

**WASHINGTON COUNTIES RISK POOL  
EXECUTIVE COMMITTEE MEETING MINUTES**

9:00 AM, Thursday, February 2, 2012  
Red Lion Hotel, 18220 International Blvd, SeaTac, Washington

**ATTENDANCE:**

President – Steve Bartel, Director – Spokane County Risk Manager

Secretary/Treasurer – Mark Wilsdon, Director – Clark County Risk Manager

Executive Committee Members Present –

Keith Goehner, Director – Chelan County Commissioner

Steve Clem, Director – Douglas County Prosecuting Attorney

Lee Grose, Director – Lewis County Commissioner

Andrew Lampe, Director – Okanogan County Commissioner

Marilyn Butler, Alternate Director – Skamania County Risk Manager

Tammy Devlin, Alternate Director – Thurston County Risk Manager

Jay Winter, Director – Walla Walla County Personnel / Risk Manager

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

Vyrle Hill – WCRP Executive Director (*ex-officio*)

Risk Pool Staff –

Susan Looker – Claims Manager

David Goldsmith – Member Services

Jill Lowe – Loss Control Coordinator

Others –

Bronson Potter, Chief Civil Deputy Prosecuting Attorney – Clark County

Brad Maxa – Gordon Thomas Honeywell / Clark County

J. William Ashbaugh, Coverage Counsel – Hackett Beecher & Hart

Michael Croke, Area Senior Vice President – AJGRMS, Inc.

Elizabeth Miser, Area Vice President – AJGRMS, Inc.

Kevin Wick, Managing Director – PricewaterhouseCoopers LLP

Craig Scukas, Director – PricewaterhouseCoopers LLP

Executive Committee Members Not Present –

Laura Merrill, Director – Pend Oreille County Commissioner

**Welcome and Roll Call:** President Bartel called the meeting to order at 9:00 a.m. and welcomed all those attending. He announced that he could confirm visually that a quorum of committee members was present with only L. Merrill absent.

**Agenda:** President Bartel asked if there were any changes to the (version 02-01-12) preliminary agenda earlier circulated electronically. No changes were proposed. A. Lampe moved to accept the 02-01-12 preliminary agenda and proceed with the meeting accordingly; M. Butler seconded, and the motion passed without dissent.

**Minutes:** S. Clem moved and L. Grose seconded for approval of the minutes as prepared and circulated for the four prior Executive Committee meetings – October 10, 2011 telephonic, October 13, 2011 at the SeaTac Red Lion Hotel, November 2, 2011 at Campbell's Resort in Chelan, and November 21, 2011 telephonic; the motion carried without dissent.

**Vouchers:** K. Goehner moved and L. Grose seconded for approval of Voucher Approval Request No. 12-01, more specifically check numbers 5281 through 5629 (administrative) and 32438 through 33116 (claims) totaling \$13,125,389.45 with transfers of \$175,819.92; the motion passed without dissent.

**Claims Settlement Authorizations:** After Claims Manager Susan Looker provided a brief refresher about the background of the five cases, S. Clem moved and T. Devlin seconded for approval of Claims Settlement Confirmation No. 2012-02-02, more specifically: Neighborhood Alliance v. Spokane County et al, Prison Legal News v. Chelan County et al; George Johnson v. San Juan County et al; Chantelle Fogle v. Clark County et al; and Zamudio/Jensen v. Chelan County et al. The motion carried.

**Claims Auditing Services:** Claims Manager Susan Looker summarized the proposal recently received from Gary Jennings (Strategic Claims Direction LLC) to soon complete audits of the claims handling practices in three of the larger deductible counties – Thurston, Lewis and Clark Counties. No objections to proceeding with this budgeted effort were expressed.

**Coverage Appeal Hearing:** Shortly after 9:00 a.m. President Bartel opened the hearing regarding Clark County's appeal of the Executive Director's decision affirming the denial of coverage for the *Spencer et al* lawsuit against Clark County, its Prosecuting Attorney's and Sheriff's Offices, and former Clark County employees James Peters, Michael Davidson, and Sharon Krause. Bronson Potter and Bradley Maxa presented evidence, argument and legal authorities on behalf of Clark County, its two subdivisions, and its three former employees. Vyrle Hill and Susan Looker presented evidence, argument and legal authorities on behalf of the Pool. The Executive Committee questioned all parties.

**President Bartel recessed the meeting at 10:43 a.m. and reconvened at 10:50 a.m.**

Following the presentations of evidence, argument and legal authorities, the Executive Committee retired into executive session to discuss Clark County's Appeal.

