

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

Thursday-Friday, July 24-25, 2014
The Davenport Hotel, Spokane, 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 checked="" type="checkbox"/>	Bryan Perry
	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	Director, <i>Vice President</i>	<input checked="" type="checkbox"/>	W.A. "Drew" Woods *
	Alternate Director	<input type="checkbox"/>	Dwight Robanske
Cowlitz	Director	<input checked="" type="checkbox"/>	Clyde Carpenter
	Alternate Director	<input type="checkbox"/>	Claire Hauge
Douglas	Director	<input type="checkbox"/>	Steve Clem
	Alternate Director	<input checked="" type="checkbox"/>	Thad Duvall *
	Alternate Director	<input type="checkbox"/>	Ken Stanton
Franklin	Director	<input checked="" type="checkbox"/>	Robert Koch *
	Alternate Director	<input checked="" type="checkbox"/>	Shawn Sant, left at 11:20 am
	Alternate Director	<input checked="" type="checkbox"/>	Tim Dickerson
Garfield	Director	<input checked="" type="checkbox"/>	Dean Burton *
	Alternate Director	<input type="checkbox"/>	Wynne McCabe
	Alternate Director	<input type="checkbox"/>	Robert Johnson
Grays Harbor	Director	<input type="checkbox"/>	Herb Welch
	Alternate Director	<input checked="" type="checkbox"/>	Dale Gowan, left at 11:40 am
	Alternate Director	<input type="checkbox"/>	Wes Cormier
Island	Director	<input checked="" type="checkbox"/>	Jill Johnson
	Alternate Director	<input checked="" type="checkbox"/>	Elaine Marlow
Jefferson	Director	<input type="checkbox"/>	Philip Morley
	Alternate Director	<input checked="" type="checkbox"/>	David Alvarez *
Kittitas	Director	<input checked="" type="checkbox"/>	Lisa Young *
	Alternate Director	<input type="checkbox"/>	Judy Pless
Lewis	Director	<input checked="" type="checkbox"/>	Lee Grose *
	Alternate Director	<input checked="" type="checkbox"/>	Paulette Young
	Alternate Director	<input checked="" type="checkbox"/>	Michael Strozyk
Mason	Director	<input checked="" type="checkbox"/>	Tim Sheldon, Friday only
	Alternate Director	<input checked="" type="checkbox"/>	Dawn Twiddy
	Alternate Director	<input type="checkbox"/>	Randy Neatherlin
Okanogan	Director	<input type="checkbox"/>	Sheilah Kennedy
	Alternate Director	<input checked="" type="checkbox"/>	Tanya Craig
	Alternate Director	<input type="checkbox"/>	Kathy Spoor
Pacific	Director	<input type="checkbox"/>	Kathy Spoor
	Alternate Director	<input checked="" type="checkbox"/>	Lisa Ayers *
	Alternate Director	<input type="checkbox"/>	David Burke

Pend Oreille	Director	<input checked="" type="checkbox"/>	Mike Lithgow
	Alternate Director	<input type="checkbox"/>	Teresa Brooks
San Juan	Director	<input checked="" type="checkbox"/>	Mike Thomas, left at 11:40 am
	Alternate Director	<input checked="" type="checkbox"/>	Pamela Morais, left at 11:40 am
Skagit	Director	<input checked="" type="checkbox"/>	Jessica Neill Hoyson
	Alternate Director	<input type="checkbox"/>	Arne Denny
Skamania	Director	<input type="checkbox"/>	Doug McKenzie
	Alternate Director	<input type="checkbox"/>	Scott Pineo
Spokane	Director	<input checked="" type="checkbox"/>	Steve Bartel *
	Alternate Director	<input type="checkbox"/>	Rob Binger
Thurston	Director	<input checked="" type="checkbox"/>	Sandra Romero
	Alternate Director, <i>President</i>	<input checked="" type="checkbox"/>	Tammy Devlin *
Walla Walla	Director	<input checked="" type="checkbox"/>	Jesse Nolte
	Alternate Director	<input type="checkbox"/>	James Johnson
Whatcom	Director	<input checked="" type="checkbox"/>	Karen Goens
	Alternate Director	<input checked="" type="checkbox"/>	Dan Gibson, Thursday only, left at 4:30 pm
Yakima	Director	<input type="checkbox"/>	James Hagarty
	Alternate Director	<input type="checkbox"/>	Terry Austin
	Alternate Director	<input checked="" type="checkbox"/>	Cindy Erwin

