

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS
ANNUAL MEETING**

MINUTES

**8:30 a.m., Friday, July 23, 1999
Enzian Inn, Leavenworth**

ATTENDANCE:

President – Mary Jo Cady, Mason County Commissioner
Secretary/Treasurer – R. S. Zirkle, Yakima County Chief Deputy Prosecuting Attorney
Executive Committee –
 Marilyn Breckel, Skamania County Administrative Services Manager
 Steve M. Lowe, Franklin County Prosecuting Attorney
 Mike Shelton, Island County Commissioner
 David Goldsmith, Jefferson County Deputy Director of Public Services
 Si A. Stephens, San Juan County Auditor
 Melina Wenner, Benton County Risk Manager
 Judy Wilson, Thurston County Commissioner
Adams County - Leon Long, Public Works Director – Alternate
Chelan County – Jim Lynch, County Commissioner – Director
Clallam County – Marjorie Upham, Director of Personnel & Risk Management – Director
Toni Gilbert, Safety/Training Specialist
Carole Boardman, County Commissioner
Columbia County – Scott Smith, County Engineer – Alternate
Cowlitz County – Frank A. Bishop, Cowlitz County Administrator – Director
 Clyde W. Carpenter, Risk Manager – Alternate
Franklin County – Neva J. Corkrum, County Commissioner – Director
Garfield County – Dean D. Burton, County Commissioner – Alternate
Grays Harbor County – Bob Paylor, County Commissioner – Director
Rose Elway, Director of Management Services – Alternate
 Mary Davis, Deputy Director of Mgmt. Services – Alternate
Island County – Betty Kemp, Director of General Services Administration – Alternate
Klickitat County – James P. Hagarty, Prosecuting Attorney – Director
Kitsap County – Barbara Razey, Risk Manager – Director
 Mark Abernathy, Safety / Compliance Officer
Lewis County – Russ Wigley, County Commissioner – Director
Mason County – Ione Siegler, Director of Budget and Finance – Alternate
Okanogan County – Ed Thiele, County Commissioner – Director
Dan Powers, Administrative Coordinator – Alternative
Pacific County – Vyrle L. Hill, County Administrative Officer – Director
San Juan County – David Zeretke, Administrative Services Director – Alternate
Spokane County – Tim Durkin, Deputy Prosecuting Attorney/Interim Risk Manager – Alternate
Thurston County – Starleen Parsons, Human Resources / Risk Manager – Alternate
Whatcom County – Randall J. Watts, Chief Civil Deputy Prosecuting Attorney – Director

Whitman County – Richard Brown, Director of Administrative Services – Director
Julie Allan, Human Resources Manager – Alternate
State Office of Risk Management – John Nicholson
Reinsurance Underwriter - Vincent Friscia, Swiss Re
Broker - Mike Croke, Senior Vice President, Willis
Marianne McCrary, CPCU, Senior Account Manager, Willis
Becky Anderson, Senior Account Manager, Willis
Russell Evans, Risk Management, Willis
Risk Pool Staff - John Crawford, Executive Director
Alicia Johnson, Claims Manager
Jay Winter, Programs Manager
Kitty Saunders, Programs Assistant
Aileen Boren, Financial Officer

WELCOME and ROLL CALL: The meeting was called to order at 8:35 a.m. by President Mary Jo Cady who welcomed all in attendance and noted that a quorum was present.

Board Workshop: The meeting followed a Risk Management Committee Meeting in Leavenworth on Tuesday, July 20th from 7:00 p.m. until 8:30 p.m., and a joint meeting of the Finance and Executive Committees held on Thursday, July 22nd from 11:00 a.m. until 1:00 p.m.

