

WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS

MINUTES

Regular Meeting 10:00 a.m.
Thursday, August 18, 1988
Washington Counties Building, Olympia, Washington

Attendance:

Aadne Benestad, Clark County Risk Manager
Chris Freed, Mason County Budget Director
Marjorie Upham, Clallam County Risk Manager
David Zeretzke, San Juan County Risk Manager
Si Stephens, San Juan County Auditor
Bill Benson, Skamania County Commissioner
Al Hatten, Kitsap County Risk Manager
Debbie Cone, Kitsap County Director of Internal Management
Rick Spangenberg, Cowlitz County Risk Manager
Dick Maruhn, Cowlitz County Commissioner
Gordon R. Hey, Island County Budget Director
Frank Bishop, Cowlitz County Budget Director
B. G. Brown, Jefferson County Commissioner
Vyrle Hill, Pacific County Administrative Officer
Steve Zimmerman, Thurston County Deputy Chief Administrative Officer
Duane Burns, Garfield County Commissioner
Ronald E. Crawford, Garfield County Commissioner
Gary Ely, Lewis County Commissioner
Shirley Van Zanten, Whatcom County Executive
Bill Vogler, Grays Harbor County Commissioner
John Crawford, Benton County Deputy Prosecuting Attorney
Mike Gibson, Mason County Commissioner
Claude Cox, Spokane County Safety/Loss Control Manager
John Haywood, ARM Tech
John McCadam, Corroon & Black
Steven Hullin, Corroon & Black

The meeting was called to order at 10:00 a.m. by Bill Vogler, Chair of the Washington Counties Risk Pool Steering Committee.

Consultant's Report:

Mr. Haywood, ARM Tech, Pool Consultant, reported that statutorily required submissions to the State Risk Manager were made on the 11th of July 1988. The Risk Manager has 60 days (until September 9, 1988) to approve or deny the submissions. Other pools have been approved by in-action, being allowed to proceed at the end of the 60 day period.

Mr. Haywood said coverages could take effect on October 15, 1988 for the initial members of the Pool.

Chairman Vogler said the Pool Consultant should contact each county concerning the process and timing of cancellation of existing insurance policies. Mr. Haywood said ARM Tech and Corroon & Black should be involved prior to any cancellation decisions as there may be

advantageous options available. Mr. Haywood said the possibility of tail coverage for currently-insured counties is being researched and that this, too, may impact policy cancellation decisions.

Resolution Creating the Washington County Risk Pool:

Mr. Hill moved approval of the presented resolution creating the Washington Counties Risk Pool, the membership to be the eleven counties which have returned the documents necessary for membership. The counties, date of entrance, designated director, and alternate director, if any, are:

County	Date	Director	Alternate
Benton	June 27, 1988	John Crawford	Ray Isaacson
Grays Harbor	July 5, 1988	Bill Vogler	Rose Elway
Pacific	July 12, 1988	Vyrle L. Hill	Michael Sullivan
Spokane	July 12, 1988	Keith Shepard	John McBride
Cowlitz	July 18, 1988	Richard Maruhn	Frank Bishop
Lewis	August 4, 1988	Gary Ely	Greg Cox
Clallam	August 9, 1988	Marge Upham	Jim Rumpeltes
Kitsap	August 9, 1988	Deborah Cone	R. Schuetz
Garfield	August 15, 1988	Ronald Crawford	Don Stallcop
Jefferson	August 15, 1988	B. G. Brown	Gary Rowe
Skamania	August 15, 1988	William Benson	Robert Leick

THE MOTION WAS SECONDED AND APPROVED.

Mr. Benson moved to accept Mason, Thurston, Whatcom, and Franklin Counties as voting members, having approved their counties' participation in the Pool but, as yet, not having submitted necessary documents.

The member counties (including those which have decided to join but have not submitted all necessary documents), each county's share of start-up cost, each county's deductible, and each county's premium (based upon recent actuarial reports) are:

County	Start-up	Deductible	Premium
Benton	\$338,993.54	\$100,000	\$96,739.84
Clallam*	282,752.08	5,000	180,461.90
Cowlitz	331,798.24	100,000	94,812.65
Franklin	135,406.50	5,000	86,323.49
Garfield	42,538.74	5,000	27,107.38
Grays Harbor	259,648.98	25,000	125,099.28
Jefferson	145,815.46	5,000	92,932.10
Kitsap	447,868.90	50,000	171,605.85
Lewis	270,008.74	25,000	129,994.91
Mason*	158,522.98	5,000	101,082.74
Pacific	110,740.05	5,000	70,614.84
Skamania	124,481.02	10,000	72,010.83
Spokane	974,115.84	100,000	278,262.47
Thurston	446,289.89	100,000	127,624.54
Whatcom	466,412.32	100,000	133,183.13
TOTALS	\$4,535,393.28		\$1,787,855.95

*Clallam and Mason Counties will pay 1/3 of start-up cost by September 1, 1988; coverage for both will begin January 1, 1989.

