

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

Thursday-Friday, March 27-28, 2014
 The Lodge at Suncadia, Cle Elum, Washington

Board Members in Attendance

County	Appointment	Present	Name
Adams	Director	<input type="checkbox"/>	Jeffrey Stevens
	Alternate Director	<input checked="" type="checkbox"/>	Patricia Phillips
Benton	Director	<input type="checkbox"/>	Melina Wenner
	Alternate Director	<input checked="" type="checkbox"/>	Bryan Perry
	Alternate Director	<input type="checkbox"/>	David Sparks
Chelan	Director, <i>Secretary/Treasurer</i>	<input checked="" type="checkbox"/>	Keith Goehner *
	Alternate Director	<input type="checkbox"/>	Cathy Mulhall
Clallam	Director	<input checked="" type="checkbox"/>	Rich Sill
	Alternate Director	<input type="checkbox"/>	James Jones
Clark	Director	<input checked="" type="checkbox"/>	Mark Wilsdon
	Alternate Director	<input type="checkbox"/>	Bernard Veljacic
	Alternate Director	<input type="checkbox"/>	Mark McCauley
Columbia	Director, <i>Vice President</i>	<input checked="" type="checkbox"/>	W.A. "Drew" Woods *
	Alternate Director	<input type="checkbox"/>	Dwight Robanske
Cowlitz	Director	<input checked="" type="checkbox"/>	Clyde Carpenter
	Alternate Director	<input checked="" type="checkbox"/>	Claire Hauge
Douglas	Director	<input checked="" type="checkbox"/>	Steve Clem
	Alternate Director	<input checked="" type="checkbox"/>	Thad Duvall *
	Alternate Director	<input type="checkbox"/>	Ken Stanton
Franklin	Director	<input checked="" type="checkbox"/>	Robert Koch *
	Alternate Director	<input checked="" type="checkbox"/>	Shawn Sant
Garfield	Director	<input checked="" type="checkbox"/>	Dean Burton *
	Alternate Director	<input type="checkbox"/>	Wynne McCabe
	Alternate Director	<input type="checkbox"/>	Robert Johnson
Grays Harbor	Director	<input type="checkbox"/>	Herb Welch
	Alternate Director	<input checked="" type="checkbox"/>	Dale Gowan
	Alternate Director	<input type="checkbox"/>	Wes Cormier
Island	Director	<input checked="" type="checkbox"/>	Jill Johnson
	Alternate Director	<input checked="" type="checkbox"/>	Elaine Marlow
Jefferson	Director	<input checked="" type="checkbox"/>	Philip Morley
	Alternate Director	<input type="checkbox"/>	David Alvarez *
Kittitas	Director	<input checked="" type="checkbox"/>	Lisa Young *
	Alternate Director	<input type="checkbox"/>	Judy Pless
Lewis	Director	<input checked="" type="checkbox"/>	Lee Grose *
	Alternate Director	<input checked="" type="checkbox"/>	Paulette Young
	Alternate Director	<input type="checkbox"/>	Michael Strozyk
Mason	Director	<input checked="" type="checkbox"/>	Tim Sheldon (Arrived Thursday at 3:07)
	Alternate Director	<input type="checkbox"/>	Randy Neatherlin
	Alternate Director	<input type="checkbox"/>	Terri Jeffreys
Okanogan	Director	<input type="checkbox"/>	Sheilah Kennedy
	Alternate Director	<input checked="" type="checkbox"/>	Steve Bozarth

