

**WASHINGTON COUNTIES RISK POOL
EXECUTIVE COMMITTEE MEETING**

Friday, June 28, 2019

Red Lion Hotel Seattle Airport
18220 International Blvd, Seattle, WA

ATTENDANCE:

Name	Relationship		Comment
Steve Bartel	President (2008-19)	<input checked="" type="checkbox"/>	
Mike Thomas	Vice President (2016-19)	<input checked="" type="checkbox"/>	Joined telephonically
Vickie Raines	Secretary/Treasurer (2017-20)	<input checked="" type="checkbox"/>	
Lisa Young	Member (2012-21)	<input checked="" type="checkbox"/>	
Joe Brusic	Member (2019-21)	<input checked="" type="checkbox"/>	
Gary Stamper	Member (2019-21)	<input checked="" type="checkbox"/>	
Tammy Devlin	Member (2008-20)	<input checked="" type="checkbox"/>	
Philip Morley	Member (2019-20)	<input checked="" type="checkbox"/>	
Karen Goens	Member (2017-20)	<input checked="" type="checkbox"/>	
David Alvarez	Member (2013-19)	<input type="checkbox"/>	Absent and excused
Dawn Twiddy	Member (2018-19)	<input checked="" type="checkbox"/>	
Derek Bryan	Executive Director (<i>ex-officio</i>)	<input checked="" type="checkbox"/>	

OTHERS ATTENDING:

Name	Relationship		Comment	County/Organization
Thad Duvall	Finance Committee Chair	<input checked="" type="checkbox"/>		Douglas County
Kevin Wick	Actuary	<input checked="" type="checkbox"/>		PwC
Craig Scukas	Actuary	<input checked="" type="checkbox"/>		PwC
Liz Miser	Broker Producer	<input checked="" type="checkbox"/>		AJG
John Chino	Broker Producer	<input checked="" type="checkbox"/>		AJG
Sue Colbo	Accounting Officer	<input checked="" type="checkbox"/>		WCRP Staff
Jill Lowe	Senior Risk Analyst	<input checked="" type="checkbox"/>		WCRP Staff
Erin Konrady	Member Programs Specialist	<input checked="" type="checkbox"/>		WCRP Staff

Welcome, Roll Call & Introductions: President Bartel called the meeting to order at 9:07am. He welcomed everyone and confirmed that a quorum existed.

Agenda: Vickie Raines moved, and Lisa Young seconded to approve the agenda as presented; the motion passed.

Approval of Minutes: Tammy Devlin moved, and Lisa Young seconded to approve the March 1, 2019 Executive Committee meeting minutes; the motion passed with Philip Morley abstaining.

Executive Director Report: Mr. Bryan provided the Executive Committee with an update on administrative activities.

Mr. Bryan provided the Executive Committee with a staffing update, to include having filled both the Claims Analyst and Risk Analyst positions. Mr. Bryan stated that the WCRP office space is at the maximum capacity for assigned employee offices. However, the tenants renting space attached to the WCRP building have sold their business and the new owners plan to continue business from the existing location through a short, temporary, lease. Mr. Bryan noted that we will likely take this opportunity to add offices for staff, and that the Executive Committee may see a request for a minor remodel in the near future, in order to expand the WCRP offices into that space.

Mr. Bryan reminded the committee that final phase of the three-year appraisal project with AssetWorks will begin in November/December 2019.

Mr. Bryan gave a brief overview of some of the action items the Committee will be discussing throughout the meeting, to include the budget, the actuary's rating study, the property and liability renewals, and a claims update.

Mr. Bryan concluded by mentioning the effort being made to plan an Executive Committee retreat for the fall of 2019. The Executive Committee retreat would serve as strategic planning for the WCRP.

Financial Report: The WCRP Accounting Officer, Sue Colbo reported on 2nd Quarter FY2019 and provided a SAO Accountability Report along with a SAO Financial Statement Report. The Committee was provided with a document identifying a favorable audit with only two minor exit items and staffs' responses to those.

The Executive Committee was also provided with Voucher Approval Request No. 19-03.

Dawn Twiddy moved, and Vickie Raines seconded to approve the Voucher Approval Request No. 19-03; the motion passed.

Vickie Raines moved, and Lisa Young seconded to approve the FY2019 2nd Quarter financials; the motion passed.

Tammy Devlin moved, and Vickie Raines seconded to approve the Disposition of Assets Request No. 2019-2 & No. 2019-3; the motion passed

Finance Committee Report: Thad Duvall, Chair of the WCRP Finance Committee, provided the Committee with a brief overview of the activities of the Finance Committee. Mr. Duvall and Mr. Bryan went through the proposed budget, identifying the noteworthy items for the Committee, to include the decrease in legal costs and independent adjusting costs, which resulted in both seeing a reduction in the proposed budget.

Discussion also took place about the Grant Program line item. This program is being included to promote risk management efforts, allowing members to access these funds for approved risk reduction projects or purchases, with an amount to be approved and awarded following an application process.

Karen Goens moved to recommend the Board of Directors approve the WCRP 2019-20 Fiscal Year Budget as presented, but with renaming the Grant Program line item to "Risk Reduction Program" and moving the line item from the Member Education & Training category to the Loss Control & Risk Management category and to have the WCRP staff and Risk Management Committee coordinate and implement this program, to include the application and approval process. Vickie Raines seconded, and the motion passed.