* Denotes Executive Committee Member

Others in Attendance

County/Organization	Designation/Title	Name
Clallam	HR Analyst	Annie Achziger
	Civil Investigator	Tom Reyes
Garfield	Risk Manager	Jennie Bowman, Thursday only
Lewis	County Commissioner	Edna Fund, Left at 11:30 am
Mason	Clerk of the Board	Julie Almanzor
Washington DES	LGSI Program Administrator	Shannon Stuber
AJGRMS	Area Vice President	Liz Miser
	Area Senior Vice President	John Chino, Thursday only
	Account Manager	Janette Ladley
	Account Manager	Kazumi Tripp
	Director of Risk Control	Tim Chace, Thursday only
RPS	Area Senior Vice President	James Rozzi, Thursday only
AIG	Regional Vice President	Leslie Conti, Left at 10:45 am
	Regional Production Specialist	Dave Reese, Left at 10:45 am
Berkley	President	Rich Vincelette, Fri. only, left at 10:15 am
	Regional Underwriting Manager	Richard Zak, Fri. only, left at 10:15 am
PricewaterhouseCoopers	Managing Director	Kevin Wick, Friday only
	Director	Craig Scukas
WCRP Staff	Executive Director	Vyrle Hill
	Specialty Services	David Goldsmith
	Loss Control Coordinator	Jill Lowe
	Claims Manager	Susan Looker
	Accounting Officer	Sue Colbo
	Administrative Assistant	Stacey Spears

CALL TO ORDER / WELCOME: WCRP President Tammy Devlin called the 2014 Annual (Board of Directors) Meeting to order Thursday, July 24, 2014 at 1:46 pm. She welcomed all in attendance. President Devlin confirmed a quorum.

AGENDA: President Devlin stated that Steve Bartel asked to be added to the agenda in order to address the group, hearing no other changes, Steve Bartel moved to accept the agenda with the addition; Dale Gowan seconded; the motion passed without dissent.

STEVE BARTEL: Mr. Bartel addressed the group to share the history of the Pool's business model.

CONSENT AGENDA: Lee Grose moved to approve the consent agenda, Keith Goehner seconded; the motion passed without dissent.

Consent Agenda

- o Minutes of Spring (March 27-28, 2014) Board of Directors Meeting approved.
- o Executive Committee minutes accepted.
 - April 25 & 28, 2014 Meeting
 - June 27, 2014 Meeting
 - July 11, 2014 Meeting (Draft)

NOMINATING COMMITTEE: President / Nominating Committee Chair Devlin reported on the nominating committee's slate of candidates. Lisa Young for Vice President (and President-Elect); Keith Goehner for Secretary/Treasurer and for the four Executive Committee positions: Tammy Devlin, Keith Goehner, Clyde Carpenter, Jessica Neill Hoyson, Bryan Perry and Paulette Young. It was noted the Executive Committee positions are for a three (3) year term from 10/1/2014 through 9/30/2017. Executive Director Vyrle Hill reminded the group that the elections are on the agenda for Friday, the Officer elections will take place after the Executive Committee election. The Executive Committee and Officer candidates addressed the group. It was stated that nominations will also be accepted from the floor on Friday.

INVESTMENT COMMITTEE: Chair Keith Goehner noted that the Investment Committee meeting minutes were available in the notebook and he reported the dollar amount invested has remained stable. Thad Duvall moved to accept the Investment Committee minutes, Bob Koch seconded; the motion passed.

STANDING COMMITTEE REPORTS

FINANCE: Chair Thad Duvall went over the proposed changes to the Financial Management and Travel Policies. He noted most of the changes reflect current practices and then spoke specifically regarding the changes to the travel policy that will allow more than one attendee from each county to attend the Conferences/Board Meetings. Discussion took place regarding the costs that may be associated with the changes to the travel policy. Steve Bartel moved to accept changes to the Financial Management and Travel Policies as presented, Drew Woods seconded; the motion passed.

