

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

9 a.m., Friday, March 30, 2007
Skamania Lodge, Stevenson, Wash

ATTENDANCE:

* denotes Executive Committee Member

Adams County: Linda Reimer, Clerk of the Board -- Alternate

Benton County: *not represented*

Chelan County: *Secretary/Treasurer Keith Goehner, Chelan County Commissioner -- Director

Clallam County: *Toni Gilbert, Safety/Training Officer -- Alternate

Clark County: Ed Pavone, Risk Manager (retiring in May 2007)
Mark Wilsdon, new Risk Manager

Columbia County: Andrew Woods, County Engineer/Risk Manager -- Director

Cowlitz County: Clyde Carpenter, Risk Manager -- Director

Douglas County: *President Steve Clem, Douglas County Prosecutor/Coroner -- Director

Franklin County: *Neva Corkrum, Commissioner -- Director

Garfield County: *not represented*

Grays Harbor County: Bob Beerbower, Commissioner -- Director

*Rose Elway, Director, Management Services/Budget -- Alternate

Island County: *Mike Shelton, Commissioner -- Director

Jefferson County: David Alvarez, Civil Deputy Prosecuting Attorney -- Alternate

Kitsap County: *Mark Abernathy, Risk Manager -- Director

Kittitas County: David Bowen, Commissioner - Director

Lewis County: Lee Grose, Commissioner -- new Director
Harry Green, Risk Manager -- Alternate

Mason County: Ione Slegler, Budget & Finance Director/Risk Manager -- Alternate

Okanogan County: Andrew Lampe, Commissioner -- Director

Pacific County: Bryan Harrison, County Administrative Officer -- Director

Pend Oreille County: Ken Oliver, Commissioner -- Director
Laura Merrill, Commissioner

San Juan County: Donald "Pete" Rose, County Administrator -- incoming Director
David Zeretzke, Director, Administrative Services - Alternate

Skagit County: *not represented*

Skamania County: Marilyn Butler, Administrative Services Director -- Director

Spokane County: Steve Bartel, Risk Management Supervisor -- Alternate

Thurston County: *Diane Oberquell, Commissioner -- Director
Tammy Devlin, Risk Manager - Alternate

Walla Walla County: *Jay Winter, Personnel/Risk Manager -- Director

Whatcom County: *Randy Watts, Chief Civil Deputy Prosecuting Attorney -- Director

Yakima County: Larry Peterson, Senior Civil Deputy Prosecuting Attorney -- Alternate

Broker: Mike Croke, Senior Vice President, and Liz Miser, Vice President/Marketing Manager, Willis

Staff: Kitty Bottemiller, Admin. Asst., David Goldsmith, Member Services Manager, Vyrle Hill, Executive Director, Susan Looker, Claims Manager, and Jill Lowe, Loss Control Coordinator

WELCOME & CALL TO ORDER: President Steve Clem called the meeting to order at 9:07 a.m. and thanked attendees for coming. Two members unable to attend the previous day's Board Work Session -- David Bowen and Ken Oliver -- introduced themselves; then introductions proceeded around the table.

AGENDA: President Clem called for approval of the agenda. Diane Oberquell moved for approval and Rose Elway seconded. With no further discussion, the motion carried without dissent.

Minutes of Autumn Board Meeting – October 26, 2006 lone Siegler requested the deletion of her name, as she did not attend, and Toni Gilbert noted to add asterisks indicating Executive Committee members to those missing for Toni Gilbert, Mark Abernathy and Randy Watts. Mike Shelton moved to approve the minutes with those changes; and Ed Pavone seconded. With no further discussion, the motion was approved without dissent.

Committee Reports

Executive Committee: President Clem noted that Board action is not required on Executive Committee meeting minutes; that the minutes (following) are provided in the Board agenda packet for information.

Minutes of Executive Committee Meeting – October 25, 2006

Minutes of Executive Committee Meeting - December 7, 2006

Minutes of Executive Committee Meeting – January 31, 2007

Chairperson Clem also noted that the group met from 6:30 to 9:45 p.m. the previous evening and considered among other things, a member's coverage determination appeal and also began the process of the Executive Director's performance evaluation.

