WASHINGTON COUNTIES RISK POOL
EXECUTIVE COMMITTEE MEETING MINUTES
Wednesday, July 10 & Thursday, July 11, 2013
Red Lion Hotel, 18220 International Blvd, SeaTac, Washington

ATTENDANCE:
President – Mark Wilsdon, Director – Clark County Risk Manager
Vice President – Tammy Devlin, Alternate Director – Thurston County Risk Manager
Secretary/Treasurer – Steve Bartel, Director – Spokane County Director of Risk Management
Other Executive Committee Members Present –
Bryan Perry, Alternate Director – Benton County Safety & Training Officer
Keith Goehner, Director – Chelan County Commissioner
William "Drew" Woods, Director – Columbia County Public Works Director
Thad Duvall, Alternate Director – Douglas County Auditor
Dean Burton, Director – Garfield County Commissioner
David Alvarez, Alternate Director – Jefferson County Civil DPA
Lee Grose, Director – Lewis County Commissioner
Vyrle Hill – WCRP Executive Director *(ex-officio)*
PricewaterhouseCoopers, LLP (Actuary) –
Craig Scukas, Director *(Thursday only)*
Arthur J. Gallagher RMS, Inc. (Producer) –
Dorothy Gjerdrum, Executive Director, Public Sector *(Wednesday only)*
John Chino, Area Senior Vice President *(Wednesday only)*
Elizabeth Miser, Area Vice President
Risk Pool Staff –
Susan Looker – Claims Manager
Jill Lowe – Loss Control Coordinator
Stacey Spears – Administrative Assistant

Welcome and Roll Call: President Wilsdon called the meeting to order at 1:30 pm and welcomed those attending. He then yielded the floor to those attending from Arthur J. Gallagher. Ms. Miser defined the Risk Mapping concept and introduced Dorothy Gjerdrum. Ms. Gjerdrum conducted the Risk Mapping discussion with the group. The project included approaches to risk management, an overview of risks, and a framework for managing risks.

President Wilsdon recessed the meeting for twenty (20) minutes at 2:35 pm.

Risk Mapping Project continued: The Risk Mapping project continued with a focus on emerging operations, identifying key risks, and trends in County operations.

President Wilsdon recessed the meeting for the day at 4:10 pm.

Welcome and Roll Call: President Wilsdon reconvened the meeting to order at 8:32 a.m. and welcomed those attending. He announced that he could visually confirm a quorum and stated that Lisa Young asked to be excused as she was on vacation.

Agenda: President Wilsdon then asked if there were any changes to the preliminary agenda earlier circulated electronically. Mr. Hill stated he would like to brief the Executive Committee on the Davis/Northrup case. Mr. Grose moved and Mr. Bartel seconded for approval of the preliminary agenda with the noted addition; *the motion passed.*

Consent Agenda: Ms. Devlin moved and Mr. Grose seconded for approval of Item 1 on the meeting's Consent Agenda, i.e. "the minutes as prepared and circulated for the June 20, 2013 Executive Committee meeting at the (SeaTac) Red Lion Hotel." *The motion carried.*

Actuarial Services Report(s): Mr. Scukas presented PwC's 2012 Target Fund Balance Review with the 10% quota share references and adjustments removed. Mr. Bartel moved and Mr. Duvall seconded to accept the Review and forward the same onto the Board for approval with the Committee's favorable recommendation; *the motion passed*.

Insurance Producer (Broker) Services Report: Ms. Miser noted she is working with underwriters and reinsurers on the casualty program. She is still waiting for final numbers and quotes. It is a busy time of year for underwriters and they were unable to meet the deadline for today's Executive Committee meeting. She expects to have further information to share next week. Ms. Miser presented three options for the Liability Program's insurance design. Option 1 is the same as the current year, and she noted that Lexington/AIG is seeking rate increases for the layers it insure. Option 2 is the same design as the current year, but with Selective replacing the Lexington reinsurance layer. Ms. Miser is awaiting final numbers from Selective as well. Option 3 splits the $8M xs $2M layer into 2 layers - $3M x $2M that would be reinsured by Berkley, and $5M x $5M being priced by other reinsurers. Ms. Miser reported that all three options are in play and reiterated that she expects to have numbers next week. Ideally, she expects options 2 and 3 might have a flat or better renewal. Ms. Miser reminded the group that the Berkley renewal layer is a flat renewal this year, that Lexington is the company seeking a rate increase. Discussion took place regarding WCRP's 10% quota share. It was noted the Executive Committee will need to meet prior to the Summer Conference to discuss these options and have a recommendation(s) to forward to the Board. Mr. Goehner moved and Mr. Alvarez seconded to have an Executive Committee teleconference meeting on July 19, 2013 at 9:30 am; *the motion passed.*

Ms. Miser then reported on the WCPP renewal. Lexington is looking at reducing their participation from 40% to 25% in the first layer while assuming the upper layer entirely. Its renewal proposal also has a rate increase and possible minimum deductible increase; final pricing is not yet available. Discussion took place regarding rates, deductibles and losses.