PERSONNEL: Chair Lisa Young reported that the Personnel Committee recently received the recommended changes for the Pool's Personnel Policies as well as the Market Compensation and Benefits study from the consultants. The Committee does not have any action to propose at this time and expects to have information to present at the Autumn Board Meeting.

RISK MANAGEMENT: Chair Bryan Perry reported the Committee is working with Jill Lowe regarding the Targeted Risk Management program and the lifespan for the existing programs. The Committee does not have any action to propose at this time.

UNDERWRITING: Chair Drew Woods reported the committee is not recommending any changes to the Joint Self Insurance Policy Coverage Form other than the date. Mr. Woods noted he will be stepping down as underwriting chair. Bob Koch moved to accept and approve the JSILP for Pool Year 2015 as presented, Lisa Young seconded; the motion passed.

PRODUCER'S (BROKER) REPORT: Liz Miser of Arthur J. Gallagher Risk Management Services introduced her staff and presented information on the underwriting and marketing process. She then went over the current liability program and the proposed program options and pricing for Py2015. It was noted that Ironshore is not included in the proposed program. Ms. Miser informed the group that aggregates will be required in the Lexington layers and two options were presented. It was noted that the aggregate options do not affect the pricing. The aggregate options were discussed.

Liz Miser then presented information on the current property program including the participating insurers. Pricing for the proposed program was offered. The rate quoted was .1014/\$100 TIV, down from .1071 for the current year. The proposed schematic was presented. Ms. Miser provided information on the services provided by Berkley and Arthur J Gallagher including Helpline, AJG Loss Control services and the \$150k grant from Berkley to support Loss Control programs.

John Chino presented information on the proposed Cyber Liability Program (XL Insurance Policy). He noted the exposure categories that are covered: regulatory liability, crisis management, cyber extortion, and fines and penalties. It was noted the coverage has a \$5M aggregate limit and \$25k retention (deductible). The cost for the coverage was quoted at \$95k and includes all member counties. Mr. Chino noted this is "all in" coverage and the price does not change if not all member counties participate. The limits were detailed. Mr. Chino stated that all member counties will be required to complete a short electronic application in order to be added as an Additional Insured on the policy. John Chino went over the application with the group. Discussion took place regarding the application process.

RECESS: President Devlin recessed the meeting at 3:35 pm and reconvened at 3:55 pm.

PRODUCER'S (BROKER) REPORT CONTINUED: It was noted the Executive Committee's recommendation for Py2015 was Liability Program Option 2 with a single corridor, Lexington Policy Aggregates of ten (10) times the occurrence limit and the Cyber Liability Program as presented with the pricing to include one (1) deductible of \$25k for a total assessment of \$120k. Bob Koch moved for approval of the program as recommended by the Executive Committee, Lee Grose seconded; the motion passed.

STAFF REPORTS

Administrative & Financial Activities: Executive Director Vyrle Hill reviewed the Statement of Net Position with the group. At the end of the third quarter, total assets were \$36,026,106. Liabilities, operating expenses and income were detailed. Mr. Hill reported that the Pool meets both tests on the Solvency Ratio. He then noted with the new regulations from the State of Washington that take effect in January 2015, the solvency ratio is increasing to 80% and the Pool will more than meet that requirement.

Keith Goehner moved to accept and approve the third quarter financial report as presented, Thad Duvall seconded; the motion passed.

Membership/Specialty Services: Specialty Services Representative David Goldsmith reported that about 20 in person county visits have been completed, the remaining visits will be conducted over the next three weeks. He also reported that he has been working with the Personnel Committee on the Personnel Policy review and Market Compensation and Benefits Study.