Pacific	Director	<input checked="" type="checkbox"/>	Kathy Spoor
	Alternate Director	<input checked="" type="checkbox"/>	Lisa Ayers *
Pend Oreille	Alternate Director	<input type="checkbox"/>	David Burke
	Director	<input checked="" type="checkbox"/>	Mike Lithgow
	Alternate Director	<input checked="" type="checkbox"/>	Teresa Brooks (Thursday only)
San Juan	Alternate Director	<input type="checkbox"/>	Alan Botzheim
	Director	<input checked="" type="checkbox"/>	Mike Thomas
Skagit	Alternate Director	<input checked="" type="checkbox"/>	Pamela Morais
	Director	<input checked="" type="checkbox"/>	Jessica Neill Hoyson
	Alternate Director	<input type="checkbox"/>	Arne Denny
Skamania	Alternate Director	<input type="checkbox"/>	Tim Holloran
	Director	<input type="checkbox"/>	Doug McKenzie
Spokane	Alternate Director	<input checked="" type="checkbox"/>	Scott Pineo
	Director	<input checked="" type="checkbox"/>	Steve Bartel *
Thurston	Alternate Director	<input type="checkbox"/>	Rob Binger
	Director	<input type="checkbox"/>	Sandra Romero
	Alternate Director, <i>President</i>	<input checked="" type="checkbox"/>	Tammy Devlin *
Walla Walla	Alternate Director	<input checked="" type="checkbox"/>	Jon Tunheim
	Director	<input checked="" type="checkbox"/>	Jesse Nolte
	Alternate Director	<input type="checkbox"/>	James Johnson
Whatcom	Alternate Director	<input type="checkbox"/>	Lucy Schwallie
	Director	<input checked="" type="checkbox"/>	Karen Goens
	Alternate Director	<input checked="" type="checkbox"/>	Dan Gibson (Left Thursday at 4:30)
Yakima	Director	<input checked="" type="checkbox"/>	James Hagarty
	Alternate Director	<input type="checkbox"/>	Terry Austin

* Denotes EC Member

Others in Attendance

County/Organization	Designation/Title	Name
Clallam	HR Analyst	Annie Achziger
Clark	County Commissioner	Steve Stuart (Thursday only)
Franklin	Civil DPA	Tim Dickerson (Thursday only)
Lewis	County Commissioner	Edna Fund
Mason	Budget Analyst/Risk Manager	Dawn Twiddy
	Clerk of the Board	Julie Almanzor (Friday only)
Washington DES	LGSI Program Administrator	Shannon Stuber
AJGRMS	Area Vice President	Liz Miser
	Area Senior Vice President	John Chino (Left Friday at 10:10)
PricewaterhouseCoopers	Managing Director	Kevin Wick (Left Friday at 10:10)
	Director	Craig Scukas (Left Friday at 10:10)
WSAC	Executive Director	Eric Johnson (Thursday Only)
Hackett Beecher & Hart	Coverage Counsel	J. William Ashbaugh
Bennett Bigelow & Leedom	Retained Counsel	Bill Leedom
WCRP Staff	Executive Director	Vyrle Hill
	Specialty Services	David Goldsmith
	Loss Control Coordinator	Jill Lowe
	Claims Manager	Susan Looker
	Accounting Officer	Sue Colbo
	Administrative Assistant	Stacey Spears

CALL TO ORDER / WELCOME: WCRP President Tammy Devlin called the 2014 Spring Board of Directors Meeting to order Thursday, March 27, 2014 at 3:02 pm. She welcomed all in attendance. President Devlin conducted a roll call and stated she could confirm a quorum – 26 (of 27) members represented. At 3:07 pm, the Director from Mason County arrived and all 27 members were represented.

AGENDA: President Devlin asked if there were changes to the agenda, hearing none Drew Woods moved to accept the agenda; Lisa Young seconded; the motion passed without dissent.

CLARK COUNTY MEMBERSHIP

EXECUTIVE SESSION: Lisa Young moved to retire into Executive Session to discuss pending litigation with counsel for an estimated 30 minutes; Drew Woods seconded; the motion passed without dissent.

Acting in accordance with the WCRP Bylaws and RCWs 48.62.101 and 42.30.110(1) (i) (i), and recognizing that public discussion would impair the Board's ability to conduct its business effectively, President Devlin excused all those present, except Board Directors and Alternate Directors, Executive Director Vyrle Hill and Claims Manager Susan Looker and retained and coverage counsels. President Devlin moved the meeting into an estimated 30 minute executive session with coverage counsel Ashbaugh and retained counsel Leedom at 3:10 PM. Clark County's Director and County Commissioner were excused from the Executive Session. At 3:40 PM it was announced the Executive Session would be extended for 20 minutes.

President Devlin announced the Executive Session was concluded and reconvened the Board Meeting in regular session at 4:00 PM with all previous participants. Coverage Counsel Ashbaugh announced the meeting was now in open session and discussed the options afforded to the Pool due to Clark County's Default under the Interlocal Agreement. Mr. Ashbaugh then asked if the Clark County representatives wanted to present any information to the group. Mr. Wilsdon and Commissioner Stuart addressed the group and admitted to have breached the Interlocal Agreement between the member counties. Mr. Wilsdon and Commissioner Stuart answered questions from the group and confirmed Clark County's desire to remain a member of the Pool.

