

WASHINGTON COUNTIES RISK POOL
BOARD OF DIRECTORS SPRING MEETING

MINUTES

9:00 a.m. Friday, March 31, 2006
Hilton – Vancouver, Washington

ATTENDANCE:

* = denotes Executive Committee Member

Chair – *Randy Watts, Whatcom County Chief Civil Deputy Prosecutor – Director

Secretary-Treasurer – *Steve Clem, Prosecuting Attorney – Director

Adams – Linda Reimer, Clerk of the Board – Alternate

Benton County – Melina Wenner, HR/Risk Manager – Director

Chelan County – *Keith Goehner, Commissioner – Director

Cathy Mulhall, County Administrator – Alternate

Clallam County – *Toni Gilbert, Safety/Training Officer – Alternate

Clark County – Ed Pavone, Risk Manager – Director

Bill Barron, County Administrator – Guest

Columbia County – Drew Woods, County Engineer/Risk Manager – Alternate

Cowlitz County – Clyde W. Carpenter, Risk Manager – Director

Douglas County – *see Secretary-Treasurer*

Franklin County – *Neva J. Corkrum, Commissioner – Director

Garfield – *not represented*

Grays Harbor County – Bob Beerbower, Commissioner – Director

*Rose Elway, Director of Management Services & Budget – Alternate

Island County – *Mike Shelton, Commissioner – Director

Betty Kemp, Director of General Services – Alternate

Vickie Chambers, Administrative Assistant – Guest

Jefferson County – David Alvarez, Civil Deputy Prosecutor – Alternate

Kitsap County – Mark Abernathy, Risk Manager – Director

Kittitas County – Kirk Eslinger, HR Director – Alternate

Lewis County – Dennis Hadaller, Commissioner – Director

Harry B. Green, Risk Manager – Alternate

Mason County – Ione Slegler, Budget & Finance Director – Alternate

Okanogan County – Heidi Smith, Chief Civil Deputy Prosecutor – Director

Pacific County – Bryan Harrison, County Administrative Officer – Director

Pend Oreille County – Ken Oliver, Commissioner – Director

San Juan County – *not represented*

Skagit County – Billie Kadmas, HR/Risk Manager – Alternate

Skamania County – Marilyn Butler, Administrative Services Director – Director

Spokane County – *Leon Long, Risk Manager/Dir, Geiger Center – Director

Steve Bartel, Supervisor, Risk Management – Alternate

Jim Kaufman, Civil Deputy Prosecutor – Guest

Thurston County – *Diane Oberquell, Commissioner – Director

Tammy Devlin, Risk Manager – Alternate

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

Whatcom County – *see Chair*

Yakima County – Ron Zirkle, Prosecuting Attorney – Director

Broker – Mike Croke, Senior Vice President – Willis of Seattle, Inc.

Pool Staff – Vyrle Hill, Executive Director; Susan Looker, Claims Manager; Rich Bodell, Loss Control Specialist; and Kitty Bottemiller, Events Coordinator/Administrative Assistant.

WELCOME and ROLL CALL: Board Chair Randy Watts called the meeting to order at 9:01 a.m., welcomed everyone, introduced several new members, and noted that visually he could verify a quorum was present.

Bill Barron, Clark County Administrator, welcomed the group to Clark County and the Vancouver vicinity. He noted that several session attendees had toured the new Center for Community Health and shared some brief facts about its constructions costs and participating entities.

APPROVALS:

Agenda: Executive Director Hill asked that consideration of a supplemental budget request be added to the agenda. Chair Watts acknowledged the request and noted that the item would be inserted following the discussion of WCRP Properties. Diane Oberquell moved for approval of the agenda with the supplemental budget request added. The motion was seconded by Toni Gilbert and passed.

Minutes: Neva Corkrum moved for approval of the minutes of the November 2-3, 2005 Autumn Board Meeting in Walla Walla. The motion was seconded by Mike Shelton and passed.

REPORTS, DISCUSSION AND ACTION:

Executive Committee Meeting Minutes: Chair Watts encouraged review of the minutes of the November 3, 2005, December 16, 2005, January 19, 2006 and March 3, 2006 Executive Committee meetings. No questions were posed.

Actuarial Reserve for Year Q (2004-05): Mike Shelton moved for confirmation of the Executive Committee's earlier acceptance and approval of the Actuarial Reserving Report as of September 30, 2006 from PricewaterhouseCoopers. The motion was seconded by Neva Corkrum and passed.

State Auditor's Office 2004-05 Audit Reports: The Accountability Audit Report and the Financial Statements Audit Report from the recent annual audit by the State Auditor's Office were presented in compliance with Article 13 of the WCRP Interlocal Agreement. Executive Director Hill summarized the results and mentioned there were again no findings (still none since the Pool's inception), but two items of concern to the SAO – credit card receipts and the lack of a competitive bidding policy.

