

WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS WORKSESSION and ANNUAL MEETING
MINUTES

Thursday - Friday, July 26 & 27, 2012
Shilo Inn & Suites, Ocean Shores, Washington

ATTENDANCE:

* denotes Executive Committeeperson

Adams County:	<i>Not Represented</i>
Benton County:	Bryan Perry, Safety/Training Coordinator – Alt. Director
Chelan County:	* Keith Goehner, Commissioner – Director
Clallam County:	Marge Upham, HR Director – Director Rich Sill, Code Enforcement Manager – Alt. Director
Clark County:	* Mark Wilsdon, Risk Manager – Director, Secretary/Treasurer Mark McCauley, Director General Services
Columbia County:	* Drew Woods, Public Works Director - Director
Cowlitz County:	Claire Hauge, OFM Director – Alt. Director Kim Hort, Accounting Clerk
Douglas County:	Thad Duvall, Auditor – Alt. Director
Franklin County:	Robert 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 & Claims (<i>Thursday</i>)
Island County:	Angie Homola, Commissioner – Director Elaine Marlow, Budget Director – Alt. Director
Jefferson County:	David Alvarez, Chief Civil DPA – Alt. Director
Kittitas County:	Lisa Young, Human Resources Manager – Director
Lewis County:	* Lee Grose, Commissioner – Director Paulette Young, Safety Officer – Alt. Director (<i>Thursday</i>)
Mason County:	Tim Sheldon, Commissioner – Director (<i>Friday</i>) Dawn Twiddy, Risk Manager Shannon Goudy, Clerk of the Board
Okanogan County:	* Andrew Lampe, Commissioner – Director
Pacific County:	Lisa Ayers, Commissioner – Alt. Director
Pend Oreille County:	* Laura Merrill, Commissioner – Director
San Juan County:	<i>Not Represented</i>
Skagit County:	Jessica Neill Hoyson, Human Resources/RM – Director Arne Denny, Civil Deputy PA – Alt. Director
Skamania County:	* Marilyn Butler, Risk Manager – Alt. Director Scott Pineo, General Services Director
Spokane County:	* Steve Bartel, Risk Manager – Director, President
Thurston County:	Sandra Romero, Commissioner – Director * Tammy Devlin, Risk Manager – Alt. Director Jon Tunheim, Prosecuting Attorney (<i>Thursday</i>)
Walla Walla County:	Jesse Nolte, Deputy PA - Director Jay Winter, Personnel/Risk Manager
Whatcom County:	* Randy Watts, Chief Civil DPA – Director Karen Goens, Human Resources Manager – Alt. Director Dan Gibson
Yakima County:	Larry Peterson, Sr. DPA - Director
Washington DES:	Shannon Stuber, LGSIP Program Administrator

Broker Services: Mike Croke, Area Sr. Vice President – AJGRMS, Inc.
John Chino, Area Sr. Vice President – AJGRMS, Inc. (Thursday)
Liz Miser, Area Vice President – AJGRMS, Inc.
Darin Puryear, Area President – AJGRMS, Inc. (Thursday)

Others: Richard Vincelette, Berkley (Friday)
Kevin Wick, Managing Director, PwC,LLP (Thursday)
Craig Scukas, Director, PwC, LLP (Thursday)
Jeff Rice, Lexington Property Seattle (Friday)
Bill Davidson, Lexington Reinsurance San Francisco (Friday)
Leslie Conti, Chartis Seattle (Friday)

WCRP Staff: Vyrle Hill, Executive Director
David Goldsmith, Member Services Manager
Jill Lowe, Loss Control Coordinator
Susan Looker, Claims Manager
Mike Cook, Sr. Claims Analyst (Thursday)
Candy Drews, Sr. Claims Analyst (Thursday)
Tammy Cahill, Claims Analyst (Thursday)
Lisa Daly, Claims Representative (Thursday)
Carli Gochmour, Claims Assistant (Thursday)
Sue Colbo, Accounting Officer
Stacey Spears, Administrative Assistant

CALL TO ORDER / WELCOME: WCRP President Steve Bartel called the Board of Directors worksession to order Thursday, July 26, 2012 at 1:45 p.m. He welcomed all attendees.