It also followed a Board Workshop held on Thursday, July 22nd from 1:18 p.m. until 5:05 p.m. Island County Assistant Director of General Administration Lee McFarland attended the Workshop but did not attend the Board Meeting. Workshop agenda items included the ratemaking report and addition to reserves by PricewaterhouseCoopers actuaries Kevin Wick and Craig Scukas, reinsurance by Willis broker Mike Croke and Swiss Re Associate Account Executive Vince Friscia, the Satsop Earthquake by Grays Harbor County Risk Manager Mary Davis, and a discussion on the annual staff work plan, salaries, and administrative budget by John Crawford.

APPROVALS:

Agenda: The agenda was approved as printed.

Minutes: Marilyn Breckel moved to approve the minutes of the April 23rd Spring Meeting in SeaTac. The motion was seconded by Ron Zirkle and approved.

DISCUSSION AND ACTION:

State Risk Management: John Nicholson distributed copies of the final report of his operational examination #99-06 performed in March and April and was available Thursday and Friday to answer questions.

Election of Executive Committee Members and Officers: Nominating Committee Chair Mary Jo Cady reported that the committee had nominated Mason County Commissioner Mary Jo Cady, Pacific County Administrative Officer Vyrle L. Hill, Island County Commissioner Mike Shelton, San Juan County Auditor Si A. Stephens and Lewis County Commissioner Russ Wigley for the three positions on the Executive Committee. Nominations were opened from the floor, and hearing none, nominations were closed. Mary Jo Cady, Mike Shelton and Si A. Stephens were elected by the Board to serve three-year positions expiring in September 2002.

Dave Goldsmith moved, and Frank Bishop seconded, to nominate Yakima County Chief Deputy Prosecuting Attorney Ron Zirkle as President of the Risk Pool for the next year. Mike Shelton moved to close the nominations and cast a unanimous ballot for Ron. The motion was seconded by Steve Lowe and approved without dissent.

Frank Bishop moved, and Richard Brown seconded, to nominate San Juan County Auditor Si A. Stephens as Secretary/Treasurer of the Risk Pool for the next year. Neva Corkrum moved to close the nominations and cast a unanimous ballot for Si.. The motion was seconded by Frank Bishop and approved without dissent.

Ron Zirkle presented Mary Jo Cady with a wall plaque in recognition of her devoted and distinguished service as President.

Joint Self-Insurance Liability Policy: After much wordsmithing, Vyrle Hill moved to amend the joint self-insurance liability policy from using three to only one arbitrator in disputes over underinsured motorist liability (UIM) coverage. The motion was seconded by Si Stephens and approved.

Actuary Report: Si Stephens moved to accept the actuary report. The motion was seconded by Marilyn Breckel and approved without dissent.

Reinsurance: Mike Shelton moved to purchase \$9.9 million of reinsurance excess of the Pool's self-insured retention layer of \$100,000 as proposed, and to offer for voluntary purchase an increase in limits to \$5 million excess of \$10 million. The motion was seconded by Steve Lowe and approved.

Membership Compact: David Goldsmith moved to adopt the membership compact as proposed by the Risk Management Committee. The motion was seconded by Si Stephens and approved without dissent.

Staff Work Plan, Salaries and Administrative Budget: The Board went into Executive Session from 9:25 a.m. until 10:05 a.m. to discuss personnel matters. After the Executive Session was concluded, Si Stephens moved to approve the staff work plan as proposed. The motion was seconded by Neva Corkrum and approved.

Vyrle Hill moved to approve staff salaries and benefits as amended to reflect the claims analysts both being paid the same salary rate (\$44,959), and to refer hiring policies for new employees and a review of the salary schedule, specifically that of the claims analysts, to the Personnel Committee, with a report due back to the Board at the Autumn Meeting. The motion was seconded by Russ Wigley and approved with two dissents.

Si Stephens moved to delete line item 374.4180 regarding lobbying, add \$100 to routine in-state travel, and approve an administrative expense budget for the 1999-2000 fiscal year in the proposed amount of \$984,922. The motion was seconded by David Goldsmith and approved without dissent.

