

**WASHINGTON COUNTIES RISK POOL  
BOARD OF DIRECTORS  
SUMMER ANNUAL MEETING**

**MINUTES**

**8:30 a.m., Friday, July 20, 2001  
WestCoast Grand Hotel, Spokane**

**ATTENDANCE:**

President – Si A. Stephens, San Juan County Auditor  
Secretary/Treasurer – Mary Jo Cady, Mason County Commissioner  
Executive Committee –  
    Marilyn J. Breckel, Skamania County Administrative Services Manager  
    David Goldsmith, Jefferson County Deputy Administrator  
    Vyrle L. Hill, Pacific County Administrative Officer  
    Steve M. Lowe, Franklin County Prosecuting Attorney  
    Mike Shelton, Island County Commissioner  
    Melina Wenner, Benton County Risk Manager  
    R. S. Zirkle, Yakima County Chief Deputy Prosecuting Attorney  
Adams County – Linda Reimer, Clerk of the Board – Alternate  
Chelan County – John A. Hunter, County Commissioner – Director  
Clallam County – Marge Upham, Director of Personnel & Risk Management – Director  
    Toni Gilbert, Safety/Training Specialist – Alternate  
Columbia County – Scott Smith, County Engineer – Alternate  
Cowlitz County – Clyde W. Carpenter, Risk Manager – Director  
Grays Harbor County – Bob Beerbower, County Commissioner – Director  
    Rose Elway, Director of Management Services – Alternate  
    Mary Davis, Deputy Director of Management Services – Alternate  
Island County – Betty Kemp, Director of General Services Administration – Alternate  
Kitsap County – Barbara Razey, Risk Manager – Director  
Klickitat County – Lori Wolford, Personnel/Risk Manager – Alternate  
Lewis County – Dennis Hadaller, County Commissioner – Director  
Mason County – Herb Baze, County Commissioner  
    Ione Siegler, Director of Budget and Finance – Alternate  
Okanogan County – Craig Vejraska, County Commissioner – Director  
Spokane County – Leon Long, Risk Manager – Director  
    Tim Durkin, Senior Deputy Prosecuting Attorney – Alternate  
Thurston County – Diane Oberquell, County Commissioner – Director  
Walla Walla County – Pam Ray, County Commissioner – Director  
Whatcom County – Randall J. Watts, Chief Civil Deputy Prosecuting Attorney – Director  
Whitman County – Richard Brown, Director of Administrative Services – Director  
  
State of Washington – John Nicholson, LGSJ Program Administrator  
Broker – Mike Croke, Senior Vice President, Willis Corroon Corporation of Seattle  
    Marianne K. McCrary, CPCU, Senior Account Manager  
    Valerie Merry, Client Manager  
    Carla Massey, Account Assistant

Mike Landon, Loss Control Specialist  
Reinsurance Underwriters – Vincent Friscia, Swiss Re  
Risk Pool Staff - John Crawford, Executive Director  
Alicia Johnson, Claims Manager  
Jay Winter, Programs Manager

**WELCOME and ROLL CALL:** The meeting was called to order at 8:39 a.m. by President Si Stephens who welcomed all in attendance and noted that a quorum was present. He asked everyone around the table to introduce him or herself.

**Committee Meetings:** The Board Meeting followed meetings in Spokane on Tuesday, July 17<sup>th</sup> of the Finance Committee, Wednesday, July 18<sup>th</sup> of the Executive Committee, and Thursday, July 19<sup>th</sup> of the Risk Management Committee.

**New Director Orientation:** The Meeting also followed a New Director Orientation held on Thursday, July 19<sup>th</sup> from 8:30 a.m. until 10:00 a.m. attended by new (and old) Directors Herb Baze, Bob Beerbower, Dennis Hadaller, John A. Hunter, Diane Oberquell, Linda Reimer, Marge Upham, Craig Vejraska, Lori Wolford. President Si Stephens introduced committee chairs David Goldsmith, Marilyn Breckel, Steve Lowe, and Vyrle Hill, who each talked about their committees. John Crawford introduced staff members, who talked about general administration, programs and claims.