Loss Control: Loss Control Coordinator Jill Lowe reported she has met with most Member Counties for Loss Control visits, two of the topics she has been discussing with members are the Targeted Risk Management program and Preventive Employment Practices. Ms. Lowe also reported on Lexipol, upcoming training opportunities and gave an update on grants and scholarships and she noted that requests for grants and scholarships must come from the designated Risk Manager. Ms. Lowe then discussed the Labor Relations Institute, Compact Compliance and reported that The Institutes has approved use of her laptop to provide mobile computer testing. She congratulated Bryan Perry and announced he passed ARM 56 and earned his ARM designation.

Claims: Claims Manager Susan Looker reported on claim activities conveyed in five year increments, total claims and total incurred losses by allegation code (noting frequency vs. severity). She then went over the allegation code index, large losses, million dollar losses, and Corridor results by Pool Year and case outcomes of the past year.

ADJOURNMENT: President Devlin adjourned the meeting at 4:45 pm until Friday morning.

CALL TO ORDER / WELCOME: President Devlin reconvened the 2014 Annual (Board of Directors) Meeting at 9:00 am. She welcomed those in attendance and confirmed a quorum.

President Devlin thanked Arthur J. Gallagher, AIG/Lexington and Berkley for their participation in the program and their sponsorship of Thursday evening's dinner and social event. The visiting insurance representatives were given the opportunity to address the group.

DES-LGSIP (STATE RISK MANAGER) REPORT: Shannon Stuber thanked the group for the opportunity to attend the conference. She stated she appreciates the public process that takes place at the Risk Pool Board meetings.

ELECTIONS – EXECUTIVE COMMITTEE: President Devlin reminded the group of the Nominating Committee's slate of candidates for the four Executive Committee positions with three (3) year terms from 10/1/2014 through 9/30/2017: Tammy Devlin, Keith Goehner, Clyde Carpenter, Jessica Neill Hoyson, Bryan Perry and Paulette Young. David Alvarez moved to accept the Nominating Committee's report and slate of candidates for the four Executive Committee positions; Thad Duvall seconded; the motion passed. As there were no further nominations from the floor, ballots were passed out and voting instructions were given. President Devlin designated David Goldsmith, Thad Duvall and Susan Looker as counting agents. It was announced the meeting would continue and results would be announced when available.

ACTUARIAL REPORT: Craig Scukas with Pricewaterhouse Coopers presented the actuarial report. He noted the analysis for the Actuarial Rating was complete. The results show an 11.6% cost rate decrease projected for the Pool layer. The favorable development is consistent with the September 2013 Retention Analysis. Mr. Scukas then reviewed 2014-15 Program Costs and Projected Losses by Layer up to \$2M (After deductibles). He noted that Clark County experience was removed from the numbers. Kevin Wick with Pricewaterhouse Coopers then presented information on underwriting adjustment factors and maintaining program stability including fund level and target range.

Lee Grose moved to approve and accept PwC's reports – the Actuarial Review of Loss Rates for Pool Year 2015 and the Estimated Pool Year 2015 Loss Funding at Various Pool Retentions, Lisa Young seconded; the motion passed.

EXECUTIVE COMMITTEE ELECTION RESULTS: President Devlin announced that Bryan Perry, Clyde Carpenter, Keith Goehner and Tammy Devlin were elected to Executive Committee for 3-year terms (10/1/2014 – 9/30-2017).

ELECTIONS – OFFICERS: President Devlin announced that that Lisa Young was the Nominating Committee's candidate for the position of Vice President (and President-Elect). There were no nominations from the floor. Steve Bartel moved to accept Lisa Young as the candidate and cast a unanimous ballot electing her as Vice President, Keith Goehner seconded; the motion passed.

President Devlin announced that Keith Goehner was the Nominating Committee's candidate for the position of Secretary/Treasurer. There were no nominations from the floor. Lee Grose moved to accept Keith Goehner as the candidate and cast a unanimous ballot electing him as Secretary/Treasurer, Drew Woods seconded; the motion passed.