Financial Management Policy: Mike Shelton moved for approval of the proposed competitive bidding policy as a new Section G in the Pool's Financial Management Policy as recommended by the Finance and Executive Committees. The motion was seconded by Diane Oberquell. Under discussion, it was noted that WCRP has not had a competitive bidding policy, and that documentation should exist demonstrating that proper competitive bidding was performed when warranted (purchases greater than \$2,500). Ron Zirkle noted that by adopting the proposed policy, the Board was simply stating that WCRP will follow state law. The motion passed.

Financial Reports: Executive Director Hill mentioned that this was merely an informational review of the recent periods' financial reports that does not require Board action. The reports were before the full Board to satisfy the terms of the Pool's Interlocal Agreement and Bylaws.

- a) **First Quarter (Oct-Dec 2005):** These reports had been approved by the Executive Committee. While briefly reviewing these reports and the improvements in the Pool's financial position, Mr. Hill mentioned that WCRP is rapidly approaching the Board's goal to achieve an 85% confidence factor.
- b) **Partial Second Quarter (Jan-Feb 2006):** The partial-quarter's reports were provided to demonstrate the continuing improvement in the Pool's financial position and as background information for the supplemental budget being considered later in the meeting.

There was no interest voiced in overturning the Executive Committee's approval.

Committee Reports—

- **Finance:** It was noted that the committee's only item was the competitive bidding policy.
- **Personnel:** Committee Chair Zirkle noted two items: 1) the need to call an executive session for a performance evaluation of the Executive Director, and 2) the Pool retaining a firm to conduct a market study and provide a compensation report for the Pool to help establish a competitive base from which the WCRP could find qualified people for hire.

Compensation Study: Chair Zirkle noted that the Executive Committee had asked the Executive Director during its last meeting to secure proposals from qualified human resources firms – two were received, with cost estimates of about \$3,000 and \$5-6,000 – and that the Board now needs to approve a contract with a consulting firm to complete the study envisioned. Executive Director Hill commented that he thought either firm was capable of timely completing the desired tasks, but that he was recommending HR Answers, Inc. because he felt the final price would be very similar if the same number of Pool contacts (committee/board) were included. Further, he noted the larger firm, with cost estimates of \$5,000 to \$6,000 and a much longer tenure serving a similar clientele including some Pool member counties, and with other services that may be of interest to the Pool, made HR Answers a better choice. Discussion ensued, with concerns that we not "cherry-pick;" rather, use the experts' opinions on benchmarking to provide a good market-base. It was generally agreed that help was needed in the Claims Division, where the work involves millions of dollars. Some of the meeting attendees were familiar with the work of both proponents. Executive Director Hill noted that the study is to include reviewing and suggesting needed updates to the Pool's job descriptions and personnel policies and procedures. In answer to Steve Clem's question about whether there is money in the budget for the study, Vyrle said he believes there is, but was requesting some supplemental funding for assurance. Additional concerns were raised about how the results would be released, so as to avoid undue stress on staff. Vyrle said he intends to work through the Personnel Committee and have the group present the results to the Executive Committee. Ron Zirkle moved that the Board authorize the Executive Director to sign the consulting agreement with HR Answers, Inc. for not to exceed \$6,000, including expenses, to conduct a salary survey and provide a compensation study, review personnel policies and job descriptions, and to authorize the Executive Director and the consultant to establish appropriate benchmarks. The motion was seconded by Mike Shelton and passed. Keith Goehner and Diane Oberquell opposed the motion because of the availability of a viable option with an apparent lesser cost.

Executive Session: Diane Oberquell moved at 10:08 am that the Board enter an executive session to discuss the Executive Director's performance. The motion was seconded by Marilyn Butler and passed. After discussion about whether board alternates might attend the session, Marilyn Butler moved that they be allowed to stay in the room. That motion was seconded by Ed Pavone and passed. **After excusing all present except directors and alternate directors, Chair Watts moved the meeting into executive session at 10:10 a.m. The executive session was concluded at 10:23 a.m.** A rest break was called, and the meeting resumed in regular session at 10:37 a.m. Board leadership expressed satisfaction with the Executive Director's job performance.

- **Risk Management:** Committee Co-chair Harry Green reported briefly on three items, 1) the opening of Clark County's new Center for Community Health and the outstanding tour provided the previous afternoon; 2) that legislation involving drivers' abstracts didn't get acted on this legislative session but there were promises for next year; and 3) that 19 member county representatives attended WCRP's *Intro to Risk Management* training Wednesday took the test Thursday morning.
- **Underwriting:** Co-chair Steve Clem reported that the committee was working with several topics. Sections 1.B.3, 2.B.3 and 4 of the JSILP Coverage Form are being examined, as well as a definition and language responding to "nominal damages" claims. It is anticipated that the Claims Administration and/or Management Policies will be amended to address "multiple entity" deductibles.