President Bartel recessed the meeting from 10:21am until 10:33am

Investment Committee Report: Vickie Raines, Chair of the WCRP Investment Committee, provided the Committee with a brief overview of the activities of the Investment Committee.

Broker/Producer Report: Liz Miser and John Chino of Arthur J. Gallagher provided a current market update to the Executive Committee. Ms. Miser thanked the Executive Committee and the Officers for continued participation with the annual marketing trips and meetings with Underwriters. Ms. Miser reported that AJG is hearing back from re-insurers for the FY2020 liability program renewal. Current quotes were provided, while more final quotes/bids are expected to be received soon.

Ms. Miser and Mr. Chino noted that the current liability, cyber and terrorism insurers and reinsurers are interested in continuing the relationships for renewals and, while some increases are being seen, the renewals with the current carriers are reasonable considering the recent changes to the WCRP and the market.

The WCRP Property Program was discussed and Ms. Miser and Mr. Chino both relayed that the property market is fluctuating rapidly, and daily, and that they are seeing increases all over the Country and that the WCRP should expect to see increases of anywhere from 25-50% and/or that the Pool taking a

deductible or SIR is almost a certainty. They are struggling to get final numbers right now and anticipate not receiving anything solid over the next couple of months. The WCRP should expect that insurers will withhold giving final quotes until much closer, if not right up to, the October 1 renewal date.

Discussion took place with the Committee and it was understood that the Broker will give whatever new information they have at the upcoming Board Meeting, but that it may be necessary for the Board of Directors to grant the Executive Committee with authority to select/bind the property coverage between the Board Meeting and the October 1 renewal.

Independent Actuary Report: Mr. Scukas and Mr. Wick of PricewaterhouseCoopers presented on the Initial Rating Study for FY2020, showing 2019-20 projected costs and alternative retentions.

PwC projects an increase in loss costs of about 5%, along with the other 5% that was not taken in a rate increase last year but must be taken this year to see rates match the program costs. When combining these projected costs to the increases in the premiums in the insuring and reinsuring layers, the result is about an 11% overall increase in costs.

PwC also noted that the claims activity has shown a significant reduction in the number of open claims and in the case reserves on the current open claims. If this trend continues, the Pool may see better projections in the future. PwC concluded, however, with a review of the WCRP's funding and noted that the need for capital has increased due to the \$1M SIR and the future funding requirements will increase more with a \$2M SIR.

Discussion took place and an overall costs and option sheet was provided to the Committee. It was noted that if the Committee takes a \$1M SIR, they will see a rate increase of about 11% (Option #1), if a \$2M SIR is selected for 2019-20, they will see a base rate increase of about 8% (Option #2), and if a \$2M SIR is selected and approximately \$1,000,000 is returned to fund balance, they will see a base rate increase of about 13% (Option #3).

Joe Brusic moved to recommend the Board of Directors select Option 3, with an overall base rate of 1.053 per worker hour and with the WCRP selecting an SIR of \$2M for the 2019-20 Fiscal Year, along with selecting Chubb for the \$3M excess of \$2M layer, Brit and Old Republic (50% quota share) for the \$5M excess of \$5M layer, and Allied World and Old Republic (50% quota share) for the \$10M excess of \$10M layer. Vickie Raines seconded. Discussion took place and the motion passed.

President Bartel recessed the meeting for lunch from 12:26pm until 12:44pm.

Claims Report: WCRP Executive Director, Derek Bryan, gave an overview of the current claims, including the total open claims, both litigated and non-litigated, and the current financials on the open claims.

Mr. Bryan also reviewed Settlement Confirmation No. 2019-06-28, which was also being presented for approval.

Joe Brusic moved, and Lisa Young seconded to approve Settlement Confirmation No. 2019-06-28; the motion passed, with Dawn Twiddy abstaining.

Underwriting Committee Report: WCRP Executive Director, Derek Bryan, provided the Executive Committee with an update on the Committee's activities, which included an overview of the meeting held on June 14, 2019. Mr. Bryan detailed the proposed changes to the Memorandum of Liability Coverage and to the Claims Handling Policies and Procedures. Discussion took place and Philip Morley recommended a change in the wording related to a county's internal procedures when it comes to requesting Pre-Defense.

Vickie Raines moved, and Karen Goens seconded to forward the 2019-20 WCRP Memorandum of Liability Coverage to the WCRP Board of Directors for approval;

Vickie Raines amended the motion to include also forwarding the Claims Handling Policies and Procedures to the WCRP Board of Directors for approval with the change suggested by Philip Morley; Karen Goens accepted the amendment; the motion passed.

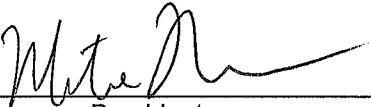
Risk Management Report: WCRP Senior Risk Analyst, Jill Lowe, provided the Executive Committee with an update on Risk Management activities, to include an update on member visits.

Member Programs Report: WCRP Member Programs Specialist, Erin Konrady, provided the Executive Committee with an update on training, scholarship and other member programs.

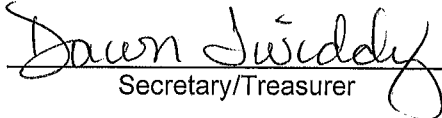
Upcoming Meeting and Conferences: President Bartel reminded members that the packet includes a list of upcoming meetings.

Adjournment: President Bartel thanked everyone for participating and adjourned the meeting at 1:47 pm.

MINUTES APPROVED this 1ST day of NOVEMBER, 2019.



President

Attest: 

Secretary/Treasurer