**Executive Session:** Acting in accordance with the WCRP Bylaws and RCWs 48.62.101 and 42.30.110(1) (i), and recognizing that public discussion would impair the Committee's ability to conduct its business effectively, **President Bartel excused all those present except coverage counsel W. Ashbaugh and the Committee members, less M. Wilsdon, and moved the Executive Committee into an estimated 20-minute executive session at 10:55 a.m. At 11:15 a.m., President Bartel announced Executive Session was being extended another 10 minutes.**

Thereafter, **President Bartel reconvened the Executive Committee in regular session at 11:25 a.m.** to consider and vote on a motion to determine the appeal with the earlier meeting participants as well as actuary representatives K. Wick and C. Scukas present. S. Clem moved and K. Goehner seconded to affirm the Executive Director's earlier denial of coverage in connection with the *Spencer et al* lawsuit based on: (1) the evidence, argument and authorities presented by the parties at the hearing; and (2) the terms and conditions of the Pool's Joint Self-Insurance Liability Policy. *The motion passed by voice vote with no dissents but with Mr. Wilsdon abstaining in compliance with WCRP Bylaws Article 8, Section B.2.c.*

**State Risk Manager Report:** LGSI Program Administrator S. Stuber was not present and no report was available.

**Actuarial Services Report:** PricewaterhouseCoopers' Kevin Wick, Managing Director, and Craig Scukas, Director, were present and presented their Actuarial Reserve Review as of September 30, 2011 with the enhancements for GASB and SRM compliance using an 8-page handout they furnished. Craig noted that their estimates included \$14,992 million net reserves which are comprised of \$5.573 million in reserves for the Pool's self-funded layer, \$8.575 million in corridor / aggregate deductible reserves, and \$0.844 million in unallocated loss adjustment expense (ULAE) reserves. The total increased some from the corresponding \$14.0 MM estimate for the year earlier, but the ultimate loss estimate for the Pool's self-funded layer was more than \$0.5MM lower. They reported that the Pool's financial position is such that it easily satisfies both of the State Risk Manager's solvency tests. Kevin presented other metrics upon which a pool's financial strength and stability might be better measured against, and agreed to present this concept during the Spring Conference. A. Lampe moved and T. Devlin seconded to accept the Py2011 Actuarial Reserve Review from PricewaterhouseCoopers LLP; the motion passed without dissent.

**Insurance Producer (Broker) Services Report:** Mike Croke and Liz Miser shared a brief state of the insurance marketplace update noting that there is a "firming" occurring across all lines, that 2011 combined loss ratios were approximately 104 – 105%, that redundant reserving practices are nearly non-existent, and that carriers are being even more cautious and looking for profitability of at least 5 – 15%. They shared their preliminary plans for marketing the WCRP programs which include visits to/with both the domestic and London markets. They also noted the Pool's SIRs and reinsured coverage levels, and the ancillary services provided by the insurers, as elements that must also be considered with the upcoming insurance renewal selections.

## Standing Committee Reports / Action Items

- **Finance** – Co-chairs Clem and Grose deferred to Executive Director Hill.

Fy2011 Financial Reports: Mr. Hill reported that the entire submission to the SAO for audit was included in the meeting's notebook. He noted year-end Total Assets of \$41.1 million, Current Liabilities of \$30.1 million, and Net Assets of \$11.0 million, enough to fully satisfy the confidence level restrictions in the Pool's policy and still leave more than \$4.4 million. He also noted that Operating Income was nearly \$765,000, that 99% of the operating (administrative) budget had been expended, that the Pool passed both SRM and the Pool's own solvency tests, and that the 10-year Claims Development triangle was very favorable. J. Winter moved and M. Butler seconded to approve the Py2011 Financial Reports; the motion passed without dissent.

1Q-Fy2012 Financial Reports: Mr. Hill reported that 2012 first quarter ending Total Assets were \$31.1 million and Current Liabilities were \$20.1 million, leaving a Net Position (formerly Net Assets) of \$11.1 million. He also noted that Operating Income was nearly \$0.06 million, only 19% of the operating (administrative) budget had been expended, and the Pool would pass both the SRM and the Pool's own solvency tests at the end of the first quarter of Fy2012. L. Grose moved and M. Wilsdon seconded to approve the 1Q-Py2012 Financial Reports; the motion passed without dissent.

- **Personnel:** Co-chair Devlin reported on the Continuity of Operations Plan for the Pool that was being compiled, and discussion followed regarding its use and effectiveness during the recent severe weather conditions. All agreed to defer the Emergency Succession Plan for further consideration to a telephonic meeting to be conducted Friday, March 16, 2012 at 9:00 a.m.

**President Bartel recessed the meeting at 12:35 p.m. and reconvened at 12:45 p.m.** K. Wick and C. Scukas departed the meeting.

- **Risk Management:** J. Lowe reported that the Committee was to meet Thursday, February 16, 2012 to review the Loss Analysis compiled and recently submitted by AJGRMS, Inc.
- **Underwriting:** S. Looker noted defense for recalls of elected officials and future wages as benefits as two more items the Committee should consider in addition to the two prior exposure concerns raised – bonds and securities, and railroads.