THE MOTION WAS SECONDED AND APPROVED.

Chairman Vogler raised the question concerning San Juan, Asotin, Chelan, Adams, and Okanogan Counties. Each has shown interest in joining but has not taken any formal action to date. Mr. Crawford said that Article 7 of the bylaws covers the entry of new member counties. No action was taken.

Chairman Vogler announced that the Steering Committee, by passing the previous motions had created the Washington Counties Risk Pool with a voting membership of fifteen.

Resolution approving the proposed Bylaws:

Mr. Crawford said that questions raised concerning the Open Meetings Act had caused him to make minor amendments to the bylaws on Article 2(4)(c). Because the Pool has fewer counties than participated in the feasibility phase, the listed committees in Article 4(2)-(6) have no membership numbers.

Mike Gibson **moved** adoption of the presented resolution adopting the bylaws. The motion was **seconded**.

Mr. Zimmerman asked if Executive Committee decisions should be subject to over-rule by the Board of Directors. Mr. Crawford said this is the same relationship as exists in the Washington Cities Insurance Authority, source of many of the base documents. Mr. Bishop said the Executive Committee should be comprised of the four officers (Article 4 (2)(a)) and a sufficient number of other directors to ensure a majority of the Board of Directors participates in Executive Committee decisions.

Mr. Zimmerman asked if Article 5, which lists a number of Pool employees by position, is obligatory. Mr. Crawford said the list is redundant and could be removed as the Board of Directors will approve all hiring and resolutions creating specific positions are prepared for the Pool's action. Chairman Vogler said the Executive Director will have authority to hire for approved positions.

Mr. Brown **moved** to strike sections (2)-(5) of Article 5 and retaining sections (1) and (6).

THE MOTION WAS SECONDED THEN WITHDRAWN.

THE MOTION TO APPROVE THE BYLAWS WAS APPROVED.

Election of Officers:

President: Nominations: Bill Vogler (by Mike Gibson). Mr. Brown **moved** that nominations be closed and an unanimous ballot be cast for Mr. Vogler.

THE MOTION WAS SECONDED AND APPROVED.

Vice President: Nominations: Shirley Van Zanten (by Gary Ely), Vyrle Hill (by Debbie Cone), Dick Maruhn (by Vyrle Hill).

Mr. Gibson asked if an alternate could be an officer of the Pool. Vyrle Hill responded that an alternate could not be an officer, as an alternate is empowered to act and vote only in the absence of the designated board member.

SHIRLEY VAN ZANTEN WAS ELECTED VICE PRESIDENT.

Treasurer: Nominations: Mike Gibson (by Marge Upham), Debbie Cone (by Steve Zimmerman), Dick Maruhn (by Vyrle Hill).

DEBBIE CONE WAS ELECTED TREASURER.

Secretary: Nominations: Vyrle Hill (by Mike Gibson). There were no other nominations.

VYRLE HILL WAS ELECTED SECRETARY.

President Vogler thanked the members of the Pool Steering Committee for the time and commitment which resulted in the creation of the Washington Counties Risk Pool.

Mr. Maruhn moved that the officers serve for the remainder of 1988 and the full year of 1989.

THE MOTION WAS SECONDED AND APPROVED.

Mr. Brown moved that the President be empowered to sign on behalf of the Pool in the absence of an Executive Director.

THE MOTION WAS SECONDED AND APPROVED.

Committee Appointments:

President Vogler announced a delay in making committee appointments until the members could consider preferences.

Mr. Hill asked if alternates could serve on committees. President Vogler said alternates could serve on all committees except the Executive Committee, which must be composed of directors (Bylaws, Article (4) and (2)).

Resolution Ratifying Actions of Others on behalf of the Pool:

The presented resolution was to insure that the actions of the Pool Steering Committee, the Washington State Association of Counties, ARM Tech, Corroon and Black, and any others were formally approved by the Directors of the Pool. President Vogler said the Directors will be required to revisit this resolution to meet requirements of the Secretary of State for document filings.

Mrs. Van Zanten **moved** that the resolution ratifying previous acts on behalf of the Pool be approved.

THE MOTION WAS SECONDED AND APPROVED.

Resolution describing fiscal matters of the Pool:

A question was asked about the officers of the Pool and acquisition of Errors and Omissions insurance for their acts. Mr. Crawford said the bylaws indemnify the officers acting on behalf of the Pool.

Mr. Hatten raised a question concerning the bond for the staff. Mr. Haywood said the E & O coverage and the fidelity bond should be investigated for later decision.

Mr. Hatten **moved** to strike the specific fidelity bond amount.

THE MOTION WAS SECONDED AND APPROVED.