RECESS: President Devlin recessed the meeting at 4:32 pm and reconvened at 4:47 pm.

CLARK COUNTY MEMBERSHIP CONTINUED: President Devlin called for any additional questions or discussion. Mr. Wilsdon addressed the group and said Clark County is willing to indemnify the Pool for its exposure. Mr. Wilsdon and Mr. Stuart answered further questions from the group.

EXECUTIVE SESSION: Drew Woods moved to retire into Executive Session to further discuss pending litigation for an estimated 15 minutes; Lisa Young seconded; the motion passed without dissent.

Acting in accordance with the WCRP Bylaws and RCWs 48.62.101 and 42.30.110(1) (i) (i), and recognizing that public discussion would impair the Board's ability to conduct its business effectively, President Devlin excused all those present, except Board Directors and Alternate Directors, Executive Director Vyrle Hill and Claims Manager Susan Looker and coverage and retained counsels. President Devlin moved the meeting into an estimated 15 minute executive session with coverage counsel Ashbaugh and retained counsel Leedom at 5:15 PM. Clark County's Director and County Commissioner were excused from the Executive Session. At 5:30 PM it was announced the Executive Session would be extended for 15 minutes.

President Devlin announced the Executive Session was concluded and reconvened the Board Meeting in regular session at 5:45 PM with all previous participants.

Steve Clem moved and Steve Bozarth seconded to immediately cancel Clark County's membership in the Pool pursuant to Article 23 of the Interlocal Agreement. President Devlin asked for discussion. After the discussion took place, President Devlin asked for a written vote to be taken. President Devlin reminded the group of the voting rules: one vote from each county and the ballot must include the county name, and noted a seventy-five percent (75%) majority would be required for the motion to pass like that specified in Article 16 of the Interlocal Agreement. President Devlin appointed David Goldsmith and Thad Duvall to count the ballots.

RECESS: President Devlin called a 5 minute recess at 5:53 pm and reconvened at 6:00 pm.

CLARK COUNTY MEMBERSHIP CONTINUED: President Devlin announced the results of the vote. Eighteen (18) yes votes and nine (9) no votes. As a 75% majority was communicated by President Devlin as being needed, the vote did not pass.

President Devlin asked for additional discussion or another motion. Following a full discussion, Keith Goehner moved to cancel Clark County's membership in the Pool effective in thirty (30) days unless Clark County can provide a "cure" for its breach of the Interlocal Agreement acceptable to the Pool's 11-member Executive Committee on behalf of the full Board; Drew Woods seconded. Discussion and clarification took place. President Devlin called for a written vote.

President Devlin announced the results of the vote. Twenty-four (24) yes votes and three (3) no votes; the motion passed with more than a 75% majority.

Shawn Sant moved to add a Friendly Amendment that the full Board should be allowed to weigh in on any agreement advanced by Clark County. Discussion took place. Mr. Sant withdrew the motion.

ADJOURNMENT: President Devlin adjourned the meeting for the day at 6:15 pm.

RECONVENE: President Devlin reconvened the Board Meeting on Friday, March 28, 2014 at 8:30 AM. She announced the Director, Alternate Director and Staff changes that have taken place since the Autumn Board Meeting, and then announced she could visually confirm a quorum. The changes announced included departures: Linda Reimer, Alternate Director (Adams), Melina Wenner, Director (Benton), Mark Nichols, Alternate Director (Clallam), Ryan Verhulp, Alternate Director (Franklin), Kelly Emerson, Director (Island) and Nan Kallunki, Alternate Director (Okanogan). Recently appointed were: Patricia Phillips, Alternate Director (Adams), Jill Johnson, Director (Island) and Lucy Schwallie, Alternate Director (Walla Walla).

Thad Duvall requested to address the Board on behalf of the Executive Committee. Mr. Duvall moved to formally request Clark County to respond within seven (7) days with a timeline so the Executive Committee has time to deliberate and respond within the thirty (30) day timeline established the previous day; Mr. Goehner seconded. President Devlin asked for discussion and Mr. Wilsdon noted Clark County could meet this deadline. Mr. Duvall clarified that a complete plan is not required within seven (7) days, but a timeline needs to be presented. This does not affect the original thirty (30) day timeline from the motion approved yesterday. The motion passed without dissent.

