

**WASHINGTON COUNTIES RISK POOL
EXECUTIVE COMMITTEE MEETING**

Friday, June 27, 2014

Red Lion Hotel, 18220 International Blvd., SeaTac, WA

ATTENDANCE:

Name	Relationship	6/27	Comment
Tammy Devlin	President (2008-14)	<input checked="" type="checkbox"/>	
W.A. "Drew" Woods	Vice President (2012-16)	<input checked="" type="checkbox"/>	
Keith Goehner	Secretary/Treasurer (2005-14)	<input checked="" type="checkbox"/>	Participated Telephonically, left at 11:30 am
Thad Duvall	Member (2012-15)	<input checked="" type="checkbox"/>	
Robert Koch	Member (2013-15)	<input type="checkbox"/>	
Dean Burton	Member (2012-14)	<input checked="" type="checkbox"/>	Left at 12:25 pm
David Alvarez	Member (2013-16)	<input checked="" type="checkbox"/>	
Lisa Young	Member (2012-15)	<input checked="" type="checkbox"/>	
Lee Grose	Member (2008-14)	<input checked="" type="checkbox"/>	Left at 11:50 am
Lisa Ayers	Member (2013-16)	<input checked="" type="checkbox"/>	Participated Telephonically
Steve Bartel	Member (2008-16)	<input checked="" type="checkbox"/>	
Vyrle Hill	Executive Director (<i>ex-officio</i>)	<input checked="" type="checkbox"/>	

OTHERS ATTENDING:

Name	Relationship	6/27	Comment	County/Organization
Bryan Perry	Chair, Risk Mgmt. Committee	<input checked="" type="checkbox"/>	Participated telephonically, left at 8:37 am	Benton County
Liz Miser	Producer/Area Vice President	<input checked="" type="checkbox"/>		AJGRMS
John Chino	Producer/Area Sr. Vice President	<input checked="" type="checkbox"/>		AJGRMS
Craig Scukas	Actuary/Director	<input checked="" type="checkbox"/>		PricewaterhouseCoopers
David Goldsmith	Staff/Specialty Services	<input checked="" type="checkbox"/>		WCRP
Jill Lowe	Staff/Loss Control Coordinator	<input checked="" type="checkbox"/>		WCRP
Susan Looker	Staff/Claims Manager	<input checked="" type="checkbox"/>	Left at recess	WCRP
Sue Colbo	Staff/Accounting Officer	<input checked="" type="checkbox"/>		WCRP
Stacey Spears	Staff/Administrative Assistant	<input checked="" type="checkbox"/>		WCRP

Call to Order, Welcome and Roll Call: President Devlin called the session to order at 8:30 am and welcomed all those attending. She announced that a quorum existed with ten (10) of the eleven (11) Executive Committee members participating.

Agenda: President Devlin requested to move the Risk Management Committee and Claims Services Reports to the beginning of the meeting. There were no other changes to the agenda that was earlier circulated electronically. Mr. Grose moved and Mr. Bartel seconded to approve the agenda with the changes as stated; the motion passed.

Consent Agenda: Mr. Bartel moved and Mr. Burton seconded to approve the consent agenda; the motion passed. Included were:

1. Minutes of April 25 & 28, 2014 Executive Committee meetings.
2. Voucher Approval Request No. 14-03 (Feb – May 2014), more specifically check numbers 8029 through 8410 (administrative payments) and checks 37700 through 38317 (claim payments) in the amount of \$4,259,350.52 and transfers in the amount of \$205,188.66.
3. Claims Settlement Confirmation No. 2014-06-27.
4. Request for Disposition of Assets No. 2014-01.

Standing Committee Reports

- **Risk Management:** Mr. Perry reported the Committee plans to discuss timelines for the existing targeted risk management programs in order to evaluate if the existing programs should be

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continued indefinitely. The Executive Committee members agreed that it was a good idea for the Committee to consider timelines.

Bryan Perry excused himself and terminated his telephone connection.

Staff Reports

- **Claims Manager Looker** reported the Culp case settled for the full authority granted by the Executive Committee. She then reported on the fees to date for the Clark County matter and noted the case has been assigned to Cowlitz County Judge Haan and that depositions are being scheduled. She also reported on the number of Clark County open files and a recent Clark employment liability case that was settled.