Mrs. Van Zanten **moved** approval of the resolution as amended.

Mr. Brown said the secretarial salary in the proposed budget (which was incorporated by reference into the resolution) seemed high. Mr. Haywood said the position will be sensitive and should be filled by a well-qualified and well-compensated person. Mssrs. Zimmerman and Bishop said the budget figures are tentative and guidance for the Executive Committee. Mrs. Van Zanten asked why it was necessary to adopt a full budget at this point. President Vogler said the budget constituted authority to spend within limits; he reminded the members that the Pool will have other expenses not in the budget, mostly contracted services.

THE MOTION WAS SECONDED AND APPROVED.

Resolution adopting a claims procedure and the Claims Manual:

Mr. Cox explained the resolution and **moved** its adoption. Mr. Zimmerman said the procedure needs to be subject to refinement.

THE MOTION WAS SECONDED AND APPROVED.

Personnel Issues:

At the Moses Lake meeting in July the Steering Committee asked Mr. Haywood to seek an interim management proposal from Corroon and Black. The proposal was submitted today. No action was taken as the Executive Committee will study the proposal and other options which might be available.

Excess Insurance Acquisition:

President Vogler asked the representatives of Corroon and Black to list items needed to take the Pool into the insurance market for the excess layer of protection beyond the members' deductible and the Pool's self-insured retention amount.

Mr. McCadam said Corroon and Black will require signed resolutions, signed interlocal agreements, and listings of claims or

"prayers" in excess of \$50,000 for each of the last five years from each member. The list of claims must include a brief description, including whether "settled" (show actual amount) or "open" and acknowledgment from the attorney of the likely settlement amount if it is going to court. In addition, the Pool will have to provide a formal financial statement from an independent certified public accountant.

An organizational chart of the Washington Counties Risk Pool and a statement of purpose which recognizes the problems of coverage to public entities will be required. The Pool will also need to submit the claims filing/processing procedure and tentative plans for handling defense, the rationale for the differing deductibles of member counties, underwriting data, an operational budget, evidence that the Pool members have accepted the actuarial analyses and have decided to seek excess insurance for the Pool. Mr. McCadam said the firms approached for excess coverage will be less concerned over the timing of the Pool staff being hired than with the quality and experience of the staff.

Revisit to resolution describing fiscal matters of the Pool:

Mrs. Van Zanten moved to reconsider the fiscal resolution so that the budget date could be changed to August 18, 1988 and for the Pool to be able to utilize the remaining \$30,000 (approximate) of the original study money.

THE MOTION WAS SECONDED AND APPROVED.

Mr. Gibson moved that the remaining funds in the control of the Washington State Association of Counties be transferred to control of the Washington Counties Risk Pool.

THE MOTION WAS SECONDED AND APPROVED.

Revisit to Committee Appointments:

President Vogler returned to the question of committee appointments. He suggested that the Executive Committee of the Board of Directors include directors from Franklin, Benton, Spokane, Cowlitz, and Jefferson Counties, for a total of nine members.

Mr. Brown moved to establish a nine-member Executive Committee of the Board of Directors consisting of the four officers and directors from the counties of Franklin, Benton, Spokane, Cowlitz, and Jefferson Counties.

Ms. Upham noted that the nine-member Executive Committee would comprise a super-majority of the initial fifteen-member Board of Directors. President Vogler responded that the Executive Committee would likely not be unanimous on controversial issues, thereby setting the stage for Board of Director decisions to over-rule the Executive Committee.

THE MOTION WAS SECONDED AND APPROVED.

Committee chairs, per the Bylaws, are as follow:

Finance Committee, Debbie Cone

Planning Committee, Shirley Van Zanten
Operations Committee, Vyrle Hill

President Vogler said members interested in serving on any committee should make direct contact with the Committee Chair. Each director will serve on at least one committee (Bylaws, Article 4(1)).

Mr. Crawford is to meet with each committee chair to plan the work of each committee and to schedule tasks.

Deductibles:

President Vogler re-confirmed each county's deductible amount.

New County Members:

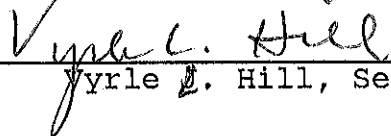
Mr. Hullin said the proposed new members would not skew the actuarial work to date. He strongly encourages interested counties to make their commitment now in order to be included in the initial data base.

Next Meeting:

The Washington Counties Risk Pool Executive Committee will hold its next meeting Wednesday, August 31, 1988 in the Washington Counties Building, Olympia beginning at 10:00 a.m. All member and non-member counties are invited to attend.

The meeting adjourned at 1:50 p.m.

RESPECTFULLY SUBMITTED



Vyrle L. Hill, Secretary

APPROVED: 10 / 20 / 88



William F. Vogler, President

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