

MEETING MINUTES
WASHINGTON COUNTIES RISK POOL
FINANCE COMMITTEE
3:00 PM, Wednesday, June 19, 2013
Red Lion Hotel, 18220 International Blvd, SeaTac, Washington

ATTENDANCE:

Chair – Thad Duvall, Alternate Director – Douglas County Auditor
Other Finance Committee Members Present –
 Claire Hauge, Alternate Director – Cowlitz County
 Keith Goehner, Director – Chelan County Commissioner
 Lee Grose, Director – Lewis County Commissioner
Other WCRP Representatives Present –
 Mark Wilsdon, Py2013 President / Director – Clark County
PricewaterhouseCoopers, LLP (Actuary) –
 Craig Scukas, Director
Risk Pool Staff –
 Vyrle Hill – WCRP Executive Director
 Sue Colbo, Staff – WCRP Accounting Officer

Welcome and Roll Call: Chair Duvall called the meeting to order at 3:09 p.m. and welcomed those attending. He announced that he could confirm visually that all but two committee members were participating and mentioned that Mark McCauley had commits in Clark County and Steve Clem was attending (presenting at) the WAPA Conference.

Agenda: Chair Duvall asked if there were any changes to the preliminary agenda earlier circulated electronically... no changes were suggested by the Committee attendees and all agreed to follow the preliminary agenda.

Target Fund Balance Review (Capital Modeling Study): Mr. Scukas led a brief discussion. Ms. Hauge questioned if the inclusion of the “10% quota share” references being suggested for the target range would bind the Pool into maintaining the present reinsuring program with the Pool holding a 10% quota share of the \$8M x \$2M layer. Mr. Grose then moved and Mr. Goehner seconded to recommend Executive Committee/Board of Directors acceptance and approval of PwC’s Target Fund Balance Review and to modify Section D.2 of the WCRP Underwriting Policy to reflect changing to the new target range (paragraph in bold print on page 13, but without the “plus 10% quota share” references); *the motion carried.*

Draft Actuarial Review of Loss Rates for Py2014 including Experience Modification: Mr. Scukas presented PwC’s DRAFT Actuarial Review of Loss Rates for Py2014. He noted they were projecting a 12.4% overall decrease in the 2014 loss rate for the Pool’s \$100,000 retention. He then briefly reviewed the results from the Experience Modification Analysis (Exhibit 1-4) with the (Absolute Value of) Change averaging 2.5% and Unbalanced Mod Factors ranging from 0.718 to 1.349 (-7.7% to +5.6%)... Committee attendees agreed to recommend acceptance of this PwC compilation and to proceed as in the past using both the “expected” rates and with no change to the experience modification components and process.

Estimated Py2014 Loss Funding Projections at Various Pool Retentions: Mr. Scukas then presented and briefly explained PwC’s Estimated Loss Funding Projections at Various Retentions with projections for SIRs of \$250k, \$500k, \$1M and \$2M in addition to the present \$100k SIR... Committee attendees agreed to recommend acceptance of this PwC compilation.

Equity Ownership Analyses by Fiscal Year: Mr. Hill presented a compilation to-date through FY-2012 that reflected nearly \$55.6M from Members’ assessments and reassessments, more than \$2.3M from Members’ direct payments to equity and more than \$10.9M from

investment earnings with more than \$56.0M for claims (paid, reserved, IBNR and ULAE) and the Net Position/Equity of nearly \$12.9M. Following a lengthy discussion, the Committee attendees decided this matter needed to be held over to next (Pool) year.

Py2014 Loss Funding Allocation Methodology: The recent JSILP assessments allocation methodology was explained and briefly discussed... Committee attendees asked PwC to provide an allocation option for impact(s) preview that would consolidate several of the SIR/reinsurance components into one distribution element.

Operating Budget: Mr. Hill and Ms. Colbo presented a summary and several compilations that together constituted the initial WCRP Budget proposal for FY-2014. After some discussion, the Committee attendees agreed to recommend approval of the administrative (operating) elements of the budget proposal, including the new part-time office assistant position, totaling \$2.13M with the Py2014 Salary Schedule incorporating a 1.20% COLA (80% of the 1.50% March 2013 US:CPI-U) and the proposed Annual (staff) Work Plan.

Annual Review of the WCRP Financial Management Policy: The Committee attendees decided this matter needed to be held over to next (Pool) year.

Other Business: The attendees reviewed and discussed the concerns raised by and with the recently finished and published SAO audit. Following some discussion, the Committee attendees decided the Pool's vehicle *de minimus* personal use matter should be held over to next (Pool) year for further consideration.

Adjournment: With the business for this meeting concluded, Finance Committee Chair Duvall concluded the meeting at 7:11 PM.

MINUTES APPROVED this 26th day of March, 2014.

Shad Duvall

Finance Committee Chair

Attest:

Clara King

Finance Committee Member