**Board Workshop:** A Board Workshop was also held on Thursday, July 20<sup>th</sup> from 1:35 p.m. until 4:05 p.m. attended by 41 persons. Workshop agenda items included a summary of claims by Alicia Johnson, a report on the Risk Management Committee and Membership Compact by Chair David Goldsmith, and a presentation on e-training by John Shrader of Geo Learning. After a break, there was an actuary ratemaking report by PricewaterhouseCoopers actuary Kevin Wick, and presentations on reinsurance by Willis broker Mike Croke and Swiss Re underwriter Vincent Friscia. The workshop concluded with a presentation on the annual operating budget by Finance Committee Chair Vyrle Hill.

#### APPROVAL:

**Minutes:** Leon Long moved to approve the minutes of the March 29<sup>th</sup> Meeting at SeaTac. The motion was seconded by Craig Vejraska and approved.

#### REPORTS, DISCUSSION AND ACTION:

**Executive Committee:** The minutes of the June 14<sup>th</sup> Meeting of the Executive Committee was placed in the meeting packet.

**Election of Executive Committee Members and Officers:** Nominating Committee Chair Si Stephens stated that the following had been nominated for the four open positions on the Executive Committee: Skamania County Administrative Services Manager Marilyn J. Breckel, Grays Harbor County Director of Management Services and Budget Rose Elway, Spokane County Risk Manager Leon Long, and Franklin County Prosecuting Attorney Steve M. Lowe. There were no nominations from the floor so it was moved, seconded and approved to elect the slate proposed by the Nominating Committee. Marilyn Breckel's name was drawn out of the hat to fill the unexpired term created by Mary Jo Cady's vacancy.

Chair Si Stephens then put forth the nominations of Jefferson County Deputy Administrator David Goldsmith for President and Franklin County Prosecuting Attorney Steve M. Lowe as Secretary/Treasurer for next year. Seeing no further nominations from the floor, Leon Long moved that the nominations be closed and a unanimous ballot cast for Mr. Goldsmith and Mr.

Lowe. The motion was seconded by Rose Elway and approved. Vyrle Hill moved to appoint David Goldsmith to fill the unexpired Secretary/Treasurer term of Mary Jo Cady. The motion was seconded by Diane Oberquell and approved.

Si Stephens recognized the special efforts by committee chairs David Goldsmith, Marilyn Breckel, Steve Lowe, Ron Zirkle and Vyrle Hill. He also thanked Mary Jo Cady for her work as Secretary/Treasurer and presented her with a framed certificate in recognition of her service as a Board Member, Executive Committee Member, Secretary/Treasurer (twice), and President of the Risk Pool.

Service Recognition: John Crawford gave five-year pens to Ron Zirkle and Lori Wolford for service on the Board.

Travel Policy: Vyrle Hill moved to amend the Travel Policy to allow persons traveling on Risk Pool business the option to claim per diem reimbursement. The motion was seconded by Rose Elway and approved.

Bylaws Revision: John Crawford presented suggested changes to the Bylaws to clarify the powers and duties of the Executive Committee. After discussion and a motion by Dick Brown with a second by Mike Shelton to approve the changes as proposed (except the name change of the Executive Committee), Steve Lowe made a friendly amendment to add a new section 3.I.4 to read "To elect Executive Committee members and officers." The amendment was seconded by Ron Zirkle and approved. Diane Oberquell made a second friendly amendment to add to section 3.H.3 the words "and Washington Association of County Officials (WACO)". The amendment was seconded by Pam Ray and approved. The original motion was then approved as amended.