Coverage for and exposures from dams has been explored further. Recently, the committee became aware of property coverage concerns. The concerns were forwarded to the Executive Director and Broker, but the committee will continue to monitor the progress. Finally, the committee was asked to reconsider various types of county activities (e.g., ORV parks, non-competitive facility uses), noting that recent legislation was recently signed enhancing recreational immunities for public landowners. Steve credited Grays Harbor County Commissioner Bob Beerbower for his work on this issue. Neva Corkrum moved to approve the request to reconsider ORV park coverage in light of the new legislation. The motion was seconded by Diane Oberquell. Ron Zirkle asked if this should be sent back to the Underwriting Committee and coverage counsel. Neva said that wasn't her intention; rather, her motion was to consider coverage for Grays Harbor County. Mike Shelton disagreed with the approach, adding that he would feel more comfortable with a recommendation from the committee following appropriate review. Mike Croke noted that Willis had researched this subject and found that some motorcycle and car clubs do not provide coverage for participants. A possible claim could result from a non-insured participant getting seriously hurt, and the family could sue the county. Neva revised her motion, asking the Board to approve Grays Harbor's request to consider affording coverage for the recreational use of the racing facilities in light of the recent legislation by referring the matter through the Underwriting Committee for action at the Annual Meeting. Diane Oberquell agreed to second the revised motion. The motion passed with some opposition.

Mike Shelton encouraged each of the counties representatives, upon return to their respective counties, to inform members of the boards and staffs of other governmental cooperatives of the risk potentials of such activities and to review or have reviewed the enabling interlocal cooperative agreements for insurance and indemnification.

Diane Oberquell asked if the new master contract language would be adopted throughout the Department of Social and Health Services. Steve Clem replied that each division in DSHS seems to have a different set of contract documents that may or may not follow the format that has been agreed upon as the "master" for general terms and conditions. Steve emphasized that each contract must still be reviewed to assure conformance with the master.

Broker's Report: Mike Croke gave an update on progress with the non-profit program, noting it hadn't drawn a lot of interest. Willis submitted the program for underwriting to three companies; the best possibility seems to be from Great American.

Mike also mentioned the forthcoming trip to New York (April 11-15) for he and five Pool representatives to meet with several reinsurance firms (ACE, Munich RP, AIG and Swiss Re), adding that the Pool received a slight reduction last year and hopes to get more this year.

Mike then reported on the property program, saying that for the most part, it seemed to be working well, noting there had been several claims this year. He asked that program participants (counties) with concerns (e.g., slow response, proposed settlements, and program criticisms or suggestions) contact him because "we're in the process of renegotiating the policies for next year" in advance of the Executive Committee's June preview and consideration.

Leon Long asked about an insurance program for jail inmate medical costs (i.e., catastrophic medical coverage), since the state continues to push down such costs to counties. Mike Croke said that Willis was researching this and drafting a form to gather information in advance of meeting with potential underwriters.

Ed Pavone asked about coverage for moving vehicles by endorsement (i.e., auto physical damage - collision). Mike Croke responded that Willis could arrange for whatever coverage the participating counties agreed to specify.

WCRP Staff Reports—

- **Claims Division:** Susan Looker reported on several items, noting two large invoices that the Pool sent to AIG about eight months ago that are still outstanding... one is being processed and is expected to return about \$450,000 next week, and the other case is still hung up in coverage review. Susan hopes to meet with the AIG handlers during the April trip to New York.

There are presently around 400 open claims, which is about average.

Susan reported that recently: four favorable motions for summary judgment were granted, a voluntary dismissal was received in an Adams County matter, and a defense verdict in arbitration in an Okanogan County case. She also noted that a Clallam County matter went to mediation and paid nothing; that two cases were tried recently, one a bench trial in federal court (Eastern District – Spokane) for Chelan County that resulted in a defense verdict, and the other a Thurston County employment case in federal court in which the Pool is arguing among things to reduce the attorney fees; and that an Okanogan County case was tried in Douglas County resulting in a jury award of \$600,000, a surprise because a good defense had been built and the case presentation was seemingly going well... two motions are pending. Susan also mentioned that two cases were going to trial soon: a Pacific County death case, and one involving an inmate claim from Jefferson County. Ron Zirkle commented that some member representatives may question whether the Pool settles too many cases rather than taking them to trial; then he cited the Okanogan County case tried in Douglas County as a good example of why the Pool doesn't take more to trial.