Executive Session – Settlement Authorization: Mr. Grose moved and Mr. Burton seconded to convene in executive session under appropriate statutory authorities to discuss settlement authorization; the motion passed. Recognizing that public discussion would impair the Committee's ability to conduct its business effectively and acting in accordance with the WCRP Bylaws and RCW 48.62.101 as well as RCW 42.30.110(1)(i)(i), **President Devlin moved the Executive Committee into an estimated 5-minute Executive Session at 8:40 am. President Devlin reconvened in regular session at 8:46 am.** Mr. Alvarez moved and Mr. Burton seconded to provide the Pool's Claims Manager (claims staff) with settlement authorization in the amount suggested during the executive session for the Estate of Hawthorne v. Kittitas case; the motion passed with Ms. Young abstaining.

Actuarial Services Report: Mr. Scukas presented the Actuarial Rating Review for Policy Year 2014-15. He noted the report includes projected costs for the 2014-15 liability program for the \$100k current Pool retention and by layer up to \$2M. The end result shows an 11.6% decrease in the projected pool layer loss costs. Mr. Scukas then reported the preliminary estimates show the total program costs are projected to be \$17.2M for 2014-15. This compares to \$18.1M estimated costs for pool year 2013-14. Mr. Scukas noted that the estimates still include Clark County. He then detailed the projected losses by layer and stated the analysis shows favorable development. Discussion took place regarding experience ratings. Mr. Alvarez moved and Mr. Bartel seconded to change Risk Pool policy language to replace the term *experience modification to underwriting adjustment factor(s)*. Discussion took place. The motion passed. Mr. Bartel moved and Mr. Duvall seconded to direct the actuary to recalculate the projected costs for the 2014-15 liability program with Clark County's experience removed; the motion passed.

Insurance Producer (Broker) Services Report: Ms. Miser reported that AJG is working with Berkley and they are discussing the renewal of the liability program without Clark County included. Ms. Miser stated that Lexington/Ironshore is coming in with a nearly flat renewal, estimates were provided but Ms. Miser noted the pricing is not finalized. The other change coming for 2014-15 is the addition by Lexington of aggregates on the excess and reinsurance layers. She stated there are two options, a per member aggregate of 4 times each layer limit or a policy aggregate on each layer of 10 times the occurrence limit. Ms. Miser noted that the pricing will not change based on which aggregate type is selected. Discussion took place regarding aggregates. Ms. Miser reported that AJG is also talking to other insurers regarding the different layers and pricing options.

President Devlin recessed the meeting at 10:00 am for fifteen (15) minutes.

Producer's Report Continued: Ms. Miser reported on the property program, she expects a flat renewal or better for the upcoming year for the most part. There might be an increase in the boiler and machinery coverage. Coverage for underground piping was discussed. Mr. Chino further reviewed

pricing and carrier options for the 2014-15 liability program. Mr. Grose moved and Mr. Bartel seconded to remain with Lexington for the liability program renewal; the motion passed.

Ms. Miser gave a loss control update. A White Paper was recently delivered to Ms. Lowe, work on the Contract Manual continues and a draft will be available soon. She also reported on recent AJG webinars, speakers, and the status of the Risk Mapping project that was conducted with Dorothy Gjerdrum.

Mr. Chino reported on cyber liability coverage and provided rates from two carriers. He noted the quotes were based on information provided but that member counties have not yet filled out the application that will be required in order to bind coverage. He reminded the group that this is for first party coverage, but noted that fines and penalties, regulatory liability and breach response are also covered. Regulatory liability and breach responses have a \$1M maximum. Mr. Chino made a recommendation on how to fund/distribute the premium amongst the counties which includes pre-funding the deductible. Mr. Woods moved and Mr. Duvall seconded to forward the proposal for cyber liability coverage with XL at a \$5 million aggregate, a \$25k deductible and premium of \$95k to the Board for approval with the Executive Committee's favorable recommendation; the motion passed. Mr. Chino said the required application for all member counties will be provided on-line and noted the application is just a few questions.

Nominating Committee: President Devlin and Mr. Goehner noted they would seek re-election to the Executive Committee. Mr. Grose and Mr. Burton are not running for re-election to the Executive Committee. Bryan Perry has expressed interest in the Executive Committee. President Devlin has not heard from any other interested candidates at this time. Mr. Grose suggested Paulette Young from Lewis County as a candidate for the Executive Committee. Discussion took place regarding the balance between Electeds and Appointeds on the Executive Committee. Jill Johnson, a Commissioner from Island County, was suggested for the Executive Committee. The matter was deferred to the July 11 meeting.

