

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

MINUTES

**8:30 a.m., Friday, July 21, 2000
Enzian Inn, Leavenworth**

ATTENDANCE:

President – R. S. Zirkle, Yakima County Chief Deputy Prosecuting Attorney
Secretary/Treasurer – Si A. Stephens, San Juan County Auditor
Executive Committee –
 Marilyn J. Breckel, Skamania County Administrative Services Manager
 Mary Jo Cady, Mason County Commissioner
 David Goldsmith, Jefferson County Deputy Administrator
 Leon Long, Adams County Public Works Director
 Steve M. Lowe, Franklin County Prosecuting Attorney
 Mike Shelton, Island County Commissioner
 Melina Wenner, Benton County Risk Manager
Chelan County – James C. Lynch, County Commissioner – Director
Clallam County – Marge Upham, Director of Personnel & Risk Management – Director
 Toni Gilbert, Safety/Training Specialist
Columbia County – Scott Smith, County Engineer – Alternate
Cowlitz County – Frank A. Bishop, Director of Administrative Services – Director
 Clyde W. Carpenter, Risk Manager – Alternate
Franklin County – Neva J. Corkrum, County Commissioner – Director
Grays Harbor County – Bob Beerbower, County Commissioner – Director
 Rose Elway, Director of Management Services – Alternate
 Mary Davis, Deputy Director of Management Services – Alternate
Island County – Betty Kemp, Director of General Services Administration – Alternate
Kitsap County – Barbara Razey, Risk Manager – Director
Klickitat County – Lori Wolford, Personnel/Risk Manager – Alternate
Lewis County – Russ Wigley, County Commissioner – Director
 Tammy Devlin, County Risk Manager – Alternate
Mason County – Ione Siegler, Director of Budget and Finance – Alternate
Okanogan County – Dan Powers, Administrative Coordinator – Alternate
Pacific County – Vyrle L. Hill, County Administrative Officer – Director
 Janet Corey, Risk Manager – Alternate
Spokane County – Tim Durkin, Senior Deputy Prosecuting Attorney – 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 of Washington – John Nicholson, LGSI Program Administrator
Broker – Mike Croke, Senior Vice President, Willis Corroon Corporation of Seattle

Marianne McCrary, CPCU, Senior Account Manager
Mike Landon, Loss Control Specialist
Reinsurance Underwriters – Chip Holden and Paul Nagata, Discover Re Managers
Risk Pool Staff - John Crawford, Executive Director
Alicia Johnson, Claims Manager
Jay Winter, Programs Manager
Aileen Boren, Financial Officer
Kitty Saunders, Programs Assistant

WELCOME and ROLL CALL: The meeting was called to order at 8:40 a.m. by President Ron Zirkle who welcomed all in attendance and noted that a quorum was present. He asked everyone around the table to introduce him or herself.

Committee Meetings: The Board Meeting followed meetings in Leavenworth on Thursday, July 20th of the Risk Management Committee from 10:00 a.m. until 11:30 a.m., and the Finance Committee from 11:00 a.m. until 12:45 p.m.

Board Workshop: The Meeting also followed a Board Workshop held on Thursday, July 20th from 1:35 p.m. until 5:05 p.m. attended by 43 persons. Workshop agenda items included a PowerPoint actuary ratemaking report and experience rating modifier by PricewaterhouseCoopers actuary Kevin Wick, retroactive assessment, PowerPoint presentations on reinsurance by Willis broker Mike Croke and Discover Re Managers Senior Vice President Chip Holden and Assistant Vice President Paul Nagata, a report from Randy Watts that the State Supreme Court refused to accept the state's appeal in the Whatcom County vs. State of Washington lawsuit regarding county employees as agents of the state, proposed changes in the Risk Management policy by committee chair David Goldsmith, and a discussion on the annual staff work plan, salaries, and administrative budget by John Crawford.

APPROVAL:

Agenda: Several new items were added to the printed agenda.

Minutes: Si Stephens moved to approve the minutes of the May 11th Meeting at SeaTac. The motion was seconded by Mary Jo Cady and approved.

REPORTS, DISCUSSION AND ACTION:

Executive Committee: The minutes of the June 27th Meeting of the Executive Committee was placed in the meeting packet.

