Proposals to tendering of a claim.

Property Program Task Force:

Randy Watts and David Goldsmith presented information about the recent meeting of the Property Program Task Force. The general consensus, without conducting an actuarial cost analysis of a self-retention program was that the anticipated savings utilizing a SIR rather than the current program would not justify taking on the additional risk and overhead. The task force also concluded it did not have enough information regarding costs, and voted to recommend the board request the broker to begin to market the property program for Py2012 and beyond with two options: 1) fully insured (\$5,000 minimum deductible), and 2) Pool retention of \$50,000 or \$100,000 and to report findings at the Summer Conference. Objectives of a pooled property program would include reducing property premium spikes, expanded coverage, increased accounting control, and premium savings. Lee Grose asked if the recent property valuations had an effect on rates. Mr. Hill answered that the effect was a favorable small reduction in rates. Mike Croke commented they can look at several methods of marketing – layering, and silos – and noted the recent natural disasters will likely cause an increase in property premium rates.

Review of Executive Committee Meetings:

From comments made by members at previous meetings, President Butler felt there was interest in the proceedings of the Executive Committee. She reviewed the work of the Executive Committee on December 16, 2010, where the committee approved the contract for claims auditing services (which has been completed). They also received the Reserving Review and she noted the corridor program is in good shape. The Pool recently passed both solvency tests required by WAC 82.60.03001 related to primary and secondary assets, and confidence levels.

During the telephonic meeting on March 18, 2011, the Executive Committee approved the contract with PricewaterhouseCoopers for actuarial services and the contract with Arthur J Gallagher Risk Management Services, Inc. for producer services (with some small wording changes). The committee also approved a motion to recommend the Board approve a WIR Conference (May, 2011) sponsorship to Chelan County of \$1,250. And regarding the sale of the Franjo Beach property, the committee voted to recommend a suggested amendment to the Pool's property management policy that would allow the Pool's Secretary/Treasurer to act in the same

capacity as a county treasurer for disposing of Pool property. The committee also voted to recommend the Board accept the recently completed claims audit report.

Public Records Defense Assistance Request:

Commissioner Jim Richardson, Skamania County, noted they would like the Board to consider some kind of sharing arrangement to address the high cost of defense in public records claims. Penalties would not be included. Mr. Hill commented that defense costs generally do not exceed deductibles.

Model Risk Management Policy:

Jill Lowe advised that the model Risk Management Policy has undergone a few changes. She agreed to make the document, with markups, available to the members so they could note the changes.

ADJOURNMENT: President Butler adjourned the Thursday work session at 3:40 p.m.

CALL TO ORDER / WELCOME: WCRP President Marilyn Butler called the 2011 Spring Board of Directors Meeting to order Friday, March 25, 2011 at 9:02 a.m. and welcomed all in attendance. Around-the-table introductions were conducted. There were 46 meeting attendees with all member counties represented.

AGENDA: Pres Butler noted the addition of the producer's report to the agenda. Larry Peterson moved for approval of the President's proposed agenda; Angie Homola seconded; the motion passed without dissent.

MINUTES: Rose Elway moved for approval of the minutes of the Autumn Meeting (November 4-5, 2010) at the Davenport Hotel, Spokane, Washington. Lee Grose seconded; the motion passed without dissent. There were no questions or comments regarding the Executive Committee minutes from December 16, 2010 and March 18, 2011.

BROKER OF RECORD ANNUAL REPORT FOR FISCAL YEAR END 2010: The state now requires a written annual report be issued by the producer (broker) of record which discloses the actual financial compensation received. The commission or established fee paid to Arthur J. Gallagher Risk Management Services, Inc. for the liability program for fiscal year end 2010 was \$576,700. Mr. Hill noted this report came about due to the questions the state had about compensation; the state felt full disclosure was needed.

INDEPENDENT CONSULTING SERVICE CONTRACTS: Pete Rose moved to accept the three negotiated contracts: 1) Claims Auditing services with Strategic Claims Direction LLC (Gary Jennings), 2) Actuarial services with PricewaterhouseCoopers LLP, and 3) Producer services with Arthur J. Gallagher Risk Management Services, Inc. Larry Peterson seconded the motion; the motion passed without dissent.