Finance Committee: Chairperson Mike Shelton reviewed recommendations outlined in a handout showing the proposed new language in both the Premiums and Reserves sections of the Underwriting Policy. Regarding reserves and what should be done with them, Chairperson Shelton noted that the Pool's "confidence level" is approaching 90-plus percent, and that the Board decided to have member counties pay additional premiums a couple of years ago to further increase the Pool's equity. This places the Pool in a stronger financial position now than anticipated, and it is up to the Board to decide how to proceed. Issuing refunds to member counties is one option, but it is important to insure a stable rate structure, he said. The Pool could use some reserves to lower annual premiums. It could also increase the self-insured retention layer from \$100,000 to a higher figure. The committee is not suggesting this be done immediately, but they are options, Chairperson Shelton said. Before considering issuing refunds, he noted that the Board should look at the Pool's five-year rolling average, which is more indicative of its reserve status than is a single year's figure. If the confidence level drops below 85 percent, the Pool could be adversely affected in the long run by developing claims, he said.

He then read from the proposed revision in the Premiums section. Questions arose about protocol for voting on such a matter, and how the 98 percent confidence level was chosen. Staff explained. Chairperson Shelton said the Finance Committee wants to avoid issuing refunds then having to come back, reassessing and asking for more money. The more conservative approach the Pool takes, the better in the long run, Chairperson Shelton said.

Following the discussion, President Clem asked for a motion. Mike Shelton moved for approval of the recommended change outlined in the hard-copy proposal, and Neva Corkrum seconded. Bryan Harrison asked to include the amendment Larry Peterson suggested, and two others at the table agreed that a majority of counties should be involved, not just the majority of those present. The amendment proposal was not formalized and following some discussion, it was determined that the policy language already required a majority of counties, not just of those present. With no further discussion, the motion to adopt the recommendation as drafted was approved without dissent.

Personnel and Risk Management Committees: President Clem noted that detailed reports from each of these committees were given during the previous day's Board Work Session, and asked if there was anything new. The Personnel Committee had no issues, concerns or discussion items to report, Chairperson Jay Winter said. RM Committee Chairperson Harry Green offered to review his committee's recommendations with anyone who missed the earlier presentation, after the Board meeting. (Refer to the Notes of the March 29, 2007 Board Work Session for the reports' details.)

Underwriting Committee: Co-chairperson Marilyn Butler referred to her report given at the previous day's Board Work Session, so skipped the detail. She handed out a written proposal for an addition to the exclusions reviewed by coverage counsel and intended to cover situations where contracts are involved. Larry Peterson suggested changing the "Breach of Contract" section title to "Contractual Disputes," and moved to adopt the committee's recommendations with that change. Marilyn Butler seconded. She answered questions and provided examples for clarification about the recommendation's intentions. Without further discussion, the motion to adopt the added exclusion to the Coverage Form being recommended by the Underwriting Committee was approved without dissent. (Refer to the Notes of the March 29, 2007 Board Work Session for the report's details.)

Oversight & Associated Reports

Actuary's Report: Executive Director Hill highlighted the Actuarial Reserve Review dated September 30, 2006, noting it received approval from the Executive Committee at its January 31, 2007, meeting. President Clem called for a motion. Marilyn Butler moved to acknowledge receipt and approval of the review; and Randy Watts seconded. With no further discussion, the motion was approved without dissent.

Broker's Report: Mike Croke said they were beginning the underwriting processes for the Py2008 renewal, and that a related trip for Pool leadership participation to meet with prospective insurers was being planned for late April.

State Risk Management Division: Executive Director Hill noted receipt of a letter from State Risk Manager John Nicholson, dated February 26, 2007, referring to his retirement, effective February 28, 2007, and thanking the Pool for its support over the years.

SAO Annual Audit Reports: Executive Director Hill noted that Pool bylaws require that an audit be conducted annually. The WCRP "Accountability" and "Financial Statements" audit reports from the State Auditor's Office were reviewed and discussed at the previous day's Board Work Session.

Financial Reports: Executive Director Hill reviewed highlights, noting that these reports were discussed at the previous day's Board Work Session. President Clem noted that the Executive Committee has already approved these, so this is an informational item only.