John Crawford reported that Thurston County is appealing a coverage decision regarding the pollution exclusion and that the offer might be made to stipulate to waive an appeal to the Board. John Hunter moved, and Rose Elway seconded, for the Board to suspend Section 8.B.6 of the Bylaws for the purposes of this appeal. After discussion and a break in the meeting, the motion was withdrawn and Ron Zirkle moved to delete Section 8.B.6 of the Bylaws which states:

6. *DECISION. The Executive Committee's decision shall be final. Exhaustion of this appeal process shall be a condition precedent to any subsequent legal action by an aggrieved party.*

The motion was seconded by Steve Lowe and approved with two dissents.

Financial Report: Vyrle Hill discussed the new format of the financial report that was in the meeting materials.

Joint Self-Insurance Liability Policy: Marilyn Breckel and Steve Lowe recommended that the Joint Self-Insurance Liability Policy be approved with no changes from this year. A comprehensive review had been performed last year, with several changes. Mike Shelton moved to approve the form of the Policy as recommended. The motion was seconded by Randy Watts and approved.

Actuary Report: Vyrle Hill moved to accept the actuary report for filing. The motion was seconded by Rose Elway and approved.

State Risk Manager: State Local Government Self-Insurance (LGSI) Program Administrator John Nicholson reported that the State recently renewed its coverage with Lloyd's of London for the same price, but with a higher self-insured retention overall, and even higher SIR's for DSHS and DOC. The property program was renewed without earthquake coverage.

Reinsurance: Mike Croke stated the renewal terms of the Pool purchase of \$9.9 million of reinsurance excess of the Pool's self-insured retention layer of \$100,000, with voluntary purchases of increased limits to \$5 million excess of \$10 million and \$5 million excess of \$15 million.

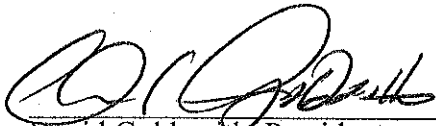
Operations Budget and Premiums: Diane Oberquell moved to approve an operational expenditure budget for the 2001-2002 fiscal year in the proposed amount of \$1,014,738, and to:

1. Compute the 2001-2002 joint self-insurance premium by applying the 'expected' ultimate loss rates for general liability, employment practices liability, and automobile liability provided in the PricewaterhouseCoopers LLP report, without discounting for future interest earnings;
  2. Compute reinsurance costs by applying the rate charged by the reinsurance companies, as modified for members electing a \$250,000 deductible amount;
  3. Apportion unallocated loss adjustment (claims) expenses, or ULAE, according to each member's proportional costs for funding the Pool's joint self-insurance layer and reinsurance up to \$10 million level;
  4. Apply each member's experience rating modification factor to the combined Pool SIR, Reinsurance up to \$10 million, and ULAE expenses, and rebalance the total.
  5. Offer all members two optional layers of coverage for \$5 million excess of \$10 million, and \$5 million excess of \$15 million, at the rates offered by Swiss Re;
  6. Apportion the \$580,000 third year payment of the retroactive assessment approved in 1999 according to each county's proportional premium for funding the Pool's joint self-insurance layer for the 1994-95 policy year.
  7. Apportion general administrative and programs costs according to each member's proportional costs for funding the Pool's joint self-insurance layer and reinsurance up to \$500,000 level;
  8. Set 5:00 p.m. on Friday, August 31st as the deadline when members must notify staff in writing of changes in their exposure information, deductible elections, and purchase of the optional layer of coverage;
  9. Require payment of 105% of the 2001-2002 premium by September 30, 2001, with the balance to be paid by January 31, 2002; and
  10. Charge interest on unpaid premium balances at the rate of 7%.
- The motion was seconded by John Hunter and approved without dissent.

FUTURE BOARD MEETINGS: It was moved, seconded and approved without dissent that the Board hold its July meeting next year in Spokane. The Autumn 2001 Board Meeting will be Thursday, November 8<sup>th</sup> in Wenatchee and the Spring 2002 Board Meeting will be Thursday, March 21 in SeaTac.

With no further business, the meeting was adjourned at 11:23 a.m.

MINUTES APPROVED: 11 / 8 / 01



David Goldsmith, President

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Attest:



Steve M. Lowe, Secretary