

**WASHINGTON COUNTIES RISK POOL
EXECUTIVE COMMITTEE
MINUTES**

**8:30 A.M., Wednesday, July 26, 2006
Enzian Inn
Leavenworth, Washington**

ATTENDANCE:

President – Randy Watts, Whatcom County Chief Civil Deputy Prosecuting Attorney

Secretary/Treasurer – Steve Clem, Douglas County Prosecuting Attorney

Executive Committee Members –

Keith Goehner, Chelan County Commissioner

Toni Gilbert, Clallam County Safety Training Officer

Neva Corkrum, Franklin County Commissioner

Rose Elway, Grays Harbor County Management Services/Budget Director

Mike Shelton, Island County Commissioner

Leon Long, Spokane County Geiger Corrections Center Director/Risk Manager

Diane Oberquell, Thurston County Commissioner

Jay Winter, Walla Walla County Personnel/Risk Manager

Ron Zirkle, Yakima County Prosecuting Attorney

Risk Pool Staff –

Vyrle Hill, Executive Director

Susan Looker, Claims Manager

Rich Bodell, Loss Control

Others –

Mike Croke, Broker (Willis of Seattle, Inc.)

J. William "Will" Ashbaugh, Coverage Counsel (Stafford Frey Cooper)

Harry Green, Risk Management Committee Co-chair (Lewis County Risk Manager)

Heidi Smith, Finance Committee (Okanogan County Civil Deputy Prosecuting Attorney)

Marge Upham, Clallam County's WCRP Director

Welcome and Roll Call: President Watts called the meeting to order at 8:37 a.m. and noted that he could visually confirm a quorum of the Executive Committee was present. He also noted that the initial part of the meeting would be a joint meeting with the Finance Committee to consider the financially-related agenda items. No agenda modifications were suggested.

Risk Management Committee Report: Co-chair Harry Green presented the Committee's recommendations pertaining to Loss Control staffing and work plan. He noted that the committee met telephonically and agreed to recommend supporting the additional Loss Control position and all three work plan priority levels. Harry also noted that the Committee was recommending that Maureen Walker replace Ed Pavone as RMC Co-chair.

Considerable discussion followed regarding the Loss Control needs, priorities and resources. Steve Clem suggested tabling this matter until the budget discussion; Leon Long supported the suggestion, and President Watts acknowledged it by moving to the next agenda item.

Broker's Report: Willis' Mike Croke distributed a compilation of two options for the Pool's liability insurance program renewal – a Guaranteed Cost Program and a Corridor Deductible Option. Both reflected substantial reductions from the present year. Concern was expressed again about the potential impacts of changing carriers, but it was agreed that the price differential was too large. Mr. Croke also mentioned that both Munich Re and ACE offered multi-year rate guarantees, and that ACE would provide a \$50,000 allowance for the Pool to enhance its Loss Control or Claims Administration services.

Mr. Croke mentioned that the Washington Counties Property Program preliminary renewal compilation was submitted to the underwriters and that he estimated an increase of about 7%. He noted that exposures aggregation by regions was affecting property insurance renewals.

Mr. Croke also mentioned that Willis has been working on a healthcare insurance program for county inmates. He said that Tony Ciez of Willis' Seattle office would be presenting proposals during the board session(s).

Personnel Committee: Chair Ron Zirkle and Executive Director Vyrle Hill briefly reviewed the Compensation Study compiled by HR Answers, Inc. Following discussion, Leon Long moved to recommend acceptance of study; the motion was seconded by Ron Zirkle and passed.

Financial Outlook: Executive Director Vyrle Hill presented a projection that applied the Committee's rate-setting recommendations from an earlier meeting with the actuarial estimates. The result was a September 2007 Net Assets Balance projection of more than \$4.7 million.

Break: President Watts recessed the meeting at 10:19 a.m. and reconvened at 10:31 a.m.

Coverage Determination Appeal Hearing: President Watts recognized Spokane County's Senior Deputy Prosecuting Attorney Rob Binger and Risk Management Supervisor Steve Bartel, who had joined the meeting, and opened the hearing regarding the Spokane County's appeal of the Executive Director's coverage determination in the *Spokane County Deputy Sheriffs Association v. Spokane County, et al.* matter, U.S. District Court Eastern District of Washington Cause No. 05-CV-382-EFS. Rob Binger presented evidence, argument and legal authorities on behalf of Spokane County. Mr. Binger was asked and responded to questions from several committee members. Executive Director Vyrle Hill noted that with Mr. Binger's excellent presentation of the evidence, argument and legal authorities, he didn't feel it necessary to repeat the information on behalf of the Pool.