Staff & Executive Director's Reports

Claims Division: Claims Manager Susan Looker noted several items, among them the new Claims Representative, Tammy Cahill, who recently joined the staff. The Pool currently has 404 open claims, which is pretty standard, she said. Staff is trying to close out old claims, so some counties may be getting calls from Tammy, she said. She also noted her division is working with a new carrier, ACE USA, with a corridor deductible. Staff is tracking costs and hopes to have some good years, and that the corridor plan will work out well. She commented on the Claims Administrators' Roundtable that took place Tuesday, and asked for topic ideas for the next one. There have been suggestions on combining this with the Risk Managers' Roundtable, at least on the same day. Executive Director Hill and Claims Manager Looker noted that they would explore that possibility. Susan also noted that the Specialty Auto trial is scheduled in Spokane in early May, and that a re-insurer will conduct a claims audit soon. The results of the (biennial) independent claims audit performed by PricewaterhouseCoopers LLP in late 2006 will be reported to the Board the Summer Session, she said. She asked county representatives to provide the necessary information for claims audits when asked.

Finally, she noted that county loss-run information was provided at Tuesday's RiskMaster session. Steve Bartel commented that he found the Claims Administrators' Roundtable outstanding and worthwhile.

RiskMaster User Group: Executive Director Hill noted the Tuesday training, and that there was consensus this group should meet separately rather than in conjunction with Board meetings, and noted that Pool Claims Assistant Claire Thompson is the staff contact for RiskMaster-related assistance. He

asked members to view the sample reports provided for their county and to let the Pool (Claire) know how often they would like this information updated and provided.

Member Services: Member Services Manager David Goldsmith gave an update on his progress conducting risk management field audits of the member counties, and said that he hopes to have all visits/audits completed by the end of this policy year. Also, he is putting together for the Board's July meeting, a list of policies developed around audit practices. The RM audit is to help counties, and staff to meet member county needs, and serves as a measurement tool, he said.

Loss Control: LCC Lowe gave her full report at the previous day's Board Work Session so spoke briefly on training plans through September 2008, noting possible locations. She also noted the Pool's upcoming "Focus Training" sessions April 17 and 18 in Moses Lake and Tacoma, and upcoming membership compact "Intro" course-reviews/exams set for May in Yakima. She also noted the Washington Chapter of PRIMA conference coming in Seattle in September, and asked members to contact her for details.

Future Meetings

Executive Committee: The group is considering meeting in late May and mid-July in Seatac, President Clem noted. (Following a subsequent survey of EC members, meetings have been set for May 31 and July 12 at the Radisson Gateway Seatac).

Board of Directors: The Annual Workshop is slated for July 26 and the Board Meeting, July 27, in Leavenworth, which President Clem encouraged everyone to attend. It will be preceded by two days of training from the Arbinger Institute, he noted. Jay Winter, whose county has offered the training for two years, spoke of its value in both personal and professional realms and referred members to www.arbinger.com for details. Executive Director Hill noted Certified Public Official program participants are expected to receive "elective" credits for taking this training.

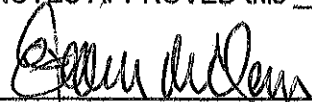
Autumn Board Meeting: Silverdale as the location the first week of November 2007 for the Autumn Meeting was generally agreed upon by those in attendance.

AWARDS & SERVICE RECOGNITION

On behalf of the organization and its staff, President Clem and David Goldsmith recognized Ed Pavone for his efforts and contributions to risk management and the WCRP during his five years of service, as he prepares to retire in May 2007.

President Clem called for other business. Executive Director Hill invited members to help themselves to the Pool's coffee mugs on the back table. With no further business, Pete Rose moved and Mike Shelton seconded to adjourn the meeting at 10:35 a.m. President Clem adjourned the meeting.

MINUTES APPROVED this 27th day of July, 2007.



President

Attest: 

Secretary/Treasurer

WCRP Board of Directors
Spring Work Session Notes
2:45 p.m., Thursday, March 29, 2007
Skamania Lodge, Stevenson, Washington

ATTENDANCE:

* denotes Executive Committee Member

Adams County: Linda Reimer, Clerk of the Board – Alternate
Benton County: *not represented*
Chelan County: *Secretary/Treasurer Keith Goehner, Chelan County Commissioner – Director
Clallam County: *Toni Gilbert, Safety/Training Officer – Alternate
Clark County: Mark Wilsdon, new Risk Manager
Columbia County: Andrew Woods, County Engineer/Risk Manager – Director
Cowlitz County: Clyde Carpenter, Risk Manager – Director
Douglas County: *President Steve Clem, Douglas County Prosecutor/Coroner – Director
Franklin County: *Neva Corkrum, Commissioner – Director
Garfield County: *not represented*
Grays Harbor County: *Rose Elway, Director, Management Services/Budget – Alternate
Island County: *Mike Shelton, Commissioner – Director
Jefferson County: David Alvarez, Civil Deputy Prosecuting Attorney – Alternate
Kitsap County: *Mark Abernathy, Risk Manager – Director
Maureen Walker, Risk Management Specialist (*left after Risk Mgt Committee Report*)
Kittitas County: *not represented*
Lewis County: Lee Grose, Commissioner – new Director
Harry Green, Risk Manager – Alternate
Mason County: Ione Slegler, Budget & Finance Director/Risk Manager – Alternate
Okanogan County: Andrew Lampe, Commissioner – Director
Pacific County: Bryan Harrison, County Administrative Officer – Director
Pend Oreille County: Laura Merrill, Commissioner
San Juan County: Donald "Pete" Rose, County Administrator – incoming Director
Skagit County: *not represented*
Skamania County: Marilyn Butler, Administrative Services Director – Director
Debi Van Camp, HR Specialist - Alternate
Spokane County: Steve Bartel, Risk Management Supervisor – Alternate
Thurston County: *Diane Oberquell, Commissioner – Director
Tammy Devlin, Risk Manager - Alternate
Walla Walla County: *Jay Winter, Personnel/Risk Manager – Director
Whatcom County: *Randy Watts, Chief Civil Deputy Prosecutor – Director
Yakima County: Larry Peterson, Senior Civil Deputy Prosecuting Attorney – Alternate

Actuarial: Craig Scukas, Director, PricewaterhouseCoopers

Broker: Mike Croke, Senior Vice President, and Liz Miser, Vice President/Marketing Manager, Willis

Staff: Kitty Bottemiller, Admin Asst, Vyrle Hill, Executive Director, Susan Looker, Claims Manager, and Jill Lowe, Loss Control Coordinator

CALL TO ORDER/INTRODUCTIONS: President Steve Clem called the work session to order at 2:50 p.m. Meeting attendees introduced themselves one by one.

President Clem called for Committee Reports:

- **Finance:** Chairperson Mike Shelton remarked on the Pool's improved financial condition, and asked the Board to wait until Friday's meeting for the group's final presentation. Now that the Pool's

"confidence level" is nearing 100 percent, the matter needs Underwriting Policy review. Chairperson Shelton requested that the Finance Committee reconvene 15 minutes before Friday's Board Meeting to draft the final wording. President Clem called for questions. Chairperson Shelton noted two summers ago, the Board agreed to extra premiums to develop equity in the Pool, explaining that the Pool does not want reassessments in the future. Still, there is no point in creating worth in the Pool beyond that that is agreed to be needed. Seeing no questions, President Clem moved to the next report.

- Personnel: Chairperson Jay Winter said the group has not met because it has received no word of any issues or concerns from board or executive committee members, nor discussion items from Executive Director Vyrle Hill. President Clem called for questions or issues, but heard none.
- Risk Management: Chairperson Harry Green reported that the group is working on completing a draft "template" risk management/claims administration policy. With this work, the committee is basically recommending that it be allowed to submit the policy to each member county to consider for use. Some counties may already have a policy that exceeds the scope of this draft, but some small counties may benefit from such a starting point to draft their own policy. It would not be mandatory, but the member counties are required to have some form of policy regarding risk management and claims, Chairperson Green noted. The group will ask counties to review the draft and provide input. Chairperson Green thanked ED Hill, Loss Control Coordinator Jill Lowe and Member Services Manager David Goldsmith for their input on the draft.

Chairperson Green noted that LCC Lowe has recently visited all 28 member counties, inquiring about their training needs, and based on her findings, has submitted a training plan for now through September 2008. Her recommendation includes training on employment law, public disclosure and supervisory training, with possible training sites including Spokane, Tri-Cities, Mount Vernon, Moses Lake and Centralia, to avoid any one member county trainee having to travel farther than two hours, possibly excepting collision-investigation training. Randy Watts objected to the Moses Lake location vs. a member county such as Yakima. Board Secretary/Treasurer Keith Goehner said he had suggested Moses Lake, and if not that, either Ellensburg or Wenatchee. Chairperson Green invited counties to send their input to LCC Lowe. He then asked whether everyone has received the recent request from LCC Lowe indicating what membership compact-required classes they have completed. Anyone who hasn't should contact Jill. President Clem called for questions. There were none.