Retroactive Assessment: Vyrle Hill moved to draft a resolution for approval at the next meeting regarding retroactive assessments in the total amount of \$6.5 million. Such amount would be assessed for payment over ten years, starting at \$533,000 in 1999, and increasing by approximately 4.5% each year. The assessments would be applied to the earliest deficit year (1993-94 through 1996-97) and collected in the proportionate amount that a member county paid into the Risk Pool loss fund in that year. Vyrle also moved to set \$533,000 as the retroactive assessment amount for policy year 1993-1994 using the proportionate rates as presented by the

Finance Committee. The motion was seconded by Frank Bishop and Mike Shelton and approved unanimously.

John Nicholson stated that he appreciated the work of the Finance and Executive Committees, recognized the amount of time devoted to the resolution of the issue, and thought that it would improve the balance sheet. He also said that he was excited about the passage of the membership compact.

Premiums: Mike Shelton moved to approve the proposed base premium and reinsurance spreadsheet. The 1999-2000 joint self-insurance premium rate will be computed by applying the 'expected' ultimate loss rates for general liability, employment practices liability and automobile liability provided in the PricewaterhouseCoopers LLP report, without discounting for future interest earnings, and reinsurance costs would be apportioned according to each county's proportional percentage amount of worker hours. The motion was seconded by Dick Brown and approved without dissent.

Vyrle Hill moved to charge interest on unpaid premium balances at the rate of 6%. The motion was seconded by Neva Corkrum and approved.

Premiums will be calculated and collected as follows:

1. Administrative costs, including general administration, programs, and claims, will be apportioned to each county's proportional percentage amount of payment to purchase the first layer reinsurance (\$400,000 excess of \$100,000), and each county's proportional percentage amount of payment to fund the Pool's self-insurance layer;
2. 5:00 p.m. on Tuesday, August 31st will be set as the deadline when members must notify staff in writing of changes in their exposure information and deductible elections;

Payment of 105% of a county's 1998-1999 premium will be due as of September 30th, with the balance of the 1999-2000 premium to be paid as of January 31st.

REPORTS:

Property Program: Mike Croke will continue to work with the Underwriting Committee to develop a property program.

Executive Committee: The minutes of the June 24th Meeting of the Executive Committee were included in the materials.

Executive Director: John Crawford distributed ten-year recognition baskets to Board members Neva Corkrum, Steve Lowe and Mary Davis. He also gave ten-year baskets to Aileen Boren, Mike Croke, Craig Scukas and Kevin Wick. He gave a five-year recognition pen at the meeting to Richard Brown, and earlier in the week to Janet Corey and Claims Representative Claire Thompson.

Finances: Aileen Boren reported on the audited financial report.

Claims: Alicia Johnson will give a claims summary at the next meeting.

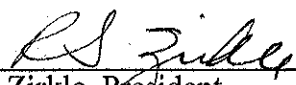
Programs: Jay Winter described training program activities of the past year.

OTHER BUSINESS:

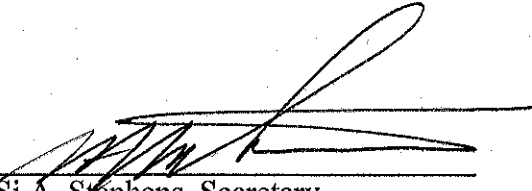
Future Board Meetings: The Autumn Board Meeting is Thursday, October 21st at Cavanaugh's in Yakima. The Board voted to return to Leavenworth next July 20-21, 2000 for the Annual Meeting, to Pasco for the other eastern meeting on Tuesday, November 14, 2000 and to meet in the SeaTac area for the two 2000 western meetings on Wednesday, January 24th and Thursday, April 20th.

County reports were dispensed with, and with no further business, the meeting was adjourned at 11:10 a.m.

MINUTES APPROVED: 10 / 21 / 99



R. S. Zirkle, President
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Attest: 

Si A. Stephens, Secretary