PY2015 BUDGET, SALARY SCHEDULE AND ANNUAL WORK PLAN: Executive Director Vyrle Hill presented the proposed Py2015 budget, noting the net position will increase by \$120k. He stated the

Executive Committee has reviewed the proposed budget and advanced the document to the Board with its recommendation for approval. Mr. Hill reviewed the budget with the group noting the projected revenues, expenses and he explained the ULAE Allowance for Clark County's claims administration costs. He then reviewed the Administrative, Member and Claims Services (operating) budget information. It was noted that staff enhancements or staffing adjustments in the budget were limited to the proposed COLA and "shadow time" for a new executive director, any further staff changes will be advanced at a later date by the Personnel Committee. Vice President Drew Woods addressed the group to note that the budget does include funds to assist with an Executive Director Search and job shadowing which will likely commence in Pool Year 2015. Mr. Woods noted the organization needs to start planning for the retirements of Vyrle Hill and David Goldsmith, and that the Executive Committee has discussed using a consultant to help with the transition process including recruitment and hiring, and funds are in the budget to cover these costs. Mr. Woods noted the plan is still fluid but the process needs to begin. Mr. Hill then went over the salary schedule in the budget and noted a 1.2% COLA adjustment for staff following standard Pool practice is included. He noted the proposed work plan for staff was available in the notebook and stated the Work Plan includes staff assistance with RFQ&P solicitations for independent consulting services providers. Discussion took place regarding the budget, including the costs for Board Members to attend the Pool Conferences. Dean Burton moved to approve the budget, salary and annual work plan as presented; David Alvarez seconded. Discussion took place. Keith Goehner offered a friendly amendment to add \$15k to the travel budget to cover the costs of additional attendees at the Board meetings. Dean Burton and David Alvarez accepted the friendly amendment; the motion to passed.

CLARK COUNTY REQUEST FOR REFUND: Executive Director Vyrle Hill reported that membership for Clark County was cancelled effective April 29, 2014 as the County was unable to provide a cure acceptable to the Executive Committee as voted on by the Board at the Spring Conference. As a result of the cancellation, Clark County requested a refund of unearned premiums. Mr. Hill noted there is no recommendation from the Finance Committee or Executive Committee at this time. He further noted the Pool may receive a refund due to Clark County's cancellation from the excess and maybe reinsurance carriers. Under the termination/cancellation procedures of the Pool's Interlocal Agreement, there is no provision for refund of unearned premium. Mr. Hill reiterated this is joint self-insurance, not insurance through the first \$10M. Discussion took place.

RECESS: President Devlin recessed the meeting at 10:15 am and reconvened at 10:30 pm.

CLARK COUNTY REQUEST FOR REFUND (Continued): Further discussion took place regarding Clark County's request. President Devlin recommended deferring the matter until legal counsel weighs in. Lee Grose moved to recognize Clark County's request and defer the matter until the next board meeting in order to confer with Counsel and confirm refund amounts with the carriers, Steve Bartel seconded; the motion passed.

DEPOSIT ASSESSMENTS – INPUTS AND METHODOLOGIES:

JSILP Assessments: Executive Director Vyrle Hill and Craig Scukas went over the input and allocation methodologies for the JSILP, and worksheets were presented detailing member assessments at three different margin levels (\$0, \$250k and \$500k). Discussion took place regarding margins, assessments and payment deadlines. It was noted the Executive Committee does not recommend changing the \$100k retention at this time for the liability program.

Drew Woods moved and Lisa Ayers seconded to keep the Pool's Self Insured Retention at \$100k, to confirm the reinsurance / excess insurance elements with the associated premium to acquire such and to apply an underwriting modification factor up to the \$2M level; the motion passed.

Drew Woods moved and Lisa Ayers seconded to approve the margin level of \$0. Discussion took place. The motion passed with 1 "no" vote.

Drew Woods moved and Keith Goehner seconded to accept and approve the following items as presented:

- Confirm the apportioning methodology for the Pool's budgeted administrative costs
- Confirm the JSILP deposit assessment computation methodology

- Set 5:00 p.m. Friday, August 22, 2014 as the deadline for each member county's authorized representative to notify the Executive Director in writing of any exposure data corrections, the county's 'per occurrence' deductible selection, and whether the county wishes to purchase the \$5 million optional layer of excess insurance coverage offered
- Confirm that invoices are to be sent to the counties' authorized representatives for payment processing by Friday, September 5, 2014 along with copies of the final assessments computations;
- Require by Tuesday, September 30, 2014 that each member county pay the lesser of its entire JSILP deposit assessment for Py2015 or 105% of its JSILP deposit assessment for Py2014.
- Require that any remaining balance be paid by Friday January 30, 2015.