- Underwriting: Co-chairperson Marilyn Butler said the group has been discussing four main subjects: tail coverage, special events coverage, settlement authority, and breach of contract. With tail coverage are marketing issues, she said, noting that ACE has expressed a willingness to provide this. The committee is asking prospective members to provide claims history. No questions arose, so Co-chairperson Butler continued to special events, saying that the group is exploring various providers, including Diversified. Mark Abernathy suggested holding regional meetings for county employees to explore the options for this type of coverage, and to make it more cost-effective for counties and vendors.

The committee also discussed limits on special events, and decided to include this as a topic at the regional meetings, where feedback will be collected. Regarding claims settlement authority, the ultimate authority now rests with the Pool, Co-chairperson Butler noted, adding that the group wants to consider this at the next meeting, whether reporting every mailbox-related claim, for instance, should be reported and whether this practice is good use of a county's time and resources.

Regarding breach of contract, alleged failure to pay and the like, the committee sent a request to a coverage attorney to draft some language, and a recommendation was made. Co-chairperson Butler deferred to Co-chairperson Randy Watts to explain. Randy said the committee wants it clear that contract claims are not covered. Co-chairperson Butler thanked the committee for their work. President Clem noted the draft language is available for review. Executive Director Hill said that the Pool will continue to work on this, and that he will probably be asking counties to send what contract

language they use to the Pool, noting that these type of claims have been received by the Pool for years and denied. President Clem noted that public works (departments employing lots of contractors) is a technical and narrow field. He asked LCC Lowe to find an expert in this area. Co-chairperson Watts said he had his county's policy reviewed by Seattle attorney Bruce Babbitt, and said he would send Whatcom County's boilerplate language to the Pool. President Clem thanked the committee for its work.

Agenda Tab 5: Executive Director Hill noted that the Board would be asked at Friday's meeting to confirm this reserving report, which was approved by the Executive Committee at its December 7, 2006, meeting. ED Hill noted that WCRP's assigned actuary Craig Scukas of PricewaterhouseCoopers, the report's primary author, was present and available for questions. Just the summary and key elements of the full, 85-page report are included in the packet. ED Hill noted that the reduction in the total amount of reserves (\$8.4 million, down from \$10.4 million during the prior year) is primarily due to general liability losses developing more favorably than they had over earlier years. He commended Susan Looker and the Pool's Claims Department for moving settlements. The actuarial process is to predict the future by looking at the past, he said, and any details the Board wants reviewed can be discussed. ED Hill thanked Craig for his attendance, and for spending approximately 45 minutes in the morning's New Member Orientation, explaining the role of actuarial information in Pool business.

Agenda Tab 6: The letter announcing the retirement of State Risk Manager John Nicholson was not discussed.

Agenda Tabs 7 & 8 (Accountability & Financial Statements): Executive Director Hill noted that these items call for acknowledgement of the independent audit conducted by the State Auditor's Office and reviewed a few highlights. He reminded the member county representatives in attendance to give their counties' original copy of the SAO reports (handed out in brown envelopes) to the individual in their respective county responsible for maintaining their financial reports. Executive Director Hill also noted the Board needs to review/approve the financial reports under **Agenda Items 9** (WCRP Oct-Dec 2006 (1st Quarter) **and 10** (WCRP Jan-Feb 2007 (partial 2nd Quarter)).

He briefly reviewed the year-end financials, referred to the restricted reserves, and voiced concern about the potential for large dollar amounts going out and the delays in getting the money back from insurers. Theoretically, he said, the Pool could get a major judgment against it and have to come up with, say \$20 million, in the short term. He moved the discussion to the operating revenues, noting that most of the changes resulted from the addition of the property program, investment earnings, and the sale of the Pool's Clark Place headquarters property. He noted that the SAO audit team had instructed the Pool's financial personnel to elevate future budgets to reflect payments for insurances and other earnings, so the overall budget will be much larger. The administrative budget will be only a part of the future operating budget, ED Hill said.

He reviewed the Py2006 highlights and how the information relates to this year's finances, explaining why the Pool was rapidly developing reserves. He noted again that the Executive Committee's approvals need to be confirmed by the Board. President Clem called for questions. There were none.

Thanks were expressed to Marilyn Butler for hosting a reception the previous evening, attended by Board members and staff. President Clem reviewed times and locations for the Executive Committee meeting later that evening, and Friday's Board Meeting.

The work session was adjourned at 4 p.m.