President Devlin noted the Vice President and Secretary/Treasurer officer positions need to be filled as well. Steve Bartel moved and Dean Burton seconded to forward Lisa Young as the Nominating Committee's candidate for Vice President; the motion passed. Mr. Grose moved and Mr. Bartel seconded to forward Keith Goehner as the Nominating Committee's candidate for Secretary/Treasurer, the motion passed.

Investment Committee: Mr. Goehner reported that the minutes from the Investment Committee meetings were available in the notebook for review. Funds invested in Spokane County are earning a 0.7% return, which is better than the Local Government Investment Pool. The Committee continues to discuss other options for investments. Mr. Goehner noted there is a little over \$30M that is currently invested.

Standing Committee Reports

- **Finance:** Mr. Duvall noted the State Auditor's Office Accountability and Financial Statements Audit Reports and the Second Quarter Financial Reports were available in the notebook and asked if there were any questions. Hearing none, Mr. Duvall noted the changes suggested to the Financial Management Policy and the Travel Policy were available in the notebook as well, most of the updates are to reflect current practice. Discussion took place regarding the suggested changes and additional suggested changes that might be included. It was agreed these further suggestions will be discussed and drafts will be provided at the July 11th Executive Committee meeting for consideration.

The draft budget for Pool Year 2014-15 was discussed and Mr. Hill brought up the topic of succession planning. Further discussion and budget recommendations were discussed. A draft budget will be provided at the July 11th Executive Committee meeting for consideration.

President Devlin recessed the meeting at 12:00 pm for five (5) minutes.

Standing Committee Reports continued

- **Personnel:** Ms. Young reported the Committee was waiting for reports from HR Answers and Suzanne Michaels regarding the market rate salary study and evaluation of the Pool's Personnel Policy. The Personnel Committee expects to have further information to share at the July 11th meeting.
- **Underwriting:** Mr. Woods reported the Underwriting Committee plans to meet prior to the Annual meeting to discuss penalty language.

Staff Reports

- **Loss Control Coordinator Lowe** reported on Washington PRIMA events and the National PRIMA conference in Long Beach, CA. Several attendees associated with the Risk Pool attended the National PRIMA conference. Ms. Lowe then gave an update on recent Loss Control visits, the Training for Elected Officials with Duncan Fobes, and testing information.
- **Specialty Services Representative Goldsmith** reported he and Mr. Hill are about halfway through the annual visits with Member Counties. The focus this year is on education-membership and the obligations of membership. Mr. Goldsmith stated he is working with Ms. Young and the Personnel Committee regarding the salary study and Personnel Policy.
- **Executive Director Hill** requested to return to the reports in tabs 14 and 15 of the meeting notebook and noted the reports need to be considered for approval. Mr. Duvall moved and Mr. Woods seconded to approve the State Auditor's Office Accountability and Financial Statements Audit Reports and the Py2014-Q2 Financial Reports. Discussion took place. The motion passed. Mr. Duvall requested to address the group regarding the L&I Retro Pool and he reported the Retro Pool is looking at combining with AWC. Discussion took place.

Mr. Hill then returned to the Administrative Services report. He reported on the Leasing/Renovation plans for WCRP headquarters. He noted the HCA Property Appraisals recently were received and are being distributed. With this round of appraisals, all locations with at least \$375k value are now appraised. Mr. Hill noted the Annual Report was provided in the notebook and needs to be approved. Mr. Alvarez moved and Mr. Duvall seconded to approve the 2013 Annual Report, Silver Anniversary Edition; the motion passed.

Mr. Hill reminded the group that Clark County verbally requested a partial refund of (unearned) assessment(s) at the last Executive Committee meeting. Mr. Hill said there may be a refund coming from the excess insurers but the amount is unknown at this time. Mr. Woods suggested the Executive Committee should acknowledge the request from Clark but noted the Committee does not have enough information to proceed at this time. Discussion took place. Mr. Woods moved and Mr. Bartel seconded to direct the brokers to seek a refund from the excess/reinsurance carriers; the motion passed.

Executive Session – Pending Litigation: Mr. Alvarez moved and Mr. Bartel seconded to convene in executive session under appropriate statutory authorities to discuss pending litigation; the motion passed.

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 Committee's ability to conduct its business effectively, **President Devlin moved the Executive Committee meeting into an estimated 5-**

minute Executive Session at 12:55 pm. President Devlin reconvened the Executive Committee in regular session at 1:00 pm. No actions were taken.

President Devlin thanked everyone for their participation and adjourned the meeting at 1:04 pm.

MINUTES APPROVED this 11th day of July, 2014.



President

Attest: 

Secretary/Treasurer