## Staff Reports:

- **Executive Director Hill** reported that Stacey Spears was employed December 12<sup>th</sup> to replace Claire Thompson as the part-time (25 hours/week) Administrative Assistant. He and Claims Manager Looker also reported that Carli Gochnour was employed January 1<sup>st</sup> as Claims Assistant to replace Lisa Daly who was earlier promoted to Claims Representative.

Revised Final WCPP Deposit Assessment Allocation for Py2012: Mr. Hill then reported that Lexington had refunded \$26,593.18 in premium from Py2011 after agreeing the November 2010 addition of Thurston County's \$30 million Accountability and Restitution Center was within the WCPP's margin clause and should have been without added premium. However, Thurston County was actually charged and paid \$33,307 since the county's Py2011 property rate was greater than the standard WCPP rate charged by Lexington. Mr. Hill noted that the difference (\$6,713.82), which was held initially by the Pool then credited towards the overall Py2012 WCPP allocations, needed to be refunded to the county along with the Lexington funds. L. Grose moved and M. Butler seconded to approve the Revised Final Py2012 SOVs and Deposit Assessment Allocation worksheet which excludes the Py2011 overpayment credit and to authorize the refund to Thurston County for its facility added to the WCPP in November 2010 facility; the motion passed without dissent.

WCIF Trust Amendment: Mr. Hill reported that the Pool participates in the Washington Counties Insurance Fund ("WCIF") and that its Board had approved several minor amendments to its foundation agreements that needed to be formally approved by each WCIF member. M. Butler moved and K. Goehner seconded to authorize the President to approve the WCIF changes and sign the applicable documents; the motion passed without dissent.

Banking/Investment Services: Mr. Hill reported that he and Accounting Officer Sue Colbo had sought proposals for both banking and investment services. He noted that responses were

minimal, but the Wells Fargo proposals were most interesting. No objections were expressed to changing banking services from Bank of America to Wells Fargo and to pursue investment management assistance from Wells Fargo or other similar agents.

- **Claims Manager Looker** reported that CHARTIS was still challenging the number of occurrences applicable to the Case et al v. Clallam County matter. She also reported on the resolution in the Fogle v. Clark County matter.
- **David Goldsmith, Specialty Member Services**, reported that Whitman County tendered its conditional notice of withdrawal to the WRCIP to explore other insuring options including returning to the WCRP. He also noted having just received Franklin County's resolution rescinding the conditional notice of the county's intent to withdraw from the Pool at the conclusion of Py2012.

Strategic Plan Update: Mr. Goldsmith presented his compilation of the Strategic Plan incorporating what he understood to be the desires and directions from the Autumn Conference. S. Clem moved and M. Butler seconded to recommend the 2011-12 Strategic Plan revisions to the Board for action; the motion passed without dissent.

- **Loss Control Coordinator Lowe** reported one county as not presently being in compliance with the Risk Manager certification requirements. She noted that she had communicated with the County's Risk manager and hoped to meet with them in person soon and develop plans that would address this deficiency.


#### Officer and Committeeperson Reports:

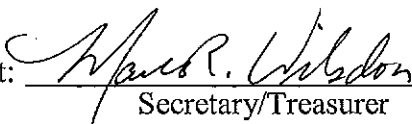
- **Executive Committee Vacancy**: J. Winter announced that he had decided to retire and leave employment with Walla Walla County as Personnel/Risk Manager effective the last day of February. He noted that he is expecting to return contractually in a month or so for a time to assist during and with the transition. He shared his appreciation for the Pool and the services it provides to and for its member counties, and for the opportunity to serve on the Executive Committee and participate in the leadership of the Pool. President Bartel noted that he would solicit nominees and that an election would be conducted during the 2012 Spring Meeting to fill the remainder of Mr. Winter's term through September 2013.
- **Executive Session – Review Performance of a Public Employee**: M. Butler moved and M. Wilsdon seconded to convene in executive session under appropriate statutory authorities for an estimated ten (10) minutes to conduct the Executive Director's annual performance evaluation; the motion passed without dissent. Acting in accordance with the WCRP Bylaws and RCW 42.30.110(1) (f/g), and recognizing that public discussion would impair the Committee's ability to conduct its business effectively, **President Bartel excused all except the remaining Committee members (Lee Grose was excused) and moved the Executive Committee into an estimated 10-minute executive session at 1:32 p.m.**

President Bartel reconvened in regular session at 1:43 p.m. with all prior participants and announced that no decisions were made or would result from this executive session.

**Adjournment**: With no further business items to address and a flight to catch, President Bartel adjourned the meeting at 1:43 p.m.

MINUTES APPROVED this 16<sup>th</sup> day of March, 2012.

  
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President

Attest:   
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Secretary/Treasurer