

**WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS WORK SESSION and MEETING
MINUTES**

Thursday - Friday, March 22 & 23, 2012
Lodge at Suncadia, Cle Elum, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County:	Linda Reimer, Clerk of the Board – Alt. Director
Benton County:	Bryan Perry, Safety/Training Coordinator – Alt. Director Melina Wenner, Personnel/Risk Manager – Director (Thursday)
Chelan County	* Keith Goehner, Commissioner – Director
Clallam County:	Rich Sill, Code Enforcement Manager – Alt. Director
Clark County:	* Mark Wilsdon, Risk Manager – Director, Secretary/Treasurer
Columbia County:	Drew Woods, Public Works Director - Director
Cowlitz County:	Clyde Carpenter, Risk Manager - Director
Douglas County:	* Steve Clem, Prosecuting Attorney – Director Thad Duvall, County Auditor – Alt. Director
Franklin County:	Bob 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 Joy Carossino, Safety Officer/RM Assistant (Thursday)
Island County:	<i>Not represented</i>
Jefferson County:	Philip Morley, County Administrator - Director
Kittitas County:	Lisa Young, Human Resources Manager/Safety Officer – Director
Lewis County:	* Lee Grose, Commissioner – Director Jonathan Meyer, Prosecuting Attorney
Mason County:	Tim Sheldon, Commissioner – Director Dawn Twiddy, Risk Manager Shannon Goudy, Claims Administrator
Okanogan County:	* Andrew Lampe, Commissioner – Director Nanette Kallunki, Risk Manager – Alt. Director (Thursday)
Pacific County:	Kathy Spoor, CAO – Director
Pend Oreille County:	* Laura Merrill, Commissioner – Director Mike Lithgow, CD Director – Alt. Director
San Juan County:	Pete Rose, County Administrator – Director
Skagit County:	Arne Denny, Civil Deputy PA – Alt. Director
Skamania County:	* Marilyn Butler, Risk Manager – Alt. Director Adam Kick, Prosecutor
Spokane County:	* Steve Bartel, Risk Manager – Director, President
Thurston County:	* Tammy Devlin, Risk Manager – Alt. Director Jon Tunheim, Prosecuting Attorney, Alt. Director
Walla Walla County	Jesse Nolte, Deputy Prosecuting Attorney – Director
Whatcom County:	* Randy Watts, Chief Civil DPA – Director
Yakima County:	Larry Peterson, Sr. DPA - Director
Broker Services:	Darin Puryear, Area President – AJGRMS, Inc. Liz Miser, Area Vice President – AJGRMS, Inc.
WCRP Staff:	Vyrle 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

Others: Eric Johnson, Executive Director, WSAC
Craig Scukas, Director – PwC, LLP (Thursday)

CALL TO ORDER / WELCOME:

WCRP President Steve Bartel called the Board of Directors work session to order, Thursday, March 22, 2012 at 2:54 pm. He welcomed all attendees. As Craig Scukas was delayed, President Bartel asked for a staff report from David Goldsmith. David reported that the marketplace for insurance is getting tighter and the pool may need to consider raising the self-insured retention (SIR). The Pool will need more money in the bank if the SIR is increased. Discussion included county deductibles and county choices available. David reported on the fully insured property program and suggested the Pool might want to consider self-insuring a portion of the property program. David reported that the property inventory database, PIMS, is undergoing changes and upgrades within the next 30 days and underwriters need more information on properties; the database changes should help with these information requirements. Liz Miser added that primary property information is most important for the underwriters, so Counties should prioritize reporting that information first. Executive Director Vyrle Hill noted that we insure about 2,600 properties. David noted that the Strategic Plan was under Tab 17 in the notebook and he will ask for comments and questions at the Board Meeting tomorrow as well as asking for adoption of the revised Plan.