CONSENT AGENDA: Keith Goehner moved to approve the consent agenda, Lee Grose seconded; the motion passed without dissent.

Consent Agenda

- Minutes of (11/8/2013) Autumn Board of Directors Meeting approved.
- Executive Committee minutes accepted.
 - November 7, 2013 Meeting
 - February 27-28, 2014 Meeting
- WCRP Triennial Claims Audit by Strategic Claims Direction accepted and the Executive Director and Claims Manager directed, possibly with assistance and suggestions from one of more standing committees, to examine the findings and recommendations further and to submit a proposal(s) with suggested responsive actions(s) onto the Board via the Executive Committee for consideration during another 2014 meeting.
- Claims Audit of Large Deductible Member Counties by Strategic Claims Direction accepted and the Executive Director and Claims Manager directed, possibly with assistance and suggestions from one or more standing committees, to examine the findings and

recommendations further and to submit a proposal(s) with suggested responsive action(s) onto the Board via the Executive Committee for consideration during another 2014 meeting.

- Code of Conduct adopted as an addendum to the WCRP Bylaws; and directed that the new Code of Conduct be forwarded to AGRIP to supplement the Pool's Recognition Application presently under consideration.
- Final FY2013 Financial Reports audited by the SAO accepted and approved with minor modifications to Note 11.
- FY2014-Q1 Financial Reports approved.
- FY2014 Supplemental Budget amendment approved.

ACTUARIAL REPORT: Craig Scukas with PricewaterhouseCoopers presented the Reserve Review. Mr. Scukas noted the net reserves as of September 30, 2013. He went over the Pool's \$100k retention and reported the net reserve of \$3.414M in that category. He noted the grand total of \$14.616M is a \$3.3M decrease in loss estimates since September 2012 due to favorable experience, and that this means an increase in equity on the Pool's balance sheet. Mr. Scukas then spoke about the Corridor program and noted there is not a lot of downside risk with the corridor program. Mr. Scukas presented the Calendar Year Change in Paid & Incurred Loss information. He noted the spike in losses during 2009 and the return to more stable losses in 2010 and 2011. Incurred losses were down in 2012 and 2013, this decrease is driving the change in estimates.

Kevin Wick with PricewaterhouseCoopers presented the Actuarial Review – Analysis of Alternative Retentions. Mr. Wick noted a \$100k retention is unusually low compared to other Pools in the state. The Risk Pool spends more on reinsurance due to the low retention. Mr. Wick presented information about Ceded Premium Compared to Ceded Loss Estimates and noted the variability from year to year on the premium paid compared to losses. In more recent years, the premium paid was more than the losses. He posed the question 'Is it better to raise retention and buy less reinsurance?' He then noted that a higher retention will add more risk and uncertainty to the program.

Mr. Wick then reviewed the \$400k xs \$100k Net of Deductible and the \$500k xs \$500k Net of Deductible charts with the group. Discussion took place regarding retentions and reinsurance. Mr. Wick reported that from the Targeted Fund Balance, the Pool is in the financial position to support a higher retention if desired.

Lee Grose moved to accept the Actuarial Reserve Review dated September 30, 2013 and the Actuarial Review – Analysis of Alternative Retentions dated September 30, 2013; Dean Burton seconded; *the motion passed without dissent.*

PRODUCER'S (BROKER) REPORT: Liz Miser with Arthur J. Gallagher presented the producer's report. She reported the marketing process for next year has begun. The East Coast marketing trip will take place during the first week of May for the property and casualty programs. The group will meet with underwriters, and it is about building relationships and finding opportunities. Ms. Miser reported they are hoping for a flat renewal on the property program. Potential changes for the casualty program include TRIA (Terrorism Risk Insurance Act) coverage and a member aggregate added by Lexington for their reinsurance layers. Further discussion and clarification took place regarding TRIA, terrorism coverage and aggregates. Ms. Miser expects to have further information regarding the aggregate soon. John Chino offered to get a quote for domestic terrorism coverage.