- **Member Services:** Rich Bodell reported on completed (Law Enforcement) and continuing Focus Trainings (Public Records Act) using the prior Eastside-Westside format. He also noted that while the idea of using WSU via its satellite WECN system isn't feasible now for delivery, it is still in the works. He listed the training topics being scheduled before year's end, including jails/probation and employment law. Membership Compact audits have begun and are expected to average about four days per county... one report is finalized and will be presented in early April, and two field visits were recently completed. Regarding RiskMaster.NET, Rich noted that all the bugs are getting worked out, and more training is coming for the Business Intelligence software. He said the electronic claims-filing form has been successful, and expressed appreciation for the participating counties and their patience through the trouble-shooting process.
- **Marketing Efforts:** Vyrle Hill reported on Pool marketing efforts noting that the new property program, which began last October with 17 member counties, has had three additions. Three other counties that had sought proposals chose not to join, and two other counties have early summer expirations. He also noted they had found the coverage for the counties choosing not to join was substantially better than that under their expiring programs. Vyrle encouraged those not currently enrolled in the WCRP property program to let the Pool know when their renewal date is so staff could prepare and present an informational quote.

Regarding member county retention, Vyrle referenced the letter from Skamania County in the Board packet asking for a 30-day extension in deciding whether to stay with or leave the Pool. He also read a letter he noted was received yesterday from Franklin County rescinding its intent to withdraw from the Pool. Mike Shelton (at Skamania) and Ron Zirkle (at Franklin) joined Mike Croke and Vyrle Hill for presentations last week to both counties. Much was learned about the Canfield & Associates' pooling approach. Franklin County officials indicated remaining with WCRP following the visit and after considering the Pool's comparative presentation when C&A representatives were in attendance. Neva Corkrum said she encouraged and supported Pool staff revisiting Skamania County if/when the C&A proposal is considered to make a presentation similar to that made in Franklin County. "When it came down to it, there was no comparison between the two," she said. Mike Shelton moved that the Board grant Skamania County's request for an additional 30 days to make its decision, with the strong encouragement that they invite Pool representatives to make a comparative presentation similar that provided for Franklin County. The motion was seconded by Diane Oberquell and passed.

Rich announced that the Pool has reserved 56 slots (two per county) for member attendees of the AWC's Labor Relations Institute in May at Yakima to address their registration fees.

- **WCRP Properties**

Sale of present headquarters: Vyrle Hill reported that the Pool accepted a purchase offer that was due to close with the related paperwork next week.

New facilities: Vyrle reported that the developer had commenced the work on the condo complex the Pool was planning to acquire jointly with Washington Counties Insurance Fund. The new building is expected to be ready for occupancy by late August/early September. Vyrle also noted that the Executive Committee had recommended that the Pool itself acquire an 800 square foot portion of the building that had been set aside for future expansion by either user (WCRP or WCIF). The parties have until June 1 to work out the special conditions.

- **Supplemental Budget:** Executive Director Hill presented a supplemental budget request for consideration by the Board to address the sale and acquisition of our headquarter properties, and staffing deficiencies. He noted that the Executive Committee recommended approval with the Pool acquiring the 800 square feet "expansion area" alone rather than equally with WCIF. Mike Shelton moved that the Board authorize using the proceeds (estimated to be \$677,700) from the pending facility sale with the prior year's operating balance of \$30,585 and as much as \$78,915 in investment income to support supplemental appropriations for fy2005-06 of as much as \$787,200. The motion was seconded by Jay Winter and passed.

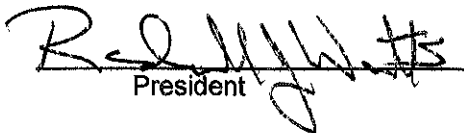
With considerable thanks to and compliments for Kitty Bottemiller, Vyrle referenced the Pool's 2005 Annual Report (published earlier this year) as well as the full actuarial report. He also noted registration forms were available for the upcoming trainings, and reminded those present of the **Future Meetings:**

- **Executive Committee** will meet June 29 at the Radisson in SeaTac.
- **Board of Directors:**
 - **Summer Session and Annual Meeting** is set for July 26-27 at the Enzian Inn in Leavenworth.
 - **Autumn Session and Meeting** is planned for Oct. 25-27, 2006 at the Red Lion Hotel at the Park in Spokane.

It was the consensus of those present that Pool staff should move forward with plans for the 2007 Winter/Spring Session and Board Meeting in central Washington in late March or very early April.

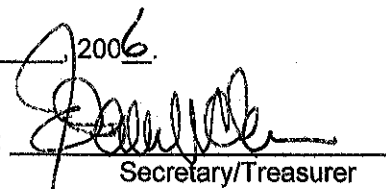
With nothing further to come before the Board, President Watts adjourned the meeting at 12:10 p.m.

MINUTES APPROVED this 27 day of July, 2006.



President

Attest:



Secretary/Treasurer