Discussion and explanation of the items took place. The motion passed.

Lee Grose moved and Jesse Nolte seconded to assess an interest charge upon any delinquent Py2015 JSILP deposit assessment balances(s) remaining after the applicable deadlines(s) at the rate of 2.0% APR; the motion passed.

WCPP Assessments: Executive Director Hill presented the options for the Property Program (WCPP).

Steve Bartel moved and Drew Woods seconded to approve the property insurance program as presented including

- No additional funds added to rate stabilization
- No draw from the rate stabilization fund
- Confirmation of the methodology for determining the WCPP overhead allowance amount
- Set 5:00 p.m. Friday, August 22, 2014 as the deadline for each participating county's authorized representative to provide the Executive Director with all remaining exposure data revisions in the form of corrected/updated Schedule(s) of Values along with the county's requested deductible amount
- Confirm the WCPP deposit assessment computation 'composite rate based' methodology reflected in the worksheet option with the tab titled WCPP Py15 Allocation w AJG Rate and dated 7/17/2014.
- Require by Friday, September 12, 2014 that invoices with copies of the final assessment computations be sent to the participant counties' authorized representatives for processing
- Require by Tuesday, September 30, 2014 that each participating county pay its Py2015 WCPP deposit assessment in full and/or
- Require that any remaining balance be paid by Friday, January 30, 2015.
- Assess an interest charge upon any delinquent Py2015 WCPP deposit assessment balance(s) remaining after the applicable deadline(s) at the rate of 2.0% APR.

Discussion took place regarding rate stabilization, rate fluctuations and the motion. The motion passed with two (2) "no" votes.

RETURN TO CYBER LIABILITY PROGRAM: President Devlin returned to the Cyber Liability Program approved the previous day. She noted that program as approved Thursday was for the policy with a premium of \$95k plus one deductible of \$25k was added to the amount to be assessed amongst the member counties. Discussion regarding the premium and deductible took place.

Lee Grose moved to adopt the cyber program with 1 deductible, Drew Woods seconded. Discussion took place. Lee Grose withdrew the motion.

Steve Bartel moved to accept the cyber liability program as presented by the Producer (John Chino) with a non-shared deductible, and each county responsible for their own deductible; seconded by Karen Goens. Discussion took place. The motion passed.

GAVEL EXCHANGE AND PRESIDENT'S REPORT: President Devlin announced it was a pleasure to serve as president and she thanked the Pool staff and Member Counties for their participation and professionalism. Vice President/President-Elect Drew Woods presented President Devlin with a plaque and thanked her for work as President. President Devlin passed the gavel to Drew Woods to continue the meeting.


FUTURE WCRP CONFERENCES / BOARD MEETINGS: Discussion of potential sites for 2016 conferences/Board Meetings took place. It was then noted the Autumn 2015 meeting is scheduled to begin the day after Veteran's Day. Staff was directed to check into changing the dates so travel on the holiday will not be necessary for attendees. Keith Goehner moved and Thad Duvall seconded to adjust the dates for the Autumn Conference or move the location to Campbell's in Lake Chelan if Skamania Lodge cannot accommodate the new dates; the motion passed.

David Alvarez moved and Keith Goehner seconded to hold the Spring 2016 Conference and Board Meeting at Suncadia; the motion passed.


Bob Koch moved and Bryan Perry seconded to hold the Summer 2016 Conference and Board Meeting in Pasco. Lisa Ayers added a friendly amendment to accept Ocean Shores as an alternate location; the amendment was accepted and the motion passed with one "no" vote.

With no further business to conduct, Vice President Drew Woods adjourned the meeting at 11:52 am.

MINUTES APPROVED this 13th day of November, 2014.



President

Attest: 

Secretary/Treasurer