

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

Thursday - Friday, March 28 & 29, 2013  
The Lodge at Suncadia, Cle Elum, Washington

**ATTENDANCE:**

\* denotes Executive Committee person

Adams County:	Linda Reimer, Clerk of the Board – Alt. Director
Benton County:	* Bryan Perry, Safety/Training Coordinator – Alt. Director
Chelan County:	* Keith Goehner, Commissioner – Director
Clallam County:	Rich Sill, Code Enforcement Manager – Director Jim Jones, County Administrator – Alt. Director Annie Achziger, Human Resources Analyst – Safety Officer Mark Nichols, Chief Deputy PA (Thursday only)
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:	Clyde Carpenter, Risk Manager - Director Claire Hauge, OFM Director – Alt. Director
Douglas County:	Steve Clem, Prosecuting Attorney - Director * Thad Duvall, Auditor – Alt. Director
Franklin County:	Robert Koch, Commissioner – Director Shawn Sant, Prosecuting Attorney – Alt. Director
Garfield County:	* Dean Burton, Commissioner – Director
Grays Harbor County:	Dale Gowan, Central Services Director – Alt. Director
Island County:	Kelly Emerson, Commissioner – Director Janette Goodell, Accounting Supervisor
Jefferson County:	Philip Morley, County Administrator – Director ( <i>arrived at 9:25 am Friday</i> )
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:	Sheilah Kennedy, Commissioner – Director Nanette Kallunki, Administrative Services Director – Alt. Director
Pacific County:	Kathy Spoor, Administration Officer – Director Lisa Ayers, Commissioner – Alt. Director
Pend Oreille County:	Mike Lithgow, Director of Community Development – Director
San Juan County:	Pamela Morais, Human Resources & Risk Manager – Alt. Director
Skagit County:	Jessica Neill Hoyson, Director HR/Risk Management – Director Arne Denny, Civil Deputy PA – Alt. Director
Skamania County:	Scott Pineo, General Services Director – Alt. Director
Spokane County:	* Steve Bartel, Director of Risk Management – Director, Secretary/Treasurer Lauren Williams, Liability Adjuster
Thurston County:	* Tammy Devlin, Risk Manager – Alt. Director, Vice-President Jon Tunheim, Prosecuting Attorney – Alt. Director
Walla Walla County:	Jesse Nolte, Deputy PA – Director Jim Johnson, Commissioner – Alt. Director
Whatcom County:	Karen Goens, HR Manager – Director Dan Gibson, Chief Civil Deputy PA (Thursday only)
Yakima County:	James Hagarty, Prosecuting Attorney – Director

Washington State  
Risk Manager: *Not Represented*

Broker Services: Liz Miser, Area Vice President – AJGRMS, Inc.  
John Chino, Area Sr. Vice President – AJGRMS, Inc. (Thursday only)  
Tim Chace, Director of Risk Control – AJGRMS, Inc.

Actuarial Services: Kevin Wick, Managing Director, PwC, LLP (Thursday only)  
Craig Scukas, Director, PwC, LLP (Thursday only)

Others: Jim Fuller, Commissioner, Asotin County

WCRP Staff: Vyrlle 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

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**CALL TO ORDER / WELCOME:** WCRP President Mark Wilsdon called the 2013 Spring Board of Director's Worksession to order at 2:30 p.m. and welcomed all in attendance. A roll call was conducted, all member counties were represented.

**ACTUARIAL REPORT:** Craig Scukas, PricewaterhouseCoopers Director, LLP presented the Reserve Review report dated 9/30/2012. He noted the grand total for net reserves is \$14,696,000. Mr. Scukas then presented an Analysis of Alternative Retentions as of September 30, 2012 that confirmed that with a \$100k SIR, losses are more stable; bumping to a \$500k SIR would mean less stable losses and more uncertainty. \$400k xs \$100k and \$500k xs \$500k loss charts were presented and discussed.

Kevin Wick, PricewaterhouseCoopers Managing Director, LLP presented the Capital Modeling Study. He began with an overview of the pooling industry and two basic models used in the pooling industry: cash call and surplus. Mr. Wick stated pools should have a funding target based upon the program's own goals. Capital modeling is done by 1. Looking at risks in various categories; 2. Modeling the uncertainty in these risks and running simulations to get a spread of results; 3. Combining the results; and 4. Looking at alternative scenarios such as Pool retentions.

The results of the study showed that the Program's current funding need is \$6.1M at the 1-in-100 year level. If the retention were increased to \$500k, current funding would be sufficient to support the risks at the 1-in-50 year level. The WCRP funding base is currently \$12.9M. Generally, well-funded insurance programs are between the 1-in-100 or 1-in-250 year level. Discussion took place regarding past re-assessments, target funding levels, confidence level and the re-insurance marketplace.