Election of Executive Committee Members and Officers: Nominating Committee Chair Ron Zirkle stated that the following had been nominated for the three open positions on the Executive Committee: Jefferson County Deputy County Administrator David Goldsmith, Adams County Public Works Director Leon Long, Chelan County Commissioner James C. Lynch, Whatcom County Chief Civil Deputy Prosecuting Attorney Randall J. Watts and Yakima County Chief Deputy Prosecuting Attorney R. S. Zirkle. Pacific County Administrative Officer Vyrle L. Hill was nominated from the floor by Frank Bishop and seconded by Si Stephens. David Goldsmith, Vyrle Hill and Ron Zirkle were elected to fill the three positions.

Ron Zirkle said that the Nominating Committee nominated San Juan County Auditor Si A. Stephens for President. It was moved and seconded to close the nominations and cast a unanimous ballot for Si. The motion was approved without dissent.

Ron Zirkle said that the Nominating Committee had nominated Mason County Commissioner Mary Jo Cady as Secretary/Treasurer for next year. Jefferson County Deputy County Administrator David Goldsmith was nominated from the floor by Leon Long and seconded by Russ Wigley. The vote ended in a tie and Mary Jo Cady won the coin toss.

Ron Zirkle recognized special efforts by Executive Committee Members David Goldsmith, Marilyn Breckel and Si Stephens for committee work and Mary Jo Cady and Mike Shelton for taking extra time to communicate with other counties for marketing purposes. Si Stephens thanked Ron Zirkle for his work as President and presented him with a wall plaque in recognition of his devoted and distinguished service as President.

Si Stephens appointed the following committee chairs for the upcoming year: Executive – Si Stephens; Finance – Vyrle Hill; Nominating – Si Stephens; Personnel – Ron Zirkle; Risk Management – David Goldsmith; and Underwriting Co-chairs – Marilyn Breckel and Steve Lowe. Si asked for volunteers to work on the different committees to contact him or the chairs.

Financial Report: Si Stephens gave a PowerPoint financial report showing investment earnings, State LGIP rates of return over the past year in comparison with treasury rates, and Pool loss fund revenues compared with claim payments and IBNR.

Joint Self-Insurance Liability Policy: Steve Lowe and Marilyn Breckel reported on the activities of the Underwriting Committee during the past year and wanted to thank all of the committee members for their work. Frank Bishop moved to accept the six proposed changes in the Joint Self-Insurance Liability Policy. The motion was seconded by Tim Durkin and approved without dissent.

Risk Management Policy: David Goldsmith reported on the activities of the Risk Management Committee during the past year, recognized the work of committee members, and discussed proposed changes in the Risk Management Policy. Vyrle Hill moved to amend the policy as proposed. The motion was seconded by Marilyn Breckel and approved without dissent.

State Risk Manager: State Local Government Self-Insurance (LGSI) Program Administrator John Nicholson gave a PowerPoint presentation showing trends among the 17 local government casualty pools in the state.

Actuary Report: Frank Bishop moved to accept the actuary report for filing. The motion was seconded by Russ Wigley and approved without dissent.

Reinsurance: Vyrle Hill moved that the Pool 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 David Goldsmith and approved without dissent.

Staff Work Plan, Salaries and Administrative Budget: Russ Wigley moved, and Randy Watts seconded, to accept the staff workplan as proposed. Vyrle offered a friendly amendment to add a new part "c." under the underwriting section to "Review the Interlocal Agreement and Underwriting Policy regarding marketing to new members." The amendment was accepted by the maker and seconder, and approved without dissent.

Si Stephens moved to approve staff salaries as proposed and an administrative expenditure budget for the 2000-2001 fiscal year in the proposed amount of \$988,123. The motion was seconded by Russ Wigley and approved without dissent.