ACTUARIAL REPORT:

Craig Scukas, Director with PricewaterhouseCoopers LLP gave the actuarial report. He showed an in-depth analysis and presentation regarding the different layers and re-insurance levels. He noted the Pool's responsibility is limited to the first \$100,000 of every claim and pointed out there is fluctuation in the amount paid by the Pool from year to year. He noted that if the Pool increases its self-insured retention, uncertainty will increase. Actuarial estimates are based on patterns over time, not claim by claim analysis. Executive Director Vyrle Hill noted the Pool's worker hours have tripled over time, when the Pool started there were 11 million worker hours, the highest level was a few years ago at 33 million worker hours. Craig presented further information on reinsurance layers. He then noted there has been an increase in case reserves over the last few years. It was reported that the State Risk Manager has made changes recently in the regulations with which pools must comply. The state looks at net assets; if assets are too low, the state can come and intervene in pool operations. The Actuarial Reserve Report dated September 30, 2011 was approved by the Executive Committee at its February 2, 2012 meeting.

PREVIEW OF THE SPRING BOARD MEETING AGENDA:

STANDING COMMITTEE REPORTS:

Underwriting: Co-Chair Randy Watts reported the Underwriting Committee met telephonically to talk about the general liability policy. The railroad issue was tabled until more information becomes available. The proposed changes and recommendations will be discussed and voted on at the Board Meeting on Friday.

Risk Management: Co-Chair Bryan Perry reported the Risk Management Committee met in February to review the Arthur J Gallagher (AJG) report. It was noted the report served as independent validation regarding loss drivers and there were no big surprises. The committee felt the AJG report was well written. The Risk Management Committee asked Loss Control Coordinator Jill Lowe to look into getting white papers developed to address several of the top 10 loss drivers identified in the AJG report.

Discussion and questions were brought up regarding the term "white paper" and what it would mean for our Counties. Jill noted the white papers will be reviewed prior to distribution and the intent is to provide general minimal standards and research, not required policies. Bryan Perry noted the committee is not asking for any new money to develop white papers, the money has already been set aside as part of the AJG project.

Co-Chair Andrew Woods noted at the Risk Management Committee meeting in February the committee looked at the Phase II studies, recommendations and responses from counties. The responses show many, but not all recommendations were implemented by the Counties. The Risk Management Committee asked Jill to look at software programs that will integrate claims and loss control information.

STAFF REPORTS:

Administration: Executive Director Vyrle Hill announced that Jay Winter from Walla Walla County retired in February. His retirement leaves an opening on the Executive Committee. The Executive Committee, acting as the Nominating Committee is advancing the name of Drew Woods as the only member that applied for the opening. Nominations will also be taken from the floor.

ADJOURNMENT: The work session was closed at 4:40 pm.

CALL TO ORDER/WELCOME: WCRP President Steve Bartel called the 2012 Spring Board of Directors Meeting to order Friday, March 23, 2012 at 8:32 a.m. and welcomed all in attendance. He recognized the retirements of Jay Winter from Walla Walla County and Billie Kadrmas from Skagit County and noted that these active Pool members will be missed. New attendees were introduced including Rich Sill from Clallam County, Tim Sheldon from Mason County, Mike Lithgow from Pend Oreille County, Arne Denny from Skagit County and Jesse Nolte from Walla Walla County. President Bartel noted that more retirements are coming and he encouraged members to volunteer to serve on a standing committee. It was announced that Tammy Devlin resigned from the Personnel Committee and Lisa Young has accepted the role of chairperson for the Personnel Committee. Executive Director Vyrle Hill stated one does not have to be a designated Director or Alternate to serve on standing committees, County employees and officials are also eligible. President Bartel verified a quorum was present.

AGENDA: Dale Gowan moved to approve the Preliminary Agenda for the Board Meeting, Lee Grose seconded and the motion passed without dissent.

MINUTES: Bob Koch moved for the approval of the minutes of the November 3-4, 2011 Board Worksession and Meeting, Laura Merrill seconded and the motion passed without dissent. There were no questions or comments regarding the Executive Committee meetings and minutes from October 10, 2011; November 2, 2011; November 21, 2011; February 2, 2012; and March 16, 2012.

STATE RISK MANAGER'S REPORT: No report was presented as the SRM representative Shannon Stuber was not present at the meeting.

PRODUCER (BROKER OF RECORD) REPORT: Liz Miser with AJGRMS, Inc. reported that the insurance marketplace is firming due to lower investment income, catastrophic losses in 2011 in the insurance industry, and industry reserves are down. A flat renewal rate would be an excellent outcome this year. Executive Director Vyrle Hill and Claims Manager Susan Looker did a good job working with underwriters last fall to explain how pool reserving works. AJG has started talking to Lexington about property and casualty re-insurance. A re-insurance marketing trip to the East Coast is scheduled for the week of May 14, 2012, and a meeting in San Francisco may be added.

EXECUTIVE COMMITTEE ELECTION: President Bartel announced that there is an opening on the Executive Committee due to Jay Winter's retirement. The Executive Committee acting as Nominating

Committee submitted Drew Woods as a candidate. Keith Goehner moved to accept the Nominating Committee's recommendation of Drew Woods as a candidate, Mark Wilsdon seconded and the motion passed without dissent. President Bartel opened the floor to other nominations. Mark Wilsdon nominated Larry Peterson. President Bartel stated an election would take place and designated pool staffers David Goldsmith and Susan Looker to collect and count written votes. President Bartel reminded meeting attendees, only one vote per county and it should be the designated Director or Alternate placing the vote. While the votes were counted, President Bartel announced that at the Summer Meeting there will be more openings on the Executive Committee due to term expirations and expected retirements. Anyone interested in serving on the Executive Committee should let Executive Director Vyrle Hill or President Bartel know. Secretary/Treasurer Mark Wilsdon noted it is helpful to have experience serving on a standing committee prior to serving on the Executive Committee.

The votes were counted and President Bartel announced Drew Woods was elected to the Executive Committee.

STANDING COMMITTEE REPORTS:

Finance Committee: Co-Chair Lee Grose encouraged members to review the state Audit reports. Executive Director Vyrle Hill stated that Pool Bylaws require the Pool to provide each member county with the annual financial reports and when finalized with the State auditor, the report will be posted on the website and all Counties will be notified. It was noted that the first quarter 2012 financial statements were submitted and accepted by the Executive Committee. Vyrle Hill also reported on the financial statements noting if you review the Pool assets, it is primarily cash. The Pool is looking at other options to improve the investment return. Other assets include the office building, office equipment and the Franjo Beach property restitution. Regarding liabilities, these are claims reserves for the Pool's SIR. Only Counties that have deductibles under \$100,000 are affected by this account. Corridor reserves continue to go up. Larger claims take six to ten years to fully develop and as we are now in year six of this program, the Pool should start to see this number plateau. Claims reserves continue to decline, primarily because Counties are taking larger deductibles and we have had favorable claims experience. The term Net Assets is now to be known as Net Position. This is what belongs to the Pool membership and it stands at a little over \$11 million. Approximately \$5.5 million is to meet the Pool's own policy set aside to avoid reassessment. There is a non-restricted Net Position of approximately \$4.6 million. The board might need to have a discussion about the non-restricted amount. The Risk Pool meets the State's tests for assets available for payment of claims and confidence level. The State Risk Manager has been transferred to the Department of Enterprise Services and an advisory committee has been created in which Vyrle Hill and Susan Looker have participated. The advisory committee has discussed raising the confidence level requirement to 80% for Public Entity Pools and 90% for Non-Profit Pools.

Personnel Committee: (Former) Co-Chair Tammy Devlin reported the Committee has met several times to work on a succession plan and more time is needed. President Bartel noted that going through succession planning requires working on short and long term plans, and that more questions came up that need further research in order to finalize a plan.

Risk Management Committee: Co-Chair Bryan Perry stated that the Phase II reports were reviewed by the Committee and the Risk Management Committee recommended moving forward with the plan to develop white papers for \$8500. The money has already been budgeted, the committee is not asking for new funds. Marilyn Butler moved to approve the recommendation and proceed with the development of white papers, Drew Woods seconded. There was discussion about the term "white papers" and what that would mean for member Counties and concerns were brought up regarding implementation. After discussion Marilyn Butler moved to amend the motion to approve expenditure up to \$8500 to have research papers produced and they should come in draft form to the Executive Committee. Motion carried without dissent.

Co-Chair Andrew Woods reported that the Risk Management Committee recommends that the annual self-assessments from Counties this year be based on and satisfied by each member County responding

to the Phase II recommendations. Loss Control Coordinator Jill Lowe added there are recommendations that have not been implemented and the concern is that official decision makers may not be aware of the recommendations. Questions came up regarding the due date of the annual self-assessment, and Jill Lowe reported there is not an established due date. Jill Lowe was charged with getting the information out to each County that they will need in order to complete their annual self-assessment. It was recommended by Jill Lowe that self-assessments be completed by June 15, 2012.

Underwriting Committee: Co-Chair Randy Watts reported on the committee's recommended changes in coverage. Randy Watts answered questions and explained the changes. Larry Peterson moved to adopt the recommendations of the Underwriting Committee regarding changes in coverage, Tammy Devlin seconded. The motion passed without dissent.

STAFF REPORTS:

Administration: Executive Director Vyrle Hill introduced new staff Carli Gochnour, Claims Assistant and Stacey Spears, Administrative Assistant.

Claims: Susan Looker reminded the Board she gave her Claims Update during the Roundtable meeting on Thursday. She clarified that numbers reported were 2011 claims numbers, reporting on all claim years. Vyrle Hill noted an anomaly at the end of the first quarter; the incurred amount of claims declined, even though we had new claims come in.

Specialty Services: David Goldsmith stated there are two typos in the Strategic Plan, one on page #3 and one on page #4. Pete Rose motioned to accept and move forward with the Strategic Plan, with typos corrected, seconded by Tammy Devlin and Lee Grose. The motion passed without dissent.

Loss Control: Jill Lowe presented a certificate to Bryan Perry of Benton County for meeting the Compact's requirements for Advanced Risk Management Certification and noted that he is working on his A.R.M. designation. Jill also read from the Stevens case summary judgment as questions on this came up yesterday at the Roundtable.

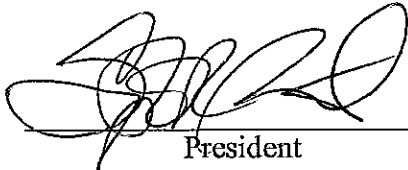
FUTURE MEETINGS:

President Bartel reported that the Summer Meeting is already booked at Ocean Shores July 25-27, 2012. Discussion took place regarding previous recommendations for possible Fall Conference locations of the Heathman Lodge in Vancouver, WA and the Great Wolf Lodge in southern Thurston County. Mark Wilsdon motioned to have the Fall Conference at the Great Wolf Lodge, Lee Grose seconded. When the vote took place by a show of hands, President Bartel announced a tie and as there was not a majority decision, the motion was dead. The floor was opened for another motion. Larry Peterson motioned to have the fall conference at the Heathman Lodge in Vancouver, WA, Dale Gowan and Drew Woods seconded. President Bartel took a count by a show of hands and announced that the motion passed with 16 voting to approve the motion and 4 opposed.

There was discussion regarding having the Spring Conference in 2013 at either Skamania Lodge or returning to Suncadia Lodge. Lee Grose motioned to look into staying at Suncadia for the Spring 2013 Conference, Mark Wilsdon seconded. The motion passed without dissent.

ADJOURNMENT: With no further business, President Bartel adjourned the meeting at 10:12 a.m.

MINUTES APPROVED this 27th day of July, 2012.



President

Attest: 

Secretary/Treasurer