INDEPENDENT CLAIMS AUDIT: The last independent claims audit was performed in December of 2006. Gary Jennings of Strategic Claims Direction LLC reviewed 45 files during the most current claims audit dated March 2011. The report was just recently received and there had been little time to review the findings. Mr. Jennings found the Claims Manager's claim workload should be reduced to zero so that "her time can be fully dedicated to managing the claims staff and performing the other tasks defined in her job description. This will require her to reassign her claims to the more experienced Claims Analysts..." He also found that the Pool should perform an in-depth analysis of the adequacy of the Pool's claims staffing. Some of the findings had already been addressed with the update to the *Claims Handling Policies and Procedures* document. Larry Peterson moved to 1) accept the March 2011 Claims Audit Report from Strategic Claims Direction LLC, 2) direct that the Executive (and/or one or more standing committees) examine the recommendations further and provide a proposal to the Board at or

before the 2011 Annual Meeting this summer with suggested actions, and 3) sanction the advancement of Claims Analyst Mike Cook by approving a supplement to the Py2011 Operating Budget of (up to) \$5,000. Lee Grose seconded the motion.

During discussion, Steve Clem suggested the claims staff and Executive Director review the report recommendations and report a plan of action to the Board. Steve Bartel suggested the Board accept the report, then have the Claims Manager set out a plan to meet staffing requirements. Harry Green thought more claims staff would be necessary to provide coverage of claims management. Lee Grose called for the question; it passed with some dissent. The motion then passed with no dissent.

PRODUCER'S REPORT: Mike Croke and Liz Miser of Arthur J. Gallagher Risk Management Services, Inc. presented a Marketing Strategy report to the board. They are marketing the Risk Pool programs to many underwriters, some old and some new. The market is relatively soft but will be negatively influenced by the recent natural disasters in Chile, Australia, New Zealand, and Japan, especially in the property market. They stressed the importance of including Pool personnel during their meetings with underwriters. Both Keith Goehner and Randy Watts agreed it was important to include Pool personnel to build face-to-face relationships thereby making it easier for the producer to place coverage(s). Mike and Liz noted that Lexington continues to be very interested in the Risk Pool account.

OFM-LGSIP (STATE RISK MANAGER) REPORT: Shannon Stuber was unable to attend the meeting; no report.

STANDING COMMITTEE REPORTS:

Finance – State Audit: Steve Clem asked Mr. Hill to report for the committee. Mr. Hill reported the state audit commenced very early, even before some of the reports were received from the actuaries. The state auditor was aware of this problem but decided to proceed. The GASB standards have increased reporting requirements. This is the 22nd consecutive year for which no findings have been found during the state audit. Steve Clem moved to acknowledge receipt of the SAO audit of Py2010; Rose Elway seconded; the motion passed without dissent.

RECESS: President Butler recessed the meeting at 10:30 a.m. and reconvened at 10:47 a.m.

Finance – Financial Reports: Mr. Hill reviewed the Py2011 1st Quarter financial reports. He noted the new Solvency Testing report required by WAC 82.60.03001, that the Risk Pool passed, and that will be included in financial reports going forward. He also reviewed the supplement to the Py2011 Operating Budget; there are two items that were affected: 1) the new agreement for insurance producer services includes certain "optional services" requiring special payment(s) from the Pool which were unforeseen when the Py2011 Operating Budget was presented and approved last summer, and 2) the March 2011 Claims Audit Report recommended adjustments to the claims staffing workloads including a substantial reduction in the caseload carried by the Claims Manager, which was also unforeseen when the Py2011 Budget was approved.

Mr. Hill recommended the members approve, 1) up to \$35,000 to acquire producer-furnished optional services under the new Insurance Producer (Broker) Services Agreement that may be requested by the Pool during Py2011 between January 1, 2011 and September 30, 2011, and 2) up to \$5,000 to support advancing the present Claims Analyst to Senior Claims Analyst during the remaining six months of Py2011. Keith Goehner moved to approve these two recommendations; Andy Lampe seconded; the motion passed without dissent.

Personnel – Tammy Devlin had nothing to report.

Risk Management – Mark Wilsdon reported. The committee discussed targeting the "vehicle use and safety policies and procedures" for 2011-12. Clark County shared their policy with the Pool during the Roundtable on Thursday, March 24th, during the conference. The committee

plans to ask the Board to add vehicle use and safety policies and procedures as a Targeted Risk Management Program of the Membership Compact during the Summer 2011 meeting.