**RECESS:** President Wilsdon recessed the meeting at 3:45 p.m. and reconvened at 3:58 p.m.

**ACTUARIAL REPORT (continued):** Follow up discussion took place regarding the actuarial report and terms/definitions used in the Capital Modeling Study.

**EXECUTIVE DIRECTOR REPORT:** Vyrlle Hill gave the Executive Director's report. He exhibited information showing claims are down; both in the number of claims submitted and incurred losses. Financial highlights regarding the Pool were presented including Net Operating Income, Overall Claims Reserves, Total Assets and Net Position.

**BUSINESS CONTINUITY, SUCCESSION AND RECRUITMENT PLAN:** David Goldsmith presented background information on the Business Continuity, Succession and Recruitment Plan. The plan covers



short term and long term absences. The plan is being forwarded to the Board from the Executive Committee and is recommended for approval.

**ADJOURNMENT:** President Wilsdon adjourned the Thursday work session at 5:15 p.m.

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**CALL TO ORDER / WELCOME:** WCRP President Mark Wilsdon called the 2013 Spring Board of Director's meeting to order at 8:30 a.m. and welcomed all in attendance. President Wilsdon stated he could visually confirm a quorum.

**AGENDA:** Jesse Nolte moved to approve the agenda; Lee Grose seconded; the motion passed without dissent.

**CONSENT AGENDA:** President Wilsdon asked for any questions regarding the consent agenda, there were none. Lee Grose moved to approve the consent agenda, Bob Koch seconded; the motion passed without dissent.

Consent Agenda

- Minutes of (11/09/2012) Board of Directors Meeting
- Minutes of (11/08/12, 12/20/12, 03/08/12 & 03/22/13) Executive Committee Meetings
- Actuarial Reserve Review (As of 09/30/2012)
- Actuarial Review – Analysis of Alternative Retentions (As of 09/30/2012)
- Capital Modeling Study / Assessing Economic Funding Needs (03/08/2013)

**PRODUCER'S (BROKER'S) REPORT:** Liz Miser reported they are working with staff and the Officers on marketing and the Py2014 renewal process. They recently travelled to San Francisco and the East Coast trip is coming soon. Ms. Miser stated the liability market is currently pretty stable and there is some firming in the property market. Ms. Miser also presented the Phase II Summary report for the Pool, and noted the document is included in the conference notebook.

Dale Gowan moved to accept the Phase II Report as presented; Lee Grose seconded. Discussion took place with Tim Chace from Arthur J. Gallagher regarding the Phase II Report. A friendly amendment to refer the report to the Risk Management Committee for more extensive review was accepted. The motion passed without dissent.

**EXECUTIVE COMMITTEE ELECTION:** With Larry Peterson's December 31<sup>st</sup> departure, there is an opening on the Executive Committee with a term through 9/30/2013. The Executive Committee acting as the Nominating Committee is forwarding Alternate Director David Alvarez (Jefferson County Civil DPA) as a candidate. Keith Goehner moved to accept the Committee's report and recommendation; Drew Woods seconded; the motion carried without dissent. President Wilsdon asked for nominations from the floor. No nominations from the floor were forthcoming, so Lee Grose moved to elect David Alvarez to fill the vacant Executive Committee position; Steve Bartel seconded; the motion passed without dissent. President Wilsdon noted that at the Summer Meeting there will be openings for the Vice President position and for the four Executive Committee positions with terms expiring the end of September, i.e. those being filled by Bryan Perry, Steve Bartel, Drew Woods, David Alvarez, that will be up for election.

**OFFICERS / EXECUTIVE COMMITTEE REPORT:** President Wilsdon noted that Executive Director Vyrle Hill's contract is up soon. President Wilsdon outlined the changes in the Third Amendment of the Employment Agreement between the Pool and Vyrle Hill. Bob Koch motioned to extend the offer to Mr. Hill as presented; Tammy Devlin seconded; the motion passed without dissent. Mr. Hill and President Wilsdon signed the Third Amendment.

**INVESTMENT COMMITTEE REPORT:** Chair (Secretary/Treasurer) Steve Bartel reported that investment returns have improved with the new investment plan, but are still less than 1% composite.

## **STANDING COMMITTEE REPORTS:**

**Finance:** Chair Thad Duvall noted he will be meeting with Executive Director Vyrle Hill regarding several issues including each member's equity in the Pool and Experience Rating.

**Personnel:** Chair Lisa Young reported the committee recommends approval of the Business Continuity, Succession and Recruitment Plan. Jesse Nolte suggested a clarification to Clause 6, Section a ii, then moved to accept the clarified Business Continuity, Succession and Recruitment Plan as an update to (new section in) the Personnel Policy with the clarification; Lee Grose seconded; the motion passed without dissent.