President Watts then closed the hearing and noted the matter would be taken under advisement. He thanked Mr. Binger and Mr. Bartel and excused all those present except the committee members and coverage counsel Will Ashbaugh.

Executive Session: In accordance with WCRP Bylaws Article 8, section B.5.c. and RCW 48.62.101., President Watts moved the meeting into an executive session at 10:55 am for brief discussions regarding the Spokane County coverage determination appeal with coverage counsel.

After reconvening in regular session at 11:08 am, Steve Clem moved to reaffirm the staff's denial of coverage and deny the coverage determination appeal from Spokane County. The motion was seconded by Diane Oberquell and passed unanimously.

Operational Budget: Executive Director Vyrle Hill presented the Py2007 Operational Budget he was requesting. After a brief discussion, the committee decided to address this matter by the significant items that were listed and as follows:

1. Board-authorized Compensation Study... incorporates the results of the recently-completed independent market-rate study with a 2.72% COLA (computed per the terms of the Personnel Policy) and employee placements using time-in-grade previously discussed with the Executive Committee. *Total added costs with present benefits allowance \$45,568 (+4.1%).*

Ron Zirkle moved, referencing the proposed salary grid (Tab 10.a.ii), to recommend approval of the schedule and placement of the current Pool staff as designated in the HR Answers study

except where the incumbent's time-in-grade conflicts with the consultant's recommendations; Neva Corkrum seconded and the motion passed with one dissent.

2. Senior Claims Analyst... anticipates filling the position that has remained vacant since Alicia Johnson's departure. *Total added costs with vehicle = \$123,300 (+11.1%).*

Steve Clem moved to support the recommendation as presented; Mike Shelton seconded. Following some discussion, the motion passed unanimously.

3. Claims Assistant... new, part-time (0.4FTE) addition to allow shifting of Riskmaster operations and reporting users support from Loss Control to the Claims Division and to begin to address a forthcoming retirement. *Total added costs = \$26,650 (+2.4%).*

Leon Long moved to recommend denial of the request; Steve Clem seconded. Following further discussion wherein the suggestion was made to await filling the Sr. Claims Analyst position, the motion passed six to four.

President Watts recessed the meeting briefly so the attendees could get their lunches and reconvened at 12:35 pm.

4. Loss Control Analyst... a new full-time addition following the suggestions and recommendations (attached) of the Risk Management Committee which replaces the (half-time) contracted Member Services management role. *Total added costs = \$53,500 (+4.8%).*

Rose Elway moved to recommend denial; Toni Gilbert seconded and the motion passed.

5. Executive Director... anticipates both the earlier-noted COLA and the extension of the employment agreement beyond the present May 2007 term. *Costs included in No.1 above.*

Mike Shelton moved to recommend extending the contract to 2010 (three years); Keith Goehner seconded and the motion passed.

6. Employee Benefits... allowance increased from 36% to 40%, primarily due to the PERS (+2.6% annually) and H&W insurance program increases. Cost of benefits, when compared with total compensation, are expected to rise to 28.6%, but that would still be well within the range noted in the Compensation Study. *Total added costs excluding Nos. 2, 3 and 4 = \$18,938 (+1.7%).*

Rose Elway moved to recommend approval; Diane Oberquell seconded and the motion carried.

7. Travel... estimates have been modified in response to Member Services and Claims staffing enhancements and to reflect the current mileage reimbursement rate of \$0.445 per mile, as well as the following special elements under General Administration:

- a. In-state travel (+\$6,500) reflects enhanced member and perspective member field contacts (+0.6%);

- b. Out-of-state travel (+\$5,250) reflects attending (AGRiP/PRIMA/RIMS/CSC) training conferences and one trip for underwriting meetings (+0.5%);
- c. Executive Committee expenses have been estimated to support seven meetings – four separate from (\$3,400 ea.) and three with the board sessions (*Summer* = \$6,600 and *Winter-Spring/Autumn* = \$4,700 ea.) – as well as one (AGRiP/PRIMA/RIMS) training conference for each member (\$12,100) and one trip with three committee members (\$3,300) for underwriting meetings (+\$16,000 with \$9,650 transfer from Board allocation; +1.4%); and
- d. Board of Directors expenses have been estimated to reflect three sessions annually with payment for one representative per county (*Summer* = \$16,450 and *Winter-Spring/Autumn* = \$8,725 ea.). -\$8,700 with \$9,650 transfer to EC allocation; -0.8%).