Premiums: Si Stephens moved to:

1. Compute the 2000-2001 joint self-insurance premium 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;
2. Compute reinsurance costs by applying the rate charged by the reinsurance companies, as modified for members electing a \$250,000 deductible amount;
3. Apportion unallocated loss adjustment (claims) expenses, or ULAE, according to each member's proportional costs for funding the Pool's joint self-insurance layer and reinsurance up to \$10 million level;
4. Apply each member's experience rating modification factor to the combined Pool SIR, Reinsurance up to \$10 million, and ULAE expenses, and rebalance the total.
5. Offer all members an optional layer of coverage for \$5 million excess of \$10 million at the rate offered by Swiss Re;
6. Apportion the \$556,000 second year payment of the retroactive assessment approved in 1999 according to each county's proportional premium for funding the Pool's joint self-insurance layer for the 1994-95 policy year.
7. Apportion general administrative and programs costs according to each member's proportional costs for funding the Pool's joint self-insurance layer and reinsurance up to \$500,000 level;
8. Set 5:00 p.m. on Thursday, August 31st as the deadline when members must notify staff in writing of changes in their exposure information, deductible elections, and purchase of the optional layer of coverage;
9. Require payment of 105% of the 1999-2000 premium by September 30, 2000, with the balance to be paid by January 31, 2001; and
10. Charge interest on unpaid premium balances at the rate of 8%.

The motion was seconded by Mary Jo Cady and approved without dissent.

OTHER BUSINESS:

Service Recognition: John Crawford recognized the service provided by Board Members. Vyrle Hill (47) and Rose Elway (46) have attended the most Board Meetings. Si Stephens and David Zeretzke were given gift baskets for ten years of service on the Board and Alicia Johnson and Susan Looker were given gift baskets for ten years of employee service. Mary Jo Cady, Ione Siegler, Randy Watts, Dan Powers and David Goldsmith were given five-year pens for service on the Board.

Steve Lowe thanked Frank Bishop, who is retiring next year and is attending his last Annual Meeting, for his service since the beginning of the Risk Pool on the Board, the Executive Committee and as Past-President.

County Reports: Mary Jo Cady is on the State Emergency Management Council. She said that she is writing a letter to the governor questioning a proposed study requiring local governments to identify possible terrorism targets. She is concerned about the report becoming a public record and available for terrorists.

Mary Davis brought a picture collage to show Grays Harbor County Courthouse damage and repair following the July 2, 1999 earthquake. The county estimates that costs of repair will be approximately \$7.2 million, with completion expected in Spring of 2001.

Tim Durkin reported that he was able to defeat an attempt by a litigant to review e-mail messages generated from home computers of county officials.

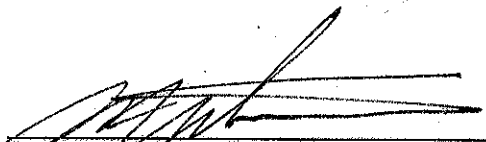
Interlocal Agreement: The Board discussed the possibility of changing our practice and allowing new counties to commit to membership for only three years. It was reported that the Interlocal Agreement states that "No member may withdraw for sixty (60) months after joining the Pool" so a change would have to be approved by our member counties. David Goldsmith moved to refer a study of possible changes in the Interlocal Agreement and Bylaws to the Executive Committee. The motion was seconded by Si Stephens and approved without dissent.

Thurston County: Thurston County has asked for a quote to rejoin the Risk Pool because of the financial reversals of its current insurer. Section B.4. of the Underwriting Policy requires approval of new member counties with a population over 125,000 by a majority vote of the Board. Si Stephens moved to accept Thurston County as a new member under the present terms and conditions of the Interlocal Agreement, Bylaws and Underwriting Policy. The motion was seconded by Russ Wigley and approved without dissent.

FUTURE BOARD MEETINGS: Frank Bishop moved that the Board meet only three times next year. The motion was seconded by Marge Upham and approved without dissent. Vyrle Hill moved that the meetings should be on July 19th and 20th and in April and October/November at places to be determined. The motion was seconded by Leon Long and approved. Si Stephens moved that the July meeting should be held in Spokane. The motion was seconded by Marge Upham and ended in a tie vote, with the Chair casting the tiebreaker in favor of Spokane. Mike Shelton moved that the November 14, 2000 Autumn Meeting be changed to a different place (Yakima) and date (it is currently scheduled for Tuesday, November 14th in Pasco before the WSAC Legislative Conference). The motion was seconded by Dick Brown and approved. Vyrle Hill moved to delegate the dates and places of the other meetings to staff and the officers. The motion was seconded by Si Stephens and approved.

With no further business, the meeting was adjourned at 11:54 a.m.

MINUTES APPROVED: 11 / 9 / 2000



Si A. Stephens, President

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Attest:


Mary Jo Cady, Secretary