Ms. Miser asked for feedback regarding the Risk Mapping project from Wednesday and the next steps the Executive Committee wished to take. Ms. Spears was asked to put together a document with the brainstorming information and send it to Mr. Hill and Ms. Miser. It was discussed that the Executive Committee would like to move forward with continued discussions for the Risk Mapping project.

Finally, Ms. Miser presented a chart with information on cyber liability insurance. This would be an optional insuring program similar to the property coverage with a minimum of ten (10) members needing to participate. No action(s) was taken at this meeting.

President Wilsdon recessed the meeting at 10:17 a.m. for fifteen (15) minutes.

JSILP Assessment Allocation: Mr. Scukas and Mr. Hill presented initial information on the assessment allocation methodologies using the rates and budget information that had been available. It was noted that these are not the final numbers; the information will be finalized when the renewal program/rates are determined. The numbers presented showed member assessment totaling $11,419,865. This includes a break even assessment of $10,985,812 with $434,053 for future rate stabilization. Application of experience factors and rates were discussed further.

Nominating Committee: President Wilsdon reported that all four incumbents whose terms will be expiring September 30th communicated their desires to seek reelection to the executive committee. He further reported that Franklin County (Commissioner) Director Bob Koch expressed his desire to be considered for election to the Committee as well. No further candidates expressed interest in the Executive Committee positions.

President Wilsdon then reported that Mr. Woods (Columbia County Director) had contacted him asking to be considered for nomination for the Py2014 Vice President (and President Elect) position, and that he (Mr. Wilsdon) would be interested in being nominated for the Py2014 Secretary/Treasurer position if nobody else was interested. Keith Goehner seemed to express interest in the Secretary/Treasurer position if Mr. Wilsdon did not want to be

considered for nomination. President Wilsdon nominated Keith Goehner for Secretary/Treasurer. Steve Bartel moved and Lee Grose seconded to forward both Mark Wilsdon and Keith Goehner as candidates for the position of Secretary/Treasurer; *the motion passed.* Keith Goehner then withdrew his name from consideration as Secretary/Treasurer.

Steve Bartel moved and Tammy Devlin seconded to forward to the Board as the Nominating Committee nominees the slate of candidates: Bryan Perry, Drew Woods, David Alvarez, Steve Bartel and Bob Koch for the four (4) Executive Committee positions; and Drew Woods for Vice President (and President Elect) and Mark Wilsdon for Secretary/Treasurer; *the motion passed.*

Investment Committee: Chair (Secretary/Treasurer) Bartel noted the minutes from the 6-20-2013 minutes were in the meeting book. Executive Committee members were invited to join in on the monthly Investment Committee teleconferences. Investment returns were discussed.

Standing Committee Reports / Action Items

- **Finance** – Chair Duvall reported that minutes from the June 19, 2013 Finance Committee meeting were in the notebook. The Finance committee recommended pulling the references to the Risk Pool's 10% quota share from the Target Fund Balance Review. Chair Duvall noted the Finance Committee recommends advancing the Py2014 Budget as presented onto the Board for consideration during the Annual Meeting. He also noted that committee member Steve Clem, who was unable to attend the meeting, expressed several concerns including:
    - Use of multiple data sources, i.e. emerging indications, 5-year average, trended, without clarity as to why a particular source was chosen.
    - Budget appears to be increasing steadily even though Kitsap County is no longer a member and claim frequencies are reportedly trending downward for the entire pool. Marked increases from 2 years ago even though the PWC Capital Analysis is complete and frees up over $50,000 in 2014. Operating Expenditures are up over 30% in two years - since the 2011-2012 Budget.
    - Member liability assessments are decreasing over 3% in 2014 while there is a $450,000 increase in liability premiums.

Mr. Hill responded that the recent years' administrative (operating) budget increases are due substantially to the enhancements of the Loss Control and Claims efforts in response to the added resources and expectations from the reinsurers and the deficiencies noted in the most recent claims audit. He further noted the more global view being taken of all costs rather than just the administrative elements with recent years' trends appearing quite well.

Mr. Duvall further noted an additional part-time administrative position and increased costs for 'CSC hosting" the Riskmaster-related applications and files. Mr. Hill provided additional background and information regarding the Riskmaster applications and the proposed offsite hosting.