John Chino with Arthur J. Gallagher gave his Cyber/Privacy/Media Liability Insurance presentation. In his report he noted that response to cyber events is the key to meeting the government regulations. The coverage as presented would give the Pool members access to legal, forensics, notification, crisis management, regulatory defense/penalties, legal defense/privacy injury assistance. Mr. Chino noted his

recommendations for the pieces that should be part of the program: regulatory liability, crisis management, cyber extortion and the fines and penalties coverage.

DES/STATE RISK MANAGER REPORT: Shannon Stuber reported that her program's mission is to make sure all Pools and self-insured programs are solvent. Recently WAC 200-100 was updated to reflect minimums more in line with national standards. The minimum confidence level for Pools was increased from seventy percent (70%) to eighty percent (80%). Ms. Stuber noted the Risk Pool easily exceeds the updated requirements. If a Pool falls below the eighty percent (80%) minimum, it is put under watch. Shannon's program also makes sure audited financial statements are submitted within eight (8) months from close of the fiscal year. Finally, Ms. Stuber reported that rules were also updated regarding Pool Boards and elected members to be sure that inclusive boards like WCRP meet the regulations.

OTHER GENERAL BUSINESS & DISCUSSION ITEMS

INVESTMENT COMMITTEE: Keith Goehner gave the Investment Committee report. He noted the minutes from the last four meetings were available in the notebook. He reported that funds were moved from Clark County to Spokane County due to higher return rates with the Spokane County Investment Pool. Mr. Goehner stated the Investment Committee is always looking at options to maximize investments. The rate of return with the Spokane County Investment Pool is currently at .66% which amounts to returns of about \$18k per month.

Mr. Goehner noted that the state is requiring an updated resolution authorizing investments in the Local Government Investment Pool (LGIP). Even though most funds are in the Spokane County Investment Pool, the Risk Pool still utilizes the State Treasurer account. It was noted both the Investment Committee and the Executive Committee recommend approving the updated resolution.

Steve Bartel moved to approve the updated LGIP resolution as presented and that the current President and Secretary/Treasurer be authorized to sign the resolution, Thad Duvall seconded; *the motion passed without dissent.*

RECESS: President Devlin recessed the meeting at 9:52 and reconvened at 10:10 am.

OTHER GENERAL BUSINESS & DISCUSSION ITEMS (continued)

STANDING COMMITTEE REPORTS

Personnel: Chair Lisa Young reported that the Personnel Committee is going to have a consultant look at Pool staff wages and use external legal counsel to review Pool Personnel Policies. David Goldsmith will start the RFQ process to find consultants for these tasks.

Underwriting: Drew Woods reported that the Committee met telephonically March 10th. He presented information on the proposed changes to the Underwriting Policy and noted the draft was available in the conference notebook. At the request of Chair Woods, David Goldsmith further outlined the updates and noted that this change provides the authority for the Underwriting Committee to review the Pool's coverage document prior to the Executive Committee and then the full Board. Mr. Goldsmith noted this is the current process, but the Underwriting Policy needs to be updated to reflect current practice.

Bob Koch moved to approve the changes to the Underwriting Policy as presented with the change suggested by Jesse Nolte to add the word committee; Lee Grose seconded. Discussion took place. *The motion passed without dissent.*

Drew Woods then reported other topics being discussed by the Underwriting Committee include: language regarding penalties, the policy regarding an appointed Director that has legal action against the Pool, and coverage for employees when the member county denies coverage. Drew Woods noted that Dan Gibson, Jesse Nolte and Lucy Schwallie are new members of the Underwriting Committee and others are welcome to join.

Finance: Chair Thad Duvall also stated new members are welcome on the Finance Committee. He then recognized his committee members and thanked them. Chair Duvall reported the Finance Committee met on Wednesday afternoon and reviewed the Pool's Travel and Financial Management Policies. The Committee expects to have proposed changes to those Policies that will be presented at the Summer Board Meeting.

Chair Duvall reported the exit conference with the State Auditor's Office went well and there were no findings. There is one change recommended for accounting for the rate stabilization fund; the fund will change to net assets on the Pool's financial statements.