Ron Zirkle moved to recommend approval except for any increases associated with the earlier staffing being denied; Jay Winter seconded. Discussion followed regarding the travel total as a percentage of overall operations and the fact that much of the travel costs are to support the non-compensated board and committee member's travel. It was agreed that Pool-supported attendees would be asked to report on any conferences attended. The motion passed unanimously.

- 8. New Headquarters... a contingency has been added to the Supplies, Communications, and Insurance, Utility Services, Repairs and Maintenance, and Miscellaneous categories to respond to the anticipated relocation and start up costs. Also, the (GA) Operating Rentals and Leases category reflects the condominium association fees. *Total added costs = \$12,000 (+1.1%)*.

Steve Clem moved to recommend approval; Mike Shelton seconded and the motion carried.

- 9. Training (Member Services)... increases primarily to address the impacts of the enhancements being recommended in the Loss Control program. *Total added costs = \$24,000 (+2.2%)*.

Steve Clem moved to recommend denial then, following a brief discussion, changed the recommendation to approval; Rose Elway seconded and the motion passed with one dissent.

- 10. Professional Services (Claims)... this increase is in response to the demand for and complexity of Policy Coverage Questions. *Total added costs = \$15,000 (+1.3%)*.

Mike Shelton moved to recommend support; Ron Zirkle seconded and the motion carried.

- 11. Capital Outlays... estimates include two vehicles to address the staffing enhancements as well as telecommunications, computer and networking equipment. *Added costs included in Nos. 2 and 4 above.*

Mike Shelton moved to recommend approval for those items associated with Item 2 and denial of those associated with Item 4; Jay Winter seconded and the motion passed unanimously.

Co-chair Harry Green inquired about the status of the Risk Management Committee's recommendations.

Executive Session: Steve Clem moved to enter an executive session to review performance with all excused except for the Executive Director and the Executive Committee members; Rose Elway seconded and the motion carried. President Watts moved the meeting into an executive session at 12:57 pm that lasted until 1:25 pm.

Underwriting Committee: Due the late time and the complexity of the presentation that would need to be repeated for the entire Board, Co-chair Steve Clem offered to dispense with his report.

Minutes: Mike Shelton moved to approve the minutes of the June 29, 2006 Executive Committee meeting held at the Radisson in SeaTac; Rose Elway seconded and the motion passed.

Vouchers and Quarterly Financial Reports: Leon Long moved to approve both Voucher Approval Request No. 06-07, more specifically Administration check numbers 14045 through 14092 totaling \$103,049.44 with transfers of \$34,426.15 and Claims check numbers 17511 through 17622 totaling \$1,183,314.44, and the third quarter's (April through June 2006) financial reports with authorization for the President to sign. The motion was seconded by Rose Elway and passed.

RFQ&P Process: Mike Shelton moved to recommend that the request for professional services (Actuarial, Broker and Claims Auditing) processes be discontinued and that the present contracts be extended through 2009. Rose Elway seconded and the motion passed unanimously.

Due to the awaiting Board work session, President Watts adjourned the meeting at 1:43 pm.

President Watts reconvened the meeting Thursday (July 27, 2006) morning at 8:30 am with all eleven Executive Committee members, the Executive Director and Claims Manager and Clallam County WCRP Director Marge Upham present.

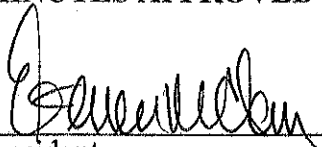
Executive Session: Mike Shelton moved to enter an executive session for claims review; Ron Zirkle seconded and the motion carried. President Watts excused Ms. Upham and conducted the meeting in executive session from 8:33 am until 8:50 am.

Upon entering the regular session, Mike Shelton moved to support the Claims Manager's settlement recommendations in the Glassburn v. Thurston County matter; Toni Gilbert seconded and the motion carried with Diane Oberquell abstaining.

Nominating Committee: Mike Shelton then moved to reconsider the Nominating Committee's recommendations from the June 29th meeting and replace with Randy Watts, Steve Clem, Mark Abernathy, Marilyn Butler and Harry Green for the three Executive Committee positions, Steve Clem for President, and Keith Goehner and Jay Winter for Secretary-Treasurer. The motion was seconded by Diane Oberquell and passed.

Adjournment: Due to the pending Board Annual Meeting and with no further business, President Watts adjourned the meeting at 8:55 am.

MINUTES APPROVED this 25th day of October, 2006.



President

Attest: 

Secretary/Treasurer