**FINANCIAL REPORTS:** Executive Director Hill requested that the Board return to the Financial Reports, tabs 15 and 16 in the conference notebook, for formal consideration. Steve Bartel motioned to accept the year end 2012 and first quarter 2013 financial reports; Thad Duvall seconded; the motion passed without dissent.

## **RETURN TO STANDING COMMITTEE REPORTS:**

**Risk Management:** Chair Bryan Perry reported the committee will be looking at employment liability as a possible targeted risk management program. The committee will also be reviewing the Phase II report for recommendation possibilities, both individual (member) and pool-wide.

**Underwriting:** Chair Drew Woods reported it came to the committee's attention that terrorism coverage was excluded in the re-insurance documents. At the December 20, 2012 meeting of the Executive Committee, the Producer presented that Lexington would remove the exclusion with no additional premium required and that Berkley would remove the extension with an additional \$69,000 premium required. The Executive Committee voted to pay the \$69,000 additional premium with money from the rate stabilization account.

Drew Woods also reported that the possibility of a member default was mentioned and considered in the PricewaterhouseCoopers reports. The issue of transferring risk through the coverage document will be discussed in the next underwriting committee meeting prior to the 2014 Annual Meeting.

## **STAFF REPORTS:**

**Claims Report:** Claims Manager Susan Looker gave the Claims Report. Individual member claims reviews will take place in Skagit, Spokane and Yakima Counties in May or June of this year. Ms. Looker reported on the number of new claims filed and closed, trial verdicts, lawsuit dismissals, large losses and the file counts by adjuster. In response to a question, Ms. Looker gave an update on the Clark County case (coverage in Spencer matter) vs. the Pool, noting that coverage was denied by the Claims Manager, Executive Director and the Executive Committee. The case against the Pool was dismissed in (Cowlitz) Superior Court. Two similar cases have recently come up.

**Member Services Report:** David Goldsmith reported that he recently participated with Keith Goehner in a risk management webinar for newly electeds through WSAC. Mr. Goldsmith is gearing up for the annual county visitations, those visits will likely begin in May with plans this year to focus more on the individual counties and also including the annual report, education on how the Pool operates, and how the Counties operate as parts of the Pool. Mr. Goldsmith reported that he is working with Wahkiakum County on the underwriting process and WCRP membership possibilities.

**Loss Control Report:** Jill Lowe gave the Loss Control update. Ms. Lowe shared information on conference presentations that she has given as well as upcoming conferences and training opportunities. Ms. Lowe gave updated information on compact compliances, scholarship funds, Lexipol, Helpline and



LocalGovU. She highlighted training information for Py2013 and noted a complete training schedule is included in the conference notebook.

**Administrative Report:** Executive Director Vyrle Hill gave the Administrative Report. He outlined the proposed budget amendments totaling \$78,122 being recommended by the Executive Committee. Thad Duvall motioned to accept the proposed budget amendment; Dean Burton seconded; the motion passed without dissent. Mr. Hill gave his thanks to the Board for its confidence in extending his contract. Mr. Hill reported on the Pool's meetings with the State Auditor this year, and the new requirement to restrict assets, including the Pool's own reserving requirements. The debate with the State Auditor's office on this matter continues. Mr. Hill also noted that risk management notes and the reserving analysis for each county are nearly complete and will be sent to the counties soon, and that property appraisals would be performed in 18 out of the 26 WCPP counties. Mr. Hill reminded the attendees that this is the 25<sup>th</sup> year of the Pool, and that the Summer Conference / Annual Meeting in Leavenworth this July will include special celebration of the anniversary.

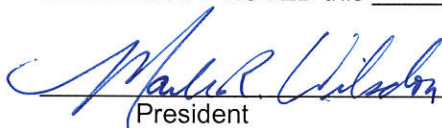
**FUTURE MEETINGS:** It was reported the Autumn Conference will not be able to take place in Dayton, WA as planned. Jesse Nolte moved to hold the Autumn Conference in the Tri-Cities area; Bob Koch seconded, the motion passed without dissent. Discussion took place regarding possible locations for the Spring, Summer and Autumn 2014 Conferences. Lee Grose moved to have the Spring 2014 Conference at Suncadia and to consider Southwest Washington locations for Summer 2014; Jesse Nolte seconded; the motion passed without dissent. Further discussion took place regarding possible locations for future conferences.

Already booked:

- 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 10:08 a.m.

MINUTES APPROVED this 26<sup>th</sup> day of July, 2013.

  
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President

Attest:

  
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Secretary/Treasurer