Steve Bartel moved and Tammy Devlin seconded to recommend to the Board that the offsite maintenance, hosting and licensing for Riskmaster-related applications and files move to CSC; *the motion passed.*

Chair Duvall presented information regarding the salaries scheduled and included in the Py2014 Budget. Budget concerns, rate stabilization, costs and staffing were discussed. Tammy Devlin moved and Keith Goehner seconded to forward the Py2014 Budget as presented with the related Salary Schedule and Annual Work Plan onto the Board for approval with the Executive Committee's favorable recommendation; *the motion passed.*

- **Personnel**: Chair Young was not present at the meeting so Mr. Hill presented the report from the Personnel Committee. Mr. Hill stated that a Trust and Bylaws agreement from WCIF is available in the meeting notebook. Mr. Hill noted that WCRP can comment but has no actual authority regarding the WCIF agreement and bylaws, this is informational only. Mr. Burton noted that the changes were primarily to officially terminate the WCIF-sponsored Washington Counties Insurance Pool (WCIP). Mr. Hill also presented information on the DRS Deferred

Compensation Program noting that Pool employees have expressed interest in participating in this program.

Mr. Hill then discussed the proposed new Office Assistant job opening. Funding for this position is included in the Py2014 Budget. Mr. Hill noted that the changes in the job description in the notebook came from Chair Young and that the job description had not yet been reviewed by the entire Personnel Committee. It was decided that no further action would take place from the Executive Committee until the Personnel Committee had a chance to review the job description. Finally, Mr. Hill reported that the Personnel Committee still plans to review the Personnel Policies but not until next year; and that a Market Salary Review will also likely be considered.

Keith Goehner moved and Tammy Devlin seconded to present the WCIF Trust Agreement and Bylaws as well as the DRS Deferred Compensation Plan to the Board for approval with the Executive Committee's favorable recommendation; *the motion passed.*

- **Risk Management**: Chair Perry noted the Targeted Risk Management plan as previously proposed does not change the Py2014 Budget for Loss Control. Chair Perry expressed his desire to chair the committee again next year with Dawn Twiddy remaining as co-chair. The Committee plans to review the Risk Management Policy next year and would like to see the Phase 2 Recommendations developed into a facilities checklist.
- **Underwriting**: Chair Woods noted the Committee recommends the rollover of the current JSILP Coverage Form for Py2014. Mr. Woods also expressed his desire to remain as the Committee Chair next year, and would be looking for a vice-chair. Mr. Bartel volunteered to be the Vice Chair for the Committee next year. Chair Woods said next year the Committee would have further discussions regarding cyber liability risks and insurance as well as the definition and use of licensed units for JSILP exposures. Drew Woods moved and Steve Bartel seconded to advance the JSILP rolled-over Coverage Form for Py2014 to the Board for approval with the Executive Committee's favorable recommendation; *the motion passed.*

Staff Reports

- **Executive Director Hill** noted that the HCA property appraisals are complete and included approximately 350 structures in eighteen (18) of the participating counties. Mr. Hill reminded those counties that had appraisals completed that they need to see that their PIMS records are updated to reflect the values in these new appraisals.

  Mr. Hill noted that Wahkiakum County is still showing interest in the Risk Pool; they have given their notice to the Washington Rural Counties Insurance Pool, but we are waiting for further information that out insurers desire so a quote can be prepared.

  Member annual visitations are approximately 75% complete; David took the lead on the visits this year and has done a great job.
- **Claims Manager Looker** reported the Creach and Munich cases recently settled and that the Counties/Pool were dismissed from the Binschus cases. She also reported that the reports from the claims auditing conducted by Mr. Jennings should be completed soon. Finally, she gave an update on the Northrup/Davis case(s) from Clark County.
- **Loss Control Coordinator Lowe** reported that Duncan Fobes will likely present at the WACO conference later this year and that John Chino will be providing a "Risk Management for Public Entities" course review in September at the Risk Pool's conference room. She also reported that two more member counties compliance audits will be conducted soon and information from the audits will be reviewed by the Risk Management Committee. She then reported the Cyber Liability training class dates and locations are set, the flyer will be coming out soon. Finally, Ms. Lowe reported that she has been summoned to serve on a USD-Western Washington grand jury for eighteen (18) months… approximately four (4) days each month. She will find out in September if she is selected to serve.

Officer and Committeeperson Reports: Nothing further reported.

Upcoming Meetings and National Trainings: Mr. Hill commented on the schedule for upcoming WCRP conferences and noted that the Risk Pool's November 2014 conference may possibly conflict with the WSAC conference, but WSAC has not yet posted its 2014 Calendar.

Adjournment: With this meeting's business addressed, President Wilsdon adjourned the meeting at 12:35 PM.

MINUTES APPROVED this 19th day of July, 2013.

President

Attest: Acting Secretary/Treasurer