Risk Management: Chair Bryan Perry reported the Committee met on Wednesday. They discussed claims trends and upcoming training. The Committee plans to look at the Targeted Risk Management Policy at their October meeting. The Committee also discussed data from Helpline. In addition, they will be working on how to sort out usage of the Daily Training Bulletins from Lexipol, the Committee wants to make sure the bulletins are being used. Chair Perry noted the Transit Pool has a training on autism on May 7th, the Committee is looking to send two people. He then noted the e-mail etiquette class was very popular, and the Committee would like to offer more sessions of the class next year. Chair Perry thanked the participants from the Committee.

STAFF REPORTS

Loss Control Services: Loss Control Representative Jill Lowe presented the Spring Loss Control update. Her presentation included information on the new keyword search engine for the Sample Policy Library. Ms. Lowe noted she is steadily adding more recorded programs to the webinar library on the website, including the recently added e-mail etiquette and cyber liability classes. She reported nearly \$6k in grant funds is available. She then reported that about \$14k of scholarship funds has been used, \$10k is still available for liability related training.

Specialty Member Services: Specialty Services Representative David Goldsmith reported the final piece of the AGRiP recertification standards was approved with the consent agenda today, and he noted the Pool has met these standards since their inception and that the certification needs to be renewed every three years. The Code of Conduct requirement was recently added by AGRiP. Mr. Goldsmith reported that he and Mr. Hill will begin their annual visits after the East Coast Marketing trip to meet with member and non-member counties' legislative authorities and other officials. The focus will be on education and participation this year.

Claims Services: Claims Manager Susan Looker presented the Spring Claims Report. She reported there is now a full claims staff. She noted in 2013 that 650 new claims were received and 656 claims were closed. Ms. Looker reported on defense verdicts and she noted that 3% of cases are tried, 97% settled. She then reported the number of appeals and lawsuit dismissals. Ms. Looker also gave an overview of large losses and reported that this is what underwriters look at during the marketing trips. She also reported on the file count by adjuster and stated she expects further adjustments, particularly regarding her caseload and the new Senior Claims Analyst. With the new employees, the staff has 110 years of combined claims experience.

Ms. Looker then reported on the triennial Claims Audit results. She noted the claims audit came at a time of staff transition. She then reviewed the results with the group including the recommendations from the audit, and she noted the good news as well.

Administrative Report: Executive Director Vyrle Hill commented on the independent property appraisals that are planned with HCA. The appraisals will be conducted in late May with reports out in June. He expects that 340-350 structures will be appraised. He asked the member counties to notify him of any recently acquired and improved properties that need to be appraised, in particular those with a value of \$1 million or more. Mr. Hill noted with this round of appraisals, approximately ninety percent (90%) of the total dollar value in the Property Program will have been appraised. This information will be shared with underwriters. Mr. Hill then reported the 2013 Annual Report is not yet available but will be completed prior to the summer visits.

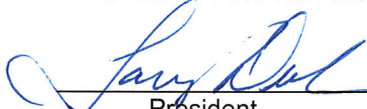
Mr. Hill commented on the prior day's business meeting and complimented Tammy Devlin on her chairing and for her leadership of the previous day's meeting. President Devlin noted everyone's professionalism yesterday and thanked the group. Mr. Hill then recognized Claims Manager Susan Looker for her 25 years of service and noted she has done a phenomenal job.

FUTURE WCRP CONFERENCES / BOARD MEETINGS: President Devlin noted spots are not yet secured for spring and autumn 2015. Sue Colbo reported on availability at Semiahmoo in Whatcom County and Skamania Lodge in Skamania County. Those suggestions, and the suggestion to hold the 2015 summer meeting in Walla Walla that came from the recent Executive Committee meeting were discussed. Drew Woods moved to hold the spring 2015 meeting in Whatcom County, summer 2015 in Walla Walla County and autumn 2015 in Skamania County; Lisa Young seconded; the motion passed without dissent.

Vyrle Hill spoke about upcoming pooling and risk management conferences and gave an overview of the pooling and risk management associations. Mr. Hill mentioned scholarships may be available through the organizations and suggested contacting Jill Lowe for those interested in attending. Bob Koch spoke about the AGRiP Conference he recently attended.

President Devlin thanked everyone for their involvement and preparation. With no further business to conduct, President Devlin adjourned the board meeting at 11:03 AM.

MINUTES APPROVED this 24th day of July, 2014.



President

Attest: 

Secretary/Treasurer