Mr. Wilsdon noted the revised Risk Management Policy is on the website for counties to use. He also agreed to build some new contract templates. He reported self-assessments have been a very good exposure and underwriting tool for the committee and the counties are encouraged to review and update their assessments for 2011.

Underwriting – Randy Watts discussed the committee's meeting regarding a self insured property program. Randy Watts moved the Board approve the Underwriting Committee's suggestion for the Pool's producer to market the property program so they may receive some "real" numbers related to costs, coverage, and rates. Drew Woods seconded the motion; the motion passed without dissent.

OFFICER COMMENTS/REPORTS:

President Butler commented the Claims Database Policy is being reviewed by an ad hoc committee under Chair Jay Winter with Steve Bartel, Mark Wilsdon and Lisa Daly serving as members. She also noted four positions on the Executive Committee will be open this summer – Rose Elway, Lee Grose, Tammy Devlin and Keith Goehner. She urged anyone interested in serving on the Executive Committee to let her know. Directors and Alternate Directors may serve on the Executive Committee. She commented the Standing Committees are a good way for members to become more familiar with the Pool organization and she stressed the importance of participation by the members.

President Butler then presented a Certificate of Appreciation to Rose Elway, Alternate Director from Grays Harbor, for 22½ years of Board membership. Rose is retiring in June 2011 after attending 73 board meetings, an astounding 86% attendance record! Rose also filled in as President when a sitting president was not reelected and no longer eligible to act as president. She will be missed.

STAFF REPORTS:

Administration: Vyrle Hill reported the Franjo Beach property has not been sold/auctioned. He suggested the Board amend the Financial Management Policy to allow the Secretary/Treasurer of the Pool to be considered as and serve in the same capacity of "county treasurer," which would allow the Secretary/Treasurer to dispose of real and personal property. Larry Peterson moved to amend the Financial Management Policy as proposed; Laura Merrill seconded; the motion passed without dissent.

Regarding the request from Commissioner Jim Richardson to review public records defense, Mr. Hill asked for a show of hands of those counties who would have an interest. Members from Cowlitz, Island, Jefferson, Lewis, Mason, Okanogan, and Skamania counties were interested in this matter.

Claims Services: Susan Looker noted that she attended AGRIP where she was present during five meetings with underwriters possibly interested in the Pool's book of business. Five Washington pools attended, where the Canfield pool(s) were a big topic of discussion. Susan also reported the Pool participated in and provided information to a joint and several analysis. During the last five years, for joint and several cases, for every dollar spent in settlements 23% was for the Pool (several) share of the loss and 77% was spent for joint losses.

Member Services: Jill Lowe presented a report on training conducted during 2010. 22 classes were conducted with 661 county members attending and 130 others attending. All member counties participated in training opportunities. She also noted several classes that are still available for registration during Py2011 – Collision Investigation, Conducting Excellent Performance Evaluations, Employment Law Do's and Don'ts, and Management and Supervisory Training. Lexipol Daily Training Bulletins are being utilized by 18 of our members; and she is working with the remaining members to encourage them to sign up.

Jill presented framed Certificates of Completion to David Kelly of San Juan County and Dawn Twiddy of Mason County for completing Basic Risk Manager Compact Certification.

David Goldsmith reported Frank Bishop (Cowlitz-retired) sent greetings from Arizona. David also reported county visits will begin in April/May and will include financial information, as it becomes available. The Joint and Several bill is dead in the legislature for this year, but it did gain some traction and will be back next year.

David reported he completed two orientation sessions on March 24th, one for newly elected county officials, and one for newer Pool Directors/Alternates.

FUTURE MEETINGS:

Already booked are:

- **Summer Conference and Annual Board of Directors Meeting, July 20-22, 2011:**
Marcus Whitman Hotel, Walla Walla
- **Autumn Conference and Board of Directors Meeting, November 2-4, 2011:**
Campbells Lodge, Chelan

New:

President Butler asked for recommendations for the Spring Board of Directors Meeting in March 2012. After some discussion, David Alvarez moved to hold the meeting at the Lodge at Suncadia; Larry Peterson seconded; the motion passed.

Regarding the 2012 Summer Conference and Annual Board of Directors Meeting, Laura Merrill moved to convene at the Shiloh Inn, Ocean Shores; Lee Grose seconded; the motion passed.

President Butler adjourned the meeting by accliam at 11:47 a.m.

MINUTES APPROVED this 22nd day of July, 2011.

Mauling Butler
President

Attest: [Signature]
Secretary/Treasurer