ACTUARIAL REPORT: Craig Scukas of PricewaterhouseCoopers, LLC gave a review and projected costs for the 2012-13 pool year. He noted that experience ratings are updated every spring and that the Pool had favorable experience over the last six months. The 2012-13 program costs preliminary estimates show an expected total program cost of \$19.6M which includes an estimated \$8M for county deductibles, \$1.6M for pool layer losses, \$8.4M for reinsurance/excess insurance and \$1.6M for operating expenses.

Kevin Wick gave a presentation regarding experience ratings and capital modeling. Experience rating is a cumulative rolling average over 3 years. It is recommended to look at the rating system being used every few years to ensure everyone is treated fairly and confirm if assumptions are still valid. He also noted the risk pool has overall stability due to re-insurance levels and low self-insured retention. Mr. Wick gave an overview of capital modeling noting that the benefits include helping board members understand risks and the goals of the program; it shows if funding is excessive and it leads to better decision making and security. Steve Bartel noted the Executive Committee is recommending moving forward with the capital modeling study.

PRODUCER'S (BROKER) REPORT: Liz Miser of Arthur J. Gallagher Risk Management Services, Inc. presented information on their efforts to place coverage for the Pool for 2012-13. She noted that marketing visits took place this spring. Ms. Miser presented the proposed liability program design: \$100k SIR; \$900k xs \$100k and \$1M xs \$1M Corridors; Reinsurance of \$8M xs \$2M (80% Lexington, 10% Ironshore, 10% WCRP); "following form" Excess of \$10M xs \$10M and an optional \$5M xs \$20M layer.

Pricing information was presented by Ms. Miser, noting that the price for the current pool year was \$8,477,600. Options for the 2012-13 pool year are \$7,334,375 with Berkley and \$8,203,250 with ACE. It was noted the Berkley rate is well over a \$1M reduction in price, and that Berkley has committed to rate stabilization for the next two years following the initial year.

RECESS: President Bartel recessed the meeting at 3:02 p.m. and reconvened at 3:17 p.m.

The brokers' report continued with a presentation on property coverage. Ms. Miser noted the property market is hardening and with a property premium of \$2,709,957 and a rate of .1010 + surplus lines taxes and fees, it is basically a flat renewal from the present year.

Mike Croke with AJGRMS, Inc. presented Amendment A as a proposed revision to the current contract between the Pool and Arthur J. Gallagher, Inc.

BYLAWS AMENDMENTS: President Bartel presented information regarding a proposed bylaw change to add the office of Vice-President as a two-year term, the first year as Vice-President, the second year as President. In addition, the Secretary/Treasurer would preside over the Investment Committee.

An additional bylaw change recommendation is to create and add an Investment Committee. President Bartel noted that the Executive Committee will recommend to the board that they approve the bylaw changes tomorrow.

ELECTIONS: President Bartel reminded the members they would be voting on Executive Committee positions and officers at the Board Meeting on Friday. There are three full term positions open on the Executive Committee and one partial term, the remainder of Marilyn Butler's term as she is retiring in August and resigning from the Executive Committee following the meeting on 7/27/2012. Ms. Butler's term runs through 9/30/2013. The three full term positions are currently held by Steve Clem, Randy Watts and Mark Wilsdon. All three terms expire 9/30/2012. Steve Clem and Randy Watts are not running for re-election to the Executive Committee. The Executive Committee, acting as nominating committee is putting forward Mark Wilsdon, Lisa Young and Thad Duvall for the three full term positions and Larry Peterson for the remainder of Marilyn Butler's term. Nominations will also be accepted from the floor.

For Officer elections, the Executive Committee, acting as nominating committee is putting forward Mark Wilsdon for President, Andrew Lampe for Vice President and Steve Bartel for Secretary/Treasurer if the new bylaws are approved; Andrew Lampe for Secretary/Treasurer if the bylaws amendment is not approved. Nominations will also be taken from the floor.

STANDING COMMITTEE REPORTS:

Risk Management: Co-Chair Drew Woods noted minutes from the February 16, 2012 and July 11, 2012 meetings were available in the conference notebook for review. The committee recommends continuing with encouraging counties to implement a vehicle use policy as the targeted risk management program for pool year 2012-13.

Co-Chair Bryan Perry reported that the committee has loss control papers to share. They are located on the risk pool website in the sample policy library, and printed copies are available at the meeting.

Underwriting: Chair Randy Watts noted he is retiring and the committee will need a new chair. The committee is recommending changes to the joint self-insurance liability policy regarding judicial disciplinary acts, railroad line use and financial instruments and debt financing.

Finance: Co-Chair Lee Grose recommended COLA increases for staff and asked Executive Director Vyrle Hill to present the proposed budget information.

Mr. Hill presented information on the proposed 2012-13 budget and noted the significant changes from the current budget. Mr. Hill went over the deposit assessment data inputs and distribution methodology. This is the Executive Committee recommendation for assessments and based on recommended reinsurance programs. Mr. Hill asked the board members to look over the tabs in the conference notebook regarding reporting exposure/deductible adjustments, invoicing and payment terms; these will be voted on at the

board meeting on Friday. Mr. Hill noted that property schedules need to be updated so numbers can be finalized, but the information presented today is close to what the final numbers will likely be.

Personnel: Chair Lisa Young reported the committee under her leadership has not yet met and is waiting for assignment(s) from the Executive Committee.

STAFF REPORTS:

Claims: Claims Manager Susan Looker presented open claims information and she noted there is still a claim open from pool year 1994/95. She reported the claims department is using a new allegation code index this year that increased from six to nine categories, reducing the number of claims in the "other" category. The majority of claims fall under the road design/maintenance and the law & justice categories. Ms. Looker's report included frequency and severity of claims, the average cost per claim type, and large losses. Ms. Looker presented information on the use of pre-defense reviews from 2008-2012 and noted she had an individual report for each member county regarding pre-defense reviews that will be given directly to each county. There have been a total of 165 pre-defense reviews in the period from 2008-2012 and only 21 of those have resulted in claims.

ADJOURNMENT: President Bartel adjourned the Thursday work session at 5:10 p.m. and noted that Jill Lowe and David Goldsmith will present their staff reports on Friday.

CALL TO ORDER / WELCOME: WCRP President Steve Bartel called the 2012 Annual (Board of Directors) Meeting to order Friday, July 27, 2011 at 8:31 a.m. and welcomed all in attendance. President Bartel stated he could visually confirm a quorum and visiting brokers were introduced. The microphone was passed around the room for introductions.

AGENDA: President Bartel asked those present to review the agenda. Drew Woods moved to add an Executive Session to the agenda to discuss pending litigation against the Pool; Jesse Nolte seconded. President Bartel recommended approving the motion and adding the item to the agenda just prior the elections. The motion passed without dissent.

Drew Woods then moved to approve the agenda with the addition; Andrew Lampe seconded; the motion passed without dissent.

PRODUCER'S REPORT: Liz Miser recapped the casualty and property placements presented at the worksession on Thursday as her recommended coverage. Randy Watts moved to approve the JSILP liability insuring program and the WCPP property insuring program as recommended by Liz Miser. Marge Upham seconded the motion. President Bartel noted the Executive Committee recommends approving the JSILP and WCPP programs as presented. President Bartel reminded the attendees that there is one vote per county. The motion passed without dissent.

The visiting insurance brokers were given the opportunity to address the group. Leslie Conti from Chartis thanked the Pool for its ongoing support and stated that Chartis hopes to continue their long term relationship with the Pool. Jeff Rice with Chartis was introduced as the newly promoted manager of Lexington Property in the Northwest. Bill Davidson with Lexington thanked the group for the business. Rich Vincelette addressed the group and stated he is looking forward to the opportunity to continue working with the Pool through Berkley. He thanked claims manager Susan Looker for her time and assistance helping Berkley to understand pool reserving.

Laura Merrill moved to approve Amendment A to the Insurance Producer (Broker) Services Agreement dated the 24th day of March, 2011; David Alvarez seconded; the motion passed without dissent.

MINUTES: Marilyn Butler moved to approve the minutes of the Spring Meeting (March 22-23, 2012); Lee Grose seconded; the motion passed without dissent. There were no questions or comments regarding the Executive Committee minutes from March 21, 2012, June 27, 2012 or July 13, 2012.

ACTUARIAL REPORT: Having already reviewed the actuarial report during the worksession on the previous day, Keith Goehner moved to accept the Actuarial Rating Review provided by PricewaterhouseCoopers; Marilyn Butler seconded; the motion passed without dissent.

DES-LGSIP (STATE RISK MANAGER) REPORT: Shannon Stuber thanked the group for the invitation to attend the conference. She reported that the State Risk Manager's report is based strictly on solvency. There were no questions for Ms. Stuber regarding the State Risk Manager's Report dated July 19, 2012.

BYLAWS AMENDMENT(S): Executive Director Vyrlle Hill noted some suggested wording changes to the proposed bylaw amendments for consistency. Larry Peterson motioned to approve the bylaw changes with the suggested changes stated by Mr. Hill; Dale Gowan seconded. Marilyn Butler moved to add a friendly amendment to the motion, Larry Peterson and Dale Gowan accepted the friendly amendment and the motion passed without dissent.

EXECUTIVE SESSION: At 9:06 am Andrew Lampe motioned to convene in Executive Session under the appropriate statutory authorities to discuss pending litigation against the Pool; Drew Woods seconded; the motion passed without dissent.

Acting in accordance with the WCRP Bylaws and [RCWs 48.62.101(1) and 42.30.110(1)(i)], President Bartel moved the meeting into an estimated ten (10) minute executive session at 9:06 a.m., President Bartel requested that staff and Board members remain for the executive session, all others were excused.

President Bartel reconvened in regular session at 9:21 a.m. with all the earlier participants. No decisions were made in the executive session.

ELECTIONS – EXECUTIVE COMMITTEE: Randy Watts moved to accept the recommendations of the Nominating Committee: Mark Wilsdon for re-election and Thad Duvall and Lisa Young for election to the Executive Committee for the 3 full term positions, Larry Peterson for the remainder of Marilyn Butler's term; Mark Wilsdon for President, Andrew Lampe for Vice President, and Steve Bartel for Secretary/Treasurer; Keith Goehner seconded; the motion passed without dissent. The floor was opened to other nominations for the three full term positions. Marilyn Butler nominated Bryan Perry; Drew Woods seconded. Laura Merrill moved to close the nominations and accept the four candidates for election to the Executive Committee for the full term positions; Randy Wants seconded; the motion passed without dissent. Ballots were distributed and then collected and tallied by David Goldsmith and Susan Looker. The results were announced later in the meeting.

FINANCIAL REPORTS: Sue Colbo gave the third quarter financial reports. Dale Gowan motioned to approve the financial reports as stated by Sue Colbo; David Alvarez seconded; the motion passed without dissent.

EXECUTIVE COMMITTEE ELECTION RESULTS: President Bartel announced that Mark Wilsdon was re-elected and Lisa Young and Thad Duvall were elected to the Executive Committee for the full terms (10/1/2012 through 9/30/2015).

ELECTIONS – EXECUTIVE COMMITTEE: The election was held for the remainder of Marilyn Butler's Executive Committee term that begins July 28, 2012 and ends September 30, 2013. As noted above, Larry Peterson was accepted as the recommendation from the nominating committee. The floor was open to other nominations. Drew Woods nominated Bryan Perry, Marilyn Butler seconded. There were no further nominations. Ballots were passed out and collected by David Goldsmith and Susan Looker. Results were announced later in the meeting.

RECESS: President Bartel recessed the meeting at 9:42 a.m. and reconvened at 10:04 a.m.

ELECTIONS – EXECUTIVE COMMITTEE: President Bartel announced that Bryan Perry was elected to fill Marilyn Butler's remaining term on the Executive Committee.

ELECTIONS – OFFICERS: President Bartel announced the nominating committee's recommendations for officers: Mark Wilsdon for President, Andrew Lampe for Vice President, Steve Bartel for Secretary/Treasurer. President Bartel asked for nominations from the floor, there were none. Keith Goehner moved to close nominations and cast a unanimous ballot in favor of the nominees; Drew Woods seconded; the motion passed without dissent and Mark Wilsdon was elected President, Andrew Lampe Vice President, and Steve Bartel Secretary/Treasurer for Py2013.

STAFF REPORTS:

Loss Control: Loss Control Coordinator Jill Lowe reported that 19 county risk managers have received "basic" certification and 13 from the 19 have also achieved the "advanced" designation. Ms. Lowe proposes taking eight county risk managers to the PRIMA Institute in North Carolina in November. Attending this conference leads to compact compliance for risk managers. Scholarship funds and compact compliance funds will be used to pay for conference attendance. Ms. Lowe announced that Kim Hort and Arne Denny have met the requirements for compact compliance and the following risk managers are working on obtaining their ARM: Tammy Devlin, Lisa Young, Bryan Perry and Paulette Young. Ms. Lowe noted a training summary of attendance by county was provided and that the permit error webinar in April was successful. She reported that 16 counties are currently participating in some form with Lexipol. Helpline is a service provided by the 1st layer reinsurer and is well used. Every county gets two Helpline contacts, Ms. Lowe asked everyone to look over the contact list provided in the conference notebook and advise her of any changes.

Membership Activities: Specialty Services Manager David Goldsmith reported that he and Executive Director Vyrle Hill are conducting member visits around the state. Four marketing visits have been conducted at counties that are not current Pool members. David noted that the Pool provides larger coverage that is better priced than other programs. This fall, member counties will receive a membership satisfaction survey that will go to Directors, Alternate Directors and Risk Managers. The results will be shared at the fall conference in November.

FINANCIAL MANAGEMENT POLICY AMENDMENT: President Bartel asked Executive Director Vyrle Hill to present the information on the proposed amendment to the financial management policy. Mr. Hill noted the edits and those that contributed to the proposed changes. Lee Grose moved to accept the changes to the financial management policy as recommended by the Executive Committee; Jesse Nolte seconded. After discussion and further suggested changes, Lee Grose and Jesse Nolte withdrew their motion. David Alvarez moved to accept the changes to the financial management policy as outlined and changes read by Mr. Hill to sections five and six; seconded by Jesse Nolte. David Alvarez and Jesse Nolte accepted a friendly amendment from Larry Peterson; the motion passed without dissent.

RISK MANAGEMENT COMMITTEE RECOMMENDATIONS: Drew Woods stated the risk management committee recommends continuing with the current targeted risk management program from Py2012 for counties to develop and implement vehicle use policies. Thad Duvall moved to accept the recommendation of the risk management committee; seconded by Laura Merrill; the motion passed without dissent.

UNDERWRITING COMMITTEE RECOMMENDATIONS: Drew Woods moved to accept the recommendations from the underwriting committee as presented yesterday; Bob Koch seconded, the motion passed without dissent.

BUDGET, SALARY SCHEDULE AND WORK PLAN for Py2013: Lee Grose moved to accept the budget as passed out yesterday, not the budget document in the conference notebook, as well as the proposed Py2013 salary schedule and work plan; David Alvarez seconded; the motion passed without dissent.

JSILP DEPOSIT ASSESSMENT DISTRIBUTION METHODOLOGY: Keith Goehner moved to accept the recommended action items (1-10) as outlined on the JSILP DEPOSIT ASSESSMENTS for Py2013; Dale Gowan seconded; the motion passed without dissent.

WCPP PREMIUMS + WCRP OVERHEAD DISTRIBUTIONS: Randy Watts motioned for approval of the WCPP PARTICIPANT ASSESSMENTS for Py2013; Laura Merrill seconded. Randy Watts and Laura Merrill accepted a friendly amendment to accept the recommended action items (1-8) on the property assessment terms with the optional dates; motion passed without dissent.

GAVEL EXCHANGE AND PRESIDENT'S REPORT: President Bartel thanked Mike Croke and gave some closing remarks. He passed the gavel to President-elect Mark Wilsdon, who presented a plaque and certificate to Mr. Bartel commemorating his time as President. Executive Director Vyrle Hill gave President Bartel, Mike Croke, Marge Upham and Marilyn Butler his thanks and offered some closing remarks summarizing changes that have taken place since the last time the annual conference was held at Ocean Shores in 2004, including the \$20M improvement in the Pool's "bottom line".

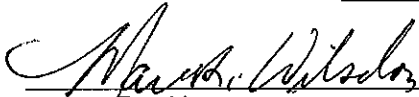
FUTURE MEETINGS: Future meetings were discussed and schedule adjustments noted.

- Autumn Conference – November 8-9, 2012 (Heathman Lodge, Vancouver)
- Winter/Spring Conference – March 26-28, 2013 (Lodge at Suncadia, Cle Elum)
- Summer Conference (Silver Anniversary Celebration) / 2013 Annual Meeting – July 24-26, 2013 (The Enzian Inn, Leavenworth)

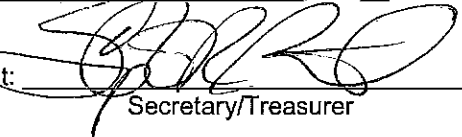
Drew Woods suggested Dayton, WA as a possible location for a future meeting as a Best Western hotel and conference center is currently being built.

With no further business, President Bartel adjourned the board meeting at 11:42 a.m.

MINUTES APPROVED this 9th day of November, 2012.



President

Attest